

# Community Services Block Grants (CSBG): Background and Funding

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January 5, 2015

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

RL32872

## Summary

Community Services Block Grants (CSBG) provide federal funds to states, territories, and tribes for distribution to local agencies to support a wide range of community-based activities to reduce poverty. Smaller related programs—Community Economic Development (CED), Rural Community Facilities (RCF), and Individual Development Accounts (IDAs)—also support anti-poverty efforts. CSBG and some of these related activities trace their roots to the War on Poverty, launched more than 50 years ago in 1964. Today, they are administered at the federal level by the Department of Health and Human Services (HHS).

CSBG and related activities are funded through the end of FY2015 under an omnibus appropriations law (P.L. 113-235), enacted just prior to the end of the 113<sup>th</sup> Congress. The measure provides \$729 million for CSBG and related activities, almost identical to FY2014 levels (P.L. 113-76) and nearly twice the amount requested by the Obama Administration. Final FY2014 funding was an increase from the post-sequestration level of \$687 million provided in FY2013 under P.L. 113-6. Final FY2015 funding levels, by program, are \$674 million for the block grant, \$30 million for CED, \$6.5 million for RCF, and \$19 million for IDAs.

In his FY2015 budget, submitted to Congress in March 2014, President Obama requested \$350 million for the block grant, \$19 million for IDAs, and zero for the other related activities. The Administration made the same request for the block grant in each of the last three years, and Congress rejected the proposal each time. Although the Administration requested no funding for the CED program, it proposed to continue funding the Healthy Food Financing Initiative (which has been partially financed with CED funds) through a Treasury Department program. The White House previously proposed eliminating CED and RCF, but Congress has continued to provide funding for both activities.

In previous budgets, the Administration has signaled its intent to move CSBG toward a competitive program, in which states would direct funds toward local agencies that meet certain standards, rather than via the current mandatory pass-through to all local “eligible entities.” In its FY2015 budget request, the Administration also proposed to allow states to reserve up to 10% of their allotments for eligible entities that demonstrate “innovation and best practices.”

The Community Services Block Grant Act was last reauthorized in 1998 by P.L. 105-285. The authorization of appropriations for CSBG and most related programs expired in FY2003, although Congress has continued funding through annual appropriations. Legislation was introduced during the 113<sup>th</sup> Congress—with bipartisan co-sponsorship—to amend and reauthorize the act through FY2023 (H.R. 3854). Among other things, the proposal would have required performance measures at the federal, state, and local level; would have required each state to use part of its block grant for a Community Action Innovations Program; and would have allowed two or more local agencies to merge, subject to state approval, and potentially be eligible for Merger Incentive Funds.

The National Association for State Community Services Programs conducts an annual survey of states on the activities and expenditures of the nationwide network of more than 1,000 CSBG grantees. According to the most recent survey, the network served almost 16 million people in nearly 7 million low-income families in FY2013. States reported that the network spent \$13.3 billion of federal, state, local, and private resources, including almost \$600 million in federal CSBG funds and almost \$9 billion from other federal programs.

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## Introduction

Last year marked the 50<sup>th</sup> anniversary of the War on Poverty, launched by President Lyndon Johnson when he proposed the Economic Opportunity Act of 1964. In his March 1964 message to Congress, President Johnson said the act would “give every American community the opportunity to develop a comprehensive plan to fight its own poverty—and help them to carry out their plans.”<sup>1</sup> This was to be achieved through a new Community Action Program that would “strike 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.”

A central feature of the new Community Action Program was that local residents would identify the unique barriers and unmet needs contributing to poverty in their individual communities and develop plans to address those needs, drawing on resources from all levels of government and the private sector. The program would be overseen by a newly created Office of Economic Opportunity, which would pay part of the costs of implementing these local plans. President Johnson signed the Economic Opportunity Act into law on August 20, 1964 (P.L. 88-452), and within a few years, a nationwide network of about 1,000 local Community Action Agencies was established.

This report provides information on the Community Services Block Grant (CSBG), which is the modern-day program that continues to fund this network of local antipoverty agencies. The report also describes several smaller related programs that are administered by the same federal office that currently oversees the CSBG. The report begins with background information on the CSBG and related activities, discusses a proposal introduced in the 113<sup>th</sup> Congress to reauthorize CSBG and related activities, and then discusses current and recent funding activities, including the budget and legislative requests of the Obama Administration. The report provides additional funding information in **Appendix A**. The most recent review of CSBG by the Government Accountability Office (GAO) is discussed in **Appendix B**.<sup>2</sup>

## Background

Administered by the Department of Health and Human Services (HHS), the Community Services Block Grant (CSBG) provides federal funds to states, territories, and Indian tribes for distribution to local agencies in support of a variety of antipoverty activities. As noted above, the origins of the CSBG date back to 1964, when the Economic Opportunity Act (P.L. 88-452; 42 U.S.C. §2701) established the War on Poverty and authorized the Office of Economic Opportunity (OEO) as the lead agency in the federal antipoverty campaign. A centerpiece of OEO was the

<sup>1</sup> This was one of five “basic opportunities” that President Johnson said the act would provide. The others were to “give almost half a million young Americans the opportunity to develop skills, continue education, and find useful work;” “give dedicated Americans the opportunity to enlist as volunteers in the war against poverty;” “give many workers and farmers the opportunity to break through particular barriers which bar their escape from poverty;” and “give the entire Nation the opportunity for a concerted attack on poverty through the establishment, under [President Johnson’s] direction, of the Office of Economic Opportunity, a national headquarters for the war against poverty.” U.S. Congress, House, *Poverty: Message from the President of the United States*, 88<sup>th</sup> Cong., 2<sup>nd</sup> sess., March 16, 1964, Doc. No. 243 (Washington: GPO, 1964).

<sup>2</sup> For a brief history of federal antipoverty policy broadly and a discussion of recurring themes, see CRS Report R43731, *Poverty: Major Themes in Past Debates and Current Proposals*, by Gene Falk and Karen Spar.

Community Action Program, which would directly involve low-income people in the design and administration of antipoverty activities in their communities through mandatory representation on local agency governing boards. Currently, these local agencies, known as Community Action Agencies (CAAs), are the primary sub-state grantees of the CSBG.

In 1975, OEO was renamed the Community Services Administration (CSA), but remained an independent executive branch agency. In 1981, CSA was abolished and replaced by the CSBG, to be administered by a newly created office in HHS. At the time CSA was abolished, it was administering nearly 900 CAAs, about 40 local community development corporations, and several small categorical programs that were typically operated by local CAAs. The CSBG Act was enacted as part of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35, Title VI, §671; 42 U.S.C. §9901) as partial response to President Reagan’s proposal to consolidate CSA with 11 other social service programs into a block grant to states. Congress rejected this proposal and instead created two new block grants, the Social Services Block Grant under Title XX of the Social Security Act, and the CSBG, which consisted of activities previously administered by CSA.

The CSBG Act was reauthorized in 1984 under P.L. 98-558, in 1986 under P.L. 99-425, in 1990 under P.L. 101-501, in 1994 under P.L. 103-252, and in 1998 under P.L. 105-285. The authorization of appropriations for CSBG and most related programs expired in FY2003, although Congress has continued to appropriate funds for the programs each year since then. The House and Senate passed reauthorization legislation during the 108<sup>th</sup> Congress but it was not enacted. Similar legislation was introduced in the 109<sup>th</sup> Congress but not considered. Legislation was introduced in the 113<sup>th</sup> Congress to amend and reauthorize the CSBG and related activities through FY2023 (H.R. 3854); however, no action was taken. That legislation is described later in this report (see “Reauthorization Proposal in the 113th Congress”).

Several related national activities—Community Economic Development (CED), Rural Community Facilities (RCF), and Individual Development Accounts (IDAs)—currently receive appropriations separate from the block grant and offer grants to assist local low-income communities with economic development, rural housing and water management, and asset development for low-income individuals. These activities are administered at the federal level by the same Office of Community Services at HHS (part of the Administration for Children and Families) that administers the CSBG, and in some cases, are also authorized by the CSBG Act. Prior to FY2012, a related activity called Job Opportunities for Low-Income Individuals (JOLI) received a separate appropriation, and prior to FY2006, national activities that received separate appropriations also included the National Youth Sports and Community Food and Nutrition programs.

## **The Block Grant<sup>3</sup>**

### **Allocation of Funds**

Of funds appropriated annually under the CSBG Act, HHS is required to reserve 1.5% for training and technical assistance and other administrative activities, and half of this set-aside must be provided to state or local entities. In addition, 0.5% of the appropriation is reserved for

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<sup>3</sup> See **Table A-1** for a history of CSBG appropriations from its first year of funding (FY1982) through FY2014.

outlying territories (Guam, American Samoa, the Virgin Islands, and the Northern Mariana Islands). The law further requires that 9% of the total appropriation be reserved for certain related activities, which are described below, and that the remainder be allocated among the states. In practice, however, Congress typically specifies in annual appropriations laws exactly how much is to be made available for the block grant and each of the related activities. Block grant funds are allotted to states (including Puerto Rico) based on the relative amount received in each state in FY1981, under a section of the former Economic Opportunity Act. HHS may allow Indian tribes to receive their allotments directly, rather than through the state.

## **Use of Funds**

CSBG funds are used for activities designed to have a “measurable and potentially major impact on causes of poverty.” The law envisions a wide variety of activities undertaken on behalf of low-income families and individuals, including those who are welfare recipients, homeless, migrant or seasonal farm workers, or elderly. States must submit an application and plan to HHS, stating their intention that funds will be used for activities to help families and individuals achieve self-sufficiency, find and retain meaningful employment, attain an adequate education, make better use of available income, obtain adequate housing, and achieve greater participation in community affairs. In addition, states must ensure that funds will be used to address the needs of youth in low-income communities; coordinate with related programs, including state welfare reform efforts; and ensure that local grantees provide emergency food-related services.

## **State Role**

At the state level, a lead agency must be designated to develop the state application and plan. States must pass through at least 90% of their federal CSBG allotment to local eligible entities.<sup>4</sup> States also may use up to \$55,000 or 5% of their allotment, whichever is higher, for administrative costs.<sup>5</sup> Remaining funds may be used by the state to provide training and technical assistance, coordination and communication activities, payments to assure that funds are targeted to areas with the greatest need, supporting “asset-building” programs for low-income individuals (such as Individual Development Accounts, discussed later), supporting innovative programs and activities conducted by local organizations, or other activities consistent with the purposes of the CSBG Act. In addition, as authorized by the 1998 amendments, states may use some CSBG funds to offset revenue losses associated with any qualified state charity tax credit.

## **Local Delivery System**

As noted above, states are required to pass through at least 90% of their federal block grant allotments to “eligible entities”—primarily (but not exclusively) Community Action Agencies (CAAs) that had been designated prior to 1981 under the former Economic Opportunity Act. The

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<sup>4</sup> Under a one-time appropriation of \$1 billion for the CSBG under the American Recovery and Reinvestment Act (ARRA, P.L. 111-5), states were required to pass through 99% of their allotments to local eligible entities and use the remaining 1% for benefits eligibility coordination activities. See section on the American Recovery and Reinvestment Act of 2009, in **Appendix A**.

<sup>5</sup> The Urban Institute conducted an evaluation of the use of CSBG administrative funds, published in February 2012, which is available at <http://www.urban.org/UploadedPDF/412601-Community-Services-Block-Grant-Administrative-Expenses.pdf>.

distribution of these funds among local agencies is left to the discretion of the state, although states may not terminate funding to an eligible entity or reduce its share disproportionately without determining cause, after notice and an opportunity for a hearing.<sup>6</sup> There are more than 1,000 eligible entities around the country, the majority of which are private nonprofit organizations. Many of these organizations contract with others in delivering various services. Once designated as an eligible entity for a particular community, an agency retains its designation unless it voluntarily withdraws from the program or its grant is terminated for cause. Eligible entities are monitored within a systematic schedule; return visits are made when goals are not met. In designating new or replacement entities, states may select a public agency only when no qualified private nonprofit organization is available, in accordance with the 1998 CSBG amendments.

Local activities vary depending on the needs and circumstances of the local community. Each eligible entity, or CAA, is governed by a board of directors, of which at least one-third of members are representatives of the low-income community. Under the 1998 amendments to the CSBG Act, low-income board members must live in the community that they represent. Another third of the board members must be local elected officials or their representatives, and the remaining board members represent other community interests, such as business, labor, religious organizations, and education. A public entity must either have a governing board with low-income representation as described above, or another mechanism specified by the state to assure participation by low-income individuals in the development, planning, implementation, and evaluation of programs.

There is no typical CAA, since each agency designs its programs based on a local community needs assessment. Examples, however, of CSBG-funded services include emergency assistance, home weatherization, activities for youth and senior citizens, transportation, income management and credit counseling, domestic violence crisis assistance, parenting education, food pantries, and emergency shelters. In addition, local agencies provide information and referral to other community services, such as job training and vocational education, depending on the needs of individual clients.

## Currently Funded Related Activities

In addition to the block grant itself, the CSBG Act authorizes several related national activities that are currently funded and administered through the Office of Community Services within HHS. Individual Development Accounts are not directly authorized by the CSBG Act, but are also administered by the Office of Community Services.<sup>7</sup> Funding authorization for the following activities expired at the end of FY2003; however, Congress has continued to fund them through the annual appropriations process (see **Table 1**).

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<sup>6</sup> The Administration for Children and Families' FY2015 congressional budget justification cites four exceptions to the prohibition against states reducing funding to an eligible entity below its proportional share of funding in the previous year: changes in Census data, designation of a new eligible entity, severe economic dislocation, or failure of an eligible entity to comply with state requirements. See <http://www.acf.hhs.gov/programs/olab/fy-2015-acf-congressional-justification-0>. CSBG and related activities are included in the section on "Children and Family Services Programs."

<sup>7</sup> The Office of Community Services administers several additional programs; however, these are not considered part of the cluster of CSBG-related activities and are not discussed in this report. These programs include the Social Services Block Grant and the Low-Income Home Energy Assistance Program (LIHEAP)



## **Community Economic Development<sup>8</sup>**

The Community Economic Development (CED) program helps support local community development corporations (CDCs) to generate employment and business development opportunities for low-income residents. Projects must directly benefit persons living at or below the poverty level and must be completed within 12 to 60 months of the date the grant was awarded. Preferred projects are those that document public/private partnership, including the leveraging of cash and in-kind contributions; and those that are located in areas characterized by poverty, a Temporary Assistance for Needy Families (TANF) assistance rate of at least 20%, high levels of unemployment or incidences of violence, gang activity, and other indicators of socioeconomic distress.

During FY2013, HHS supported 37 grants, of which all were new starts, plus two contracts and two interagency agreements, according to agency budget documents. For FY2014, the department expected to support 35 grants, of which all would be new starts, plus two contracts and three interagency agreements. No program activity was projected for CED in FY2015, as the Administration requested no continued funding for this program.

## ***Healthy Food Financing Initiative<sup>9</sup>***

The Healthy Food Financing Initiative (HFFI) is a multiyear multiagency effort through which HHS has partnered with the Departments of Agriculture (USDA) and the Treasury to make available a total of \$400 million to address the lack of affordable healthy food in many urban and rural communities (areas known as “food deserts”). Under the HHS/CED component, competitive grants go to community development corporations for projects to finance grocery stores, farmers markets, and other sources of fresh nutritious food, creating employment and business opportunities in low-income communities while also providing access to healthy food options. Legislation to formally authorize the program in USDA was passed by Congress as part of the 2014 “farm bill” (P.L. 113-79).<sup>10</sup>

In each of its budget submissions for FY2011 through FY2013, the Administration proposed that a certain amount of CED funding be dedicated toward the HFFI. For FY2012, Congress reserved \$10 million of CED funding for this initiative, and the Administration requested the same level for FY2013. Beginning with its FY2014 budget request, however, the Administration has proposed no continued funding for HFFI through the CED program, instead requesting funds for HFFI through the Treasury Department’s Community Development Financial Institutions program. Congress did not support this request for either FY2014 or FY2015 and has continued to provide funds through the CED program, as discussed later in this report.

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<sup>8</sup> For more information on this program, see <http://www.acf.hhs.gov/programs/ocs/programs/ced>.

<sup>9</sup> For more information about the HHS component of this program, see <http://www.acf.hhs.gov/programs/ocs/programs/community-economic-development/healthy-food-financing>. Also see discussion of HFFI in CRS Report R42155, *The Role of Local Food Systems in U.S. Farm Policy*, by Renée Johnson, Randy Alison Aussenberg, and Tadlock Cowan.

<sup>10</sup> See discussion of nutrition provisions in CRS Report R43076, *The 2014 Farm Bill (P.L. 113-79): Summary and Side-by-Side*, coordinated by Ralph M. Chite.

## Rural Community Facilities<sup>11</sup>

Funds are for grants to public and private nonprofit organizations for rural housing and community facilities development projects to train and offer technical assistance on the following: home repair to low-income families, water and waste water facilities management, and developing low-income rental housing units. Each year beginning with its FY2010 budget request to Congress, the Obama Administration has proposed to terminate this program, arguing that it does not belong in HHS. Instead, the Administration noted that federal assistance for water treatment facilities is available through two much larger programs in the Environmental Protection Agency (EPA) (i.e., the Clean Water and Drinking Water State Revolving Funds) and through direct loans, loan guarantees, and grants administered by the Department of Agriculture (USDA). As discussed later in this report, Congress has continued to provide funding for this program.

During FY2013, HHS supported eight grants, all of which were continuation grants, plus one contract and one interagency agreement, according to agency budget documents. In FY2014, the department expected to maintain the same level of activity. HHS expected no program activity in FY2015 due to the program's proposed termination.

## Individual Development Accounts<sup>12</sup>

The Assets for Independence Act (AFI, Title IV, P.L. 105-285) initially authorized a five-year demonstration initiative to encourage low-income people to accumulate savings. Individual Development Accounts (IDAs) are dedicated savings accounts that can be used for specific purposes, such as buying a first home, paying for college, or starting a business. Contributions are matched, and participants are given financial and investment counseling. To conduct the demonstration, grants are made to public or private nonprofit organizations that can raise an amount of private and public (nonfederal) funds that is equal to the federal grant; federal matches into IDA cannot exceed the non-federal matches. The maximum federal grant is \$1 million a year, and HHS says the average grant is currently about \$286,000.

In budget documents, HHS notes that it has established a performance-based approach to administering this program. Critical performance measures include the amount of earned income participants withdraw from their IDAs to make allowable purchases (e.g., for a home, higher education, or small business) and the number of participants who make such withdrawals. These measures have generally shown improvement since FY2005, including for the most recent year (FY2012) for which results are available. However, while an improvement over FY2005, performance in FY2012 did not meet their targets, which HHS suggests might reflect the impact of the 2007-2009 recession on people's ability to save and accumulate assets that could subsequently be withdrawn.

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<sup>11</sup> For more information about this program, also known as the Rural Community Development Program, see <http://www.acf.hhs.gov/programs/ocs/programs/rcd>.

<sup>12</sup> For more information on this program, see <http://www.acf.hhs.gov/programs/ocs/programs/afi>. Also see CRS Report RS22185, *Individual Development Accounts (IDAs): Background on Federal Grant Programs to Help Low-Income Families Save*, by Gene Falk; and the most recent annual report to Congress on the program by HHS, "Assets for Independence Program: Status at the Conclusion of the Eleventh Year," available at [http://www.acf.hhs.gov/sites/default/files/ocs/11th\\_afi\\_report\\_to\\_congress.pdf](http://www.acf.hhs.gov/sites/default/files/ocs/11th_afi_report_to_congress.pdf).

The Assets for Independence Act expired at the end of FY2003, although Congress has continued to provide appropriations for the IDA program under this authority. In HHS budget documents for FY2015, the Administration stated its intention to work with Congress to reauthorize and amend the program to

support ladders of opportunity into the middle class while promoting effective administration and oversight by: (1) incorporating youth savings accounts as a vehicle to support education and economic mobility; 2) expanding access to savings; 3) increasing grantee capacity to provide financial education; 4) streamlining and refining grant administration at both the grantee and federal levels, including granting the Secretary authority to utilize up to \$1,000,000 annually on research and evaluation to better support high quality program evaluation; and 5) revising technical language to simplify program administration.<sup>13</sup>

According to Administration budget documents, in FY2013 the program supported 45 new grants, 6 contracts, and 3 interagency agreements. HHS expected to support the same program level in FY2014 and FY2015. In the first phase of its national evaluation of the program, HHS reported that participants derived substantial benefits and were more likely than comparable non-participants to become homeowners or business owners and to pursue postsecondary education.<sup>14</sup>

Legislation was introduced in the 113<sup>th</sup> Congress (H.R. 2110) that would have amended and reauthorized appropriations for this program at an annual level of \$75 million for FY2014 through FY2018. The bill was referred to the House Ways and Means Committee but no action occurred.

## **Formerly Funded Related Activities**

Three additional related national activities were funded in earlier years. These include the National Youth Sports Program and Community Food and Nutrition Program, both authorized under the CSBG Act, and Job Opportunities for Low-Income Individuals (JOLI), which was not authorized by the CSBG Act but was administered as a related activity by the Office of Community Services. Funding authorization for these activities expired at the end of FY2003, with the exception of JOLI, which is permanently authorized.

## **National Youth Sports Program**

Under this program, a grant traditionally was made to a single organization, namely the National Collegiate Athletic Association (NCAA), to provide recreational and instructional services for low-income youth, typically on college campuses. In FY2005, Congress appropriated \$18 million for this program, and one award was made. No direct federal funding has been provided since that year. Legislation was introduced in the 112<sup>th</sup> Congress (H.R. 2817 and §302 of H.R. 2795) to reauthorize appropriations for this program at an annual level of \$20 million for FY2012 through FY2022 (or through FY2021 in H.R. 2795). This proposal also was introduced in the 111<sup>th</sup> Congress (H.R. 4480).

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<sup>13</sup> See Administration for Children and Families, Fiscal Year 2015, Justification of Estimates for Appropriations Committees, [https://www.acf.hhs.gov/sites/default/files/olab/fy\\_2015\\_congressional\\_budget\\_justification.pdf](https://www.acf.hhs.gov/sites/default/files/olab/fy_2015_congressional_budget_justification.pdf).

<sup>14</sup> See process and impact studies from the national evaluation of Assets for Independence, available at <http://www.acf.hhs.gov/programs/ocs/resource/afi-program-evaluation>.

## **Community Food and Nutrition Program**

This program authorized grants to public and private nonprofit organizations to coordinate food assistance resources, to help identify potential sponsors of child nutrition programs and to initiate programs in areas with inadequate food assistance resources, and to develop innovative approaches at the state and local level to meet the nutritional needs of low-income people. Authorizing legislation required that 60% of the amount appropriated (up to \$6 million) must be allocated to states for statewide programs and that 40% must be awarded on a competitive basis. Amounts appropriated in excess of \$6 million were allotted as follows: 40% awarded to eligible agencies for statewide grants; 40% awarded on a competitive basis for local and statewide programs; and 20% awarded on a competitive basis for nationwide programs, including programs benefitting Native Americans and migrant farm workers. For FY2005, Congress appropriated \$7 million for this program; no funding has been provided since then.

## **Job Opportunities for Low-Income Individuals (JOLI)<sup>15</sup>**

JOLI is permanently authorized under the Family Support Act of 1988 (P.L. 100-485, §505), as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193, §112). Although JOLI is not authorized under the CSBG Act, it was funded and administered as one of the CSBG-related activities; however, it has not been funded since FY2011 when it received less than \$2 million. JOLI funds were awarded on a competitive basis to community based, non-profit, and tax-exempt organizations, including community development corporations, faith-based, charitable, and tribal organizations. Organizations awarded grants were required to demonstrate and evaluate ways of creating new employment opportunities with private employers for individuals who received TANF and for other individuals whose family income level did not exceed 100% of the official poverty guidelines. Examples of these projects included self-employment and micro-enterprise, new businesses, expansion of existing businesses, or creating new jobs or employment opportunities. Funds for this project could not be used for new construction or for the purchase of real property.

## **CSBG Program Data**

The *Community Services Block Grant Annual Report FY2014* summarizes data for FY2013 submitted by 50 states, the District of Columbia, and Puerto Rico in response to the most recent annual survey funded by HHS and administered by the National Association for State Community Services Programs.<sup>16</sup> According to this report, the nationwide CSBG network consisted of 1,040 local eligible entities in FY2013, including 912 Community Action Agencies, 86 local government agencies, 19 “limited purpose agencies” that specialized in one or two types of programs, 16 tribes or tribal organizations,<sup>17</sup> five migrant or seasonal farmworker organizations, and two organizations that fell into other categories.

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<sup>15</sup> For more information about this program, see <http://www.acf.hhs.gov/programs/ocs/programs/joli>.

<sup>16</sup> *Community Services Block Grant Annual Report FY2014*, National Association for State Community Services Programs, Washington, DC, December 2014, available at <http://www.nascsp.org/CSBG-Publications/881/CSBG-Annual-Report.aspx?iHt=20>.

<sup>17</sup> Tribes and tribal organizations may participate in the CSBG program as local eligible entities (i.e., sub-state grantees). In addition, tribes may request to receive funds directly from HHS, rather than through the state in which they are located. In the first quarter of FY2015, 61 individual tribes or tribal organizations received direct allotments (continued...)

This network of local eligible entities reported spending \$13.3 billion in FY2013, with funding coming from federal, state, local, and private sources. Of the total amount spent, nearly \$600 million came from the federal CSBG allotment, and another \$8.6 billion came from federal programs other than CSBG. Almost \$1.6 billion came from state governments, almost \$1.4 billion came from private agencies, and nearly \$1.2 billion came from local governments. In addition to these financial resources, volunteer hours were contributed for an estimated value of \$300 million.

## **Use of Federal CSBG Funds**

Based on reports from all jurisdictions, local entities spent their CSBG funds in FY2013 for a wide variety of activities, including emergency services (19%); activities to promote self-sufficiency (17%); activities to promote linkages among community groups and other government or private organizations (13%); education-related activities (12%); employment-related activities (12%); housing-related services (8%); nutrition services (6%); income management (6%); health services (4%); and other activities.

## **Sources of Federal Non-CSBG Funds**

The bulk of funds spent by local eligible entities come from federal programs other than CSBG. Of \$8.6 billion in non-CSBG federal funds spent by local agencies in FY2013, 35% came from Head Start or Early Head Start, and 19% came from the Low-Income Home Energy Assistance Program (LIHEAP).

States reported that 10% of federal non-CSBG funds received by local agencies came from Agriculture Department nutrition programs, including almost 2.5% from the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) alone. Another 6% of federal non-CSBG funds came from the TANF block grant, almost 4% came from employment and training programs administered by the Labor Department, and almost 3% came from the Department of Housing and Urban Development (HUD) Section 8 program. The Child Care and Development Block Grant and Medicare and Medicaid combined each accounted for more than 2% of federal non-CSBG funds.

## **Recipients of CSBG Services**

According to states responding to the survey, the CSBG network provided services to almost 16 million individuals in nearly 7 million families in FY2013. Of families for whom the survey captured demographic information, more than 70% had incomes at or below federal poverty guidelines and almost a third of families were “severely poor” with incomes at or below 50% of the poverty guidelines. More than 85% of families that reported some income included either a worker, an unemployed job-seeker, or a retired worker. Almost half of the families included children; of those, 58% were headed by a single mother, 36% by two parents, and 6% by a single father. Looking at participants by age, the survey found that 37% of individuals served were

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(...continued)

from HHS. These amounts were subtracted from the allotments of states in which the tribe or tribal organization was located. See [http://www.acf.hhs.gov/sites/default/files/ocs/revised\\_fy2015\\_csb\\_g\\_1st\\_quarter\\_allocations\\_0.pdf](http://www.acf.hhs.gov/sites/default/files/ocs/revised_fy2015_csb_g_1st_quarter_allocations_0.pdf).

children age 17 or younger, and 20% were seniors age 55 or older. More than 58% of individuals reported they were white and 26% were African American. Almost 18% of individuals reported their ethnicity as Hispanic or Latino, regardless of race.

The survey collected information on potential barriers to self-sufficiency and reported that, of people served by the CSBG network in FY2013, approximately 32% had no health insurance; 19% had disabilities; and 34% of participating adults older than 24 had no high school diploma or equivalency certificate.

## **Reauthorization Proposal in the 113<sup>th</sup> Congress**

The authorization of appropriations for CSBG and related activities expired at the end of FY2003, although Congress has continued to fund these programs through the annual appropriations process. Until 2014, no reauthorization attempt had been made since the 109<sup>th</sup> Congress, when legislation was introduced, but not considered, in the House (H.R. 341). That legislation was largely identical to a bill that was passed by the House during the 108<sup>th</sup> Congress (H.R. 3030). The Senate also passed a reauthorization bill during the 108<sup>th</sup> Congress (S. 1786), but conferees never met to resolve differences between the House and Senate bills.

For the first time since the 109<sup>th</sup> Congress, legislation was introduced in the House during the 113<sup>th</sup> Congress to reauthorize CSBG and certain related activities. Representative Fitzpatrick introduced the Community Economic Opportunity Act of 2013, with bipartisan support, on January 13, 2014 (H.R. 3854). The bill was referred to the House Education and the Workforce Committee, but no further action occurred.

The bill would have made numerous changes in language throughout the statute, with more specific provisions regarding the roles and responsibilities of the federal Office of Community Services, state lead agencies, and local agency governing boards. The bill would have required federal, state, and local entities to establish performance requirements and benchmarks, and included provisions intended to increase accountability for the use of federal funds and to ensure timely distribution and expenditure of these funds. The bill had extensive provisions on monitoring of state and local compliance with applicable law and regulations, corrective action, and withholding, reduction, or elimination of federal funds.

H.R. 3854 would have authorized appropriations of \$850 million per year for FY2014-FY2018, with “such sums as necessary” authorized for FY2019-FY2023.<sup>18</sup> Like current law, the bill would have required the Secretary to reserve 0.5% of appropriations for grants to territories, but would have increased the amount reserved for training and technical assistance from 1.5% to 2%. Remaining funds would have been allocated among states (including DC and Puerto Rico). While no change would have been made in the basic state allocation formula, the minimum allotment would have been increased to one-half of 1% or, if appropriations exceed \$850 million in a given year, to three-quarters of 1%. Under current law, each state gets at least one-quarter of 1% or, if appropriations exceed \$345 million, one-half of 1%. Current law provisions that hold states

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<sup>18</sup> The most recent CSBG authorization law (P.L. 105-285) did not specify an amount but authorized “such sums as necessary” for FY1999 through FY2003. The most recent appropriations law (P.L. 113-235) provided \$674 million for the block grant in FY2015. (See the following section of this report on funding activity.)



harmless at their FY1990 levels, and that establish a maximum allotment percentage, would have been eliminated under the bill.

Of block grant funds received, states would have been required to reserve at least 2% for a new Community Action Innovations Program. These funds would have gone to local eligible entities or their associations to carry out innovative projects that test or replicate promising practices to reduce poverty conditions, and to disseminate the results of these projects. These funds could have been used to satisfy nonfederal matching requirements when used in conjunction with other federal programs that have such requirements, and could have been used to serve participants with incomes up to 80% of area median income.

State applications and plans would have been subject to the Secretary's approval under H.R. 3854, which would have been a change from current law. Likewise, local community action plans would have been newly subject to the state's approval. States could have requested waivers from the Secretary to increase the poverty line in determining eligibility for CSBG activities. States also could have proposed a change in the proportional distribution of funds among eligible entities as part of their state plan.

In designating new or replacement eligible entities, the bill would have given priority to existing Community Action Agencies (which would have been explicitly defined for the first time) and public agencies could no longer have been designated unless they were already serving as an eligible entity. H.R. 3854 would also have allowed two or more local eligible entities to propose a merger, subject to state approval, if they determined their local service areas would be better served by a single agency. If approved, these agencies would have been eligible to receive Merger Incentive Funds from amounts reserved by the Secretary.

Current law provisions affecting the participation of religious organizations in CSBG-funded activities would have been retained. These provisions require federal, state, or local governments to consider religious organizations on the same basis as other nongovernmental organizations, and prohibit discrimination against such organizations on the basis of their religious character. Like current law, H.R. 3854 would have provided that a religious organization's exemption under Section 702 of the Civil Rights Act of 1964, regarding its employment practices, is not affected by participating in or receiving funds from programs under the CSBG Act. The bill would also have established a new provision, prohibiting religious organizations that provide assistance under the act from discriminating against a program beneficiary or prospective beneficiary on the basis of that person's religion or religious belief.

The bill would have separately authorized "such sums as necessary" for related federal activities, including Community Economic Development and Rural Community Facilities, during FY2014-FY2023. Current law requires that 9% of total appropriations be set aside for these related activities; however, this has never occurred in practice and the bill would have eliminated this language.<sup>19</sup>

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<sup>19</sup> Most recently, P.L. 113-235 appropriated \$30 million for Community Economic Development and \$6 million for Rural Community Facilities in FY2015. (See the next section of this report on funding activity.) The third currently funded "related activity"—Individual Development Accounts—is not authorized under the Community Services Block Grant Act, and would not have been reauthorized by H.R. 3854.

## Funding Activity: FY2015

### Final Appropriations Act

HHS and other government programs were funded by a series of three continuing resolutions in early FY2015,<sup>20</sup> until a final full-year omnibus appropriations bill was enacted on December 16, 2014 (P.L. 113-235). Discretionary programs such as the CSBG and related activities were funded under the continuing resolutions at FY2014 levels, minus an across-the-board reduction of 0.0554%.

The Senate Labor-HHS-Education Appropriations Subcommittee had approved a draft funding bill for FY2015 on June 10, 2014, but the full committee took no further action. The House Appropriations Committee also took no formal action on an FY2015 appropriations bill for the Departments of Labor, HHS, or Education. However, Representative Rosa DeLauro, ranking Member of the Labor-HHS-Education Subcommittee, introduced H.R. 5464 on September 15, 2014, which would have made full-year appropriations for the three departments and related agencies.

The final enacted appropriations law (P.L. 113-235) funds CSBG and related activities at nearly identical levels to FY2014, for a total of \$729 million in FY2015. Specific amounts include \$674 million for the block grant, \$30 million for Community Economic Development (CED), \$6.5 million for Rural Community Facilities (RCF), and \$19 million for Individual Development Accounts (IDAs). As discussed below, the final congressionally approved amounts are nearly double the amount requested by the Obama Administration for FY2015.

In the explanatory statement accompanying the final appropriations law, Congress commended the Office of Community Services at HHS for continuing improvements to the performance assessment system for the CSBG program,<sup>21</sup> and encouraged HHS to “renew support for implementing a standard of excellence initiative for community action agencies.”<sup>22</sup> The statement further said that HHS should ensure that CSBG funding is released to grantees and subgrantees as timely as possible. “Delays in awarding and distributing these funds can cause unnecessary hardships on both State and local agencies administering these funds and the individuals they serve.”<sup>23</sup>

See **Table 1** for final FY2015 amounts, by program, in comparison with levels for FY2014 and previous years.

### Administration Proposal

The Obama Administration submitted its FY2015 budget request to Congress on March 4, 2014. The President’s request for CSBG and related activities was similar to proposals submitted in

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<sup>20</sup> These were P.L. 113-164, P.L. 113-202, and P.L. 113-203.

<sup>21</sup> See CSBG Dear Colleague Letter Performance Management Update, dated December 19, 2014: <http://www.acf.hhs.gov/programs/ocs/resource/csbg-dear-colleague-letter-performance-management-update>.

<sup>22</sup> *Congressional Record*, December 11, 2014, page H9838.

<sup>23</sup> *Ibid.*



previous years, specifically proposing \$350 million for the CSBG (nearly a 50% reduction), no funding for CED and RCF, and generally status quo funding (\$19 million) for IDAs.

In past years' budgets (described below), the Administration has proposed cutting CSBG and targeting resources to "high-performing, innovative" agencies, and using performance standards to hold eligible entities accountable. The Administration also has advocated "increased consideration" to areas of need in the allocation of funds by states among local agencies, among other things.

FY2015 budget documents characterized the Administration's proposals as a "three-pronged approach for increasing accountability and local innovation: 1) reward higher performers; 2) provide for competition when programs fail to meet organizational standards; and 3) authorize the immediate suspension of funds in instances of fraud and criminal wrongdoing."<sup>24</sup> As part of its initiatives to reward high performers, the Administration proposed allowing states to create performance incentive systems that would set aside up to 10% of their block grant allotments for payments to eligible entities that demonstrate "innovation and best practices." Although specific details were not available, this proposal appeared similar in purpose to the Community Action Innovations Program proposed in H.R. 3854 (see "Reauthorization Proposal in the 113th Congress").

In its FY2015 HHS documents, the Administration also called for increased accountability at the state and federal level, in addition to the local level; proposals to "modernize and clarify" eligibility determination procedures; and stronger community need assessment and planning provisions. Again, while specific details on the Administration proposals were not available, there appeared to be similarities between some of these proposals and provisions included in H.R. 3854.

## **Funding Activity: FY2014<sup>25</sup>**

### **Final Appropriations Act**

FY2014 began with no regular appropriations laws in place, resulting in a funding gap and partial government shutdown between October 1, 2013, when the fiscal year began, and October 17, 2013, when President Obama signed an interim continuing resolution (CR). The CR provided budget authority for federal programs, including CSBG and related activities, through January 15, 2014 (P.L. 113-46), and generally maintained these programs at their final FY2013 levels, which included reductions resulting from the March 1, 2013, budget "sequester" and an across-the-board rescission deemed necessary by OMB to keep discretionary spending below statutory limits.

The House and the Senate passed a full-year Consolidated Appropriations Act for FY2014 on January 15 and 16, respectively, and President Obama signed the measure on January 17 (P.L.

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<sup>24</sup> See Administration for Children and Families, Department of Health and Human Services (HHS), FY2015 Justifications of Estimates for Appropriations Committees: [https://www.acf.hhs.gov/sites/default/files/olab/sec2d\\_cfsp\\_2015cj\\_complete.pdf](https://www.acf.hhs.gov/sites/default/files/olab/sec2d_cfsp_2015cj_complete.pdf).

<sup>25</sup> For background on FY2014 appropriations for HHS and related agencies, see CRS Report R43236, *Labor, Health and Human Services, and Education: FY2014 Appropriations*, coordinated by Karen E. Lynch.

113-76).<sup>26</sup> The overall level of discretionary spending provided by this law was consistent with the ceilings agreed upon and established in the Bipartisan Budget Act of 2013 (P.L. 113-67), enacted on December 26, 2013.

The final FY2014 appropriations law provided a total of \$729 million for CSBG and related activities, which was an increase from the FY2013 post-sequestration/post-rescission level of \$687 million, and nearly twice the amount requested by the Obama Administration for FY2014 (see below for details of the Administration request). Broken down by program, FY2014 funding levels were \$674 million for the block grant, \$30 million for CED, \$6 million for RCF, and \$19 million for IDAs.

### **Senate Committee Action on Full-Year Appropriations Bill**

Although no further action occurred on this bill, the Senate Appropriations Committee on July 11, 2013, reported legislation that would have provided full-year FY2014 appropriations for the Departments of Labor, HHS, and Education (S. 1284, S.Rept. 113-71). As reported, the bill included a total of \$732 million for CSBG and related activities, broken down as follows: \$676 million for the block grant, \$30 million for CED, \$6 million for RCF, and \$20 million for IDAs.

In its report, the Senate Appropriations Committee said it rejected the Administration's proposed cuts to CSBG (see below) and "continues to strongly support the program, which provides critical and flexible funding for local organizations that serve as a central source of assistance for low-income populations at the local level."<sup>27</sup> With regard to the Administration's proposal to eliminate CED and move funding for the Healthy Food Financing Initiative to the Treasury Department, the committee "strongly encourages" collaboration between HHS and Treasury but noted that HFFI projects funded through the two agencies are distinct from each other and recommended continued funding for the CED. The committee also adopted bill language requested by the Administration to allow the recapture and reallocation of unused funds in the IDA program.

### **Administration Proposal**

President Obama submitted his FY2014 budget request to Congress on April 10, 2013, proposing \$350 million for the CSBG, \$19.5 million for IDAs, and no funding for the other CSBG-related activities.<sup>28</sup> This request would have cut block grant funding almost in half and was consistent with the Administration's request for CSBG in both FY2012 and FY2013; however, Congress had rejected this proposal in each of those two years.

Along with its request for reduced funding, the Administration proposed targeting CSBG resources to "high-performing, innovative" agencies and repeated its previously-stated intention to work with Congress to develop a set of core federal standards that states would use to determine whether existing eligible entities are performing successfully. In the case of an eligible

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<sup>26</sup> The CR enacted on October 17, 2013 (P.L. 113-46), had expired on January 15, 2014, and the full-year consolidated measure for FY2014 (P.L. 113-76) was not enacted until January 17. Thus, Congress enacted a short-term CR to provide funding for January 15-17 (P.L. 113-73).

<sup>27</sup> S.Rept. 113-71, p. 137.

<sup>28</sup> See Administration for Children and Families, Department of Health and Human Services (HHS), 2014 Justifications of Estimates for Appropriations Committees: [https://www.acf.hhs.gov/sites/default/files/olab/fy\\_2014\\_cj\\_final\\_web.pdf](https://www.acf.hhs.gov/sites/default/files/olab/fy_2014_cj_final_web.pdf).

entity that failed to meet these federal standards (which could be augmented with standards established by the states, subject to federal approval), the state would be required immediately to conduct an open competition to designate another entity to serve the affected community. A similar proposal was included in the FY2013 budget proposal; see discussion below in “Administration Proposal” for FY2013.

The Administration proposed no change in the current funding distribution formula to states, territories, and tribes, but requested that states be required to allocate funds among local agencies with “increased consideration” to the areas of greatest need. The Administration also proposed to allow states to suspend and redistribute funds so that interim services can be provided to low-income communities in cases where there is evidence of criminal wrongdoing or gross negligence. Additional proposals included requiring states to establish minimum guidance for grantees to use in determining the income eligibility of recipients of direct services, and requiring eligible entities to include performance measures that are responsive to local community needs in their Community Action Plans.

## **Funding Activity: FY2013<sup>29</sup>**

### **Final Continuing Resolution**

CSBG and related activities were funded in FY2013 under a full-year CR in the absence of a regular appropriations bill for the Departments of Labor, HHS, Education and related agencies. The final full-year CR for FY2013 (P.L. 113-6) generally maintained discretionary programs at their FY2012 levels. A CR for the first six months of FY2013 (P.L. 112-175) had funded these programs at their FY2012 levels, *plus* an additional 0.612%.

For CSBG and related activities, FY2012 levels were \$677 million for CSBG, \$30 million for CED (of which up to \$10 million could be used for the Healthy Food Financing Initiative), \$5 million for RCF, and \$20 million for IDAs. For FY2013, however, these levels were reduced as a result of a sequestration ordered on March 1, 2013, and an across-the-board rescission that OMB determined necessary to keep FY2013 discretionary spending within statutory limits. On May 20, 2013, HHS published an “all-purpose table” that showed a combined total of \$687 million for CSBG and related activities in FY2013, including \$635 million for the CSBG, \$28 million for CED, \$5 million for RCF, and almost \$19 million for IDAs.

“Sequestration” is an automatic across-the-board spending reduction process under which budgetary resources are permanently canceled to enforce budget policy goals. Under the Budget Control Act of 2011 (P.L. 112-25), OMB was directed to implement automatic budget enforcement mechanisms, including sequestration, of FY2013-FY2021 funding to enforce certain deficit reduction goals.<sup>30</sup> The FY2013 sequestration originally was scheduled to occur on January 2, 2013, but was postponed by the American Taxpayer Relief Act (P.L. 112-240). OMB ultimately

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<sup>29</sup> For background on FY2013 appropriations for HHS and related agencies, see CRS Report R42588, *Labor, Health and Human Services, and Education: FY2013 Appropriations Overview*, coordinated by Karen E. Lynch.

<sup>30</sup> In FY2014 and subsequent years, the Budget Control Act enforces budget goals through lowered spending ceilings for discretionary amounts and through sequestration for mandatory amounts. Thus, as a discretionary program, CSBG is not subject to sequestration in FY2014 through FY2021 unless discretionary spending ceilings are breached. No such breach has occurred in FY2014.

issued the sequester order on March 1, announcing that nonexempt nondefense discretionary programs (such as CSBG and related activities) would be subject to a 5% reduction.<sup>31</sup>

OMB further announced on April 4, subsequent to the enactment of P.L. 113-6, that an across-the-board rescission of 0.2% was necessary to avoid a breach of statutory limits on discretionary spending for FY2013. The effect of these reductions on final amounts available in FY2013 for CSBG and related activities—resulting both from the March 1 sequester and from the across-the-board rescission—is reflected in the “all-purpose table” published by HHS on May 20, described above. (See **Table 1.**)

### **House Action on Full-Year Appropriations Bill in the 112<sup>th</sup> Congress**

During the 112<sup>th</sup> Congress, the House Labor-HHS-Education Appropriations Subcommittee approved and released a draft FY2013 funding bill that included \$712 million for CSBG and related activities, plus an unspecified amount for IDAs.<sup>32</sup> The House subcommittee would have maintained funding for the block grant at current levels and rejected the Administration’s proposal to reduce it by approximately half. Specifically, the bill would have provided \$677 million for the block grant; \$30 million for CED; and \$5 million for RCF. However, the draft bill would have prohibited any use of funds for the Administration’s Healthy Food Financing Initiative. The full House Appropriations Committee did not act on this bill.

### **Senate Action on Full-Year Appropriations Bill in the 112<sup>th</sup> Congress**

The Senate Appropriations Committee reported S. 3295, its version of the FY2013 appropriations bill for the Departments of Labor, HHS, and Education. That bill included a total of \$733 million for CSBG and related activities, divided as follows: \$677 million for the block grant; \$30 million for CED (with up to \$10 million available for the Healthy Food Financing Initiative); \$6 million for RCF; and \$20 million for IDAs.

In its report accompanying the FY2013 bill, the Senate committee expressed strong support for CSBG

which provides critical flexible funding for local organizations that serve as a central source of assistance for low-income populations. These local organizations typically administer larger Federal programs such as Head Start and LIHEAP [Low-Income Home Energy Assistance Program]. The CSBG provides critical funding to support the administration of these programs at the local level, as well as flexible funding to fill in service gaps and meet the particular needs of local communities.<sup>33</sup>

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<sup>31</sup> See OMB Report to the Congress on the Joint Committee Sequestration for FY2013: [http://www.whitehouse.gov/sites/default/files/omb/assets/legislative\\_reports/fy13ombjsequestrationreport.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/fy13ombjsequestrationreport.pdf).

<sup>32</sup> A press release summarizing the House Subcommittee’s draft bill, and the legislative text of the bill, can be found on the House Appropriations Committee website: <http://appropriations.house.gov/news/documentsingle.aspx?DocumentID=303303>.

<sup>33</sup> See S.Rept. 112-176.

## Administration Proposal

President Obama submitted his FY2013 budget request to Congress in February of 2012, proposing a total of almost \$400 million for CSBG and related activities, compared to a final level of \$732 million in FY2012. The block grant would have been reduced by nearly half (from \$677 million to \$350 million) and RCF would have been eliminated. CED and IDAs would have remained at FY2012 levels and, of funds provided for CED, \$10 million were to go to the Administration's Healthy Food Financing Initiative.

Budget documents characterized the proposed reduction in funding for CSBG as one of several "tough cuts to worthy programs necessary to offset spending increases for other HHS programs."<sup>34</sup> In addition to cutting funding for CSBG, the Administration sought to increase quality and competition in the program and to focus resources on the highest-performing agencies. The FY2013 budget justifications repeated many of the same comments made in the FY2012 budget request (see **Appendix A**), noting that annual funding to local agencies is not competitive and that many of the same local agencies have been receiving funding through CSBG and its predecessor program since 1964.<sup>35</sup> While the law provides a mechanism for states to terminate funding for local agencies, the process "can be protracted," according to HHS.

HHS noted that National Performance Indicators (NPIs) and a performance management system called Results Oriented Management Accountability (ROMA) are used to track performance and provide national accountability for the activities of local grantees. However, because the grantees receive funding from numerous sources in addition to CSBG, the performance accountability system cannot identify outcomes solely attributable to CSBG funding. Moreover, these performance data are not used to allocate funds among agencies.

The Administration proposed to work with Congress to develop a set of "core" federal standards that states would use to evaluate the performance of local eligible entities. States would also be able to augment these federal standards. If an eligible entity failed to meet the performance standards, the state would be required to hold an immediate open competition for another grantee to serve the affected community. At a minimum, the core standards would include the following criteria:

- failure to correct certain audit findings;
- board governance issues;
- failure to submit required financial, administrative, or programmatic reports and materials in a timely manner;
- failure to implement corrective actions based on state monitoring reviews for weakness in performance; and
- service delivery performance.

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<sup>34</sup> FY2013 Budget of the United States, Office of Management and Budget, p. 108; <http://www.gpo.gov/fdsys/pkg/BUDGET-2013-BUD/pdf/BUDGET-2013-BUD.pdf>.

<sup>35</sup> See Administration for Children and Families, Department of Health and Human Services (HHS), 2013 Justifications of Estimates for Appropriations Committees, pp. 190-191; <http://transition.acf.hhs.gov/sites/default/files/assets/CFS%20final.pdf>.

The Administration requested no change in the current law formula used to allocate CSBG funds among states, territories, and tribes. However, under the Administration proposals, states would have been required to allocate funds among local agencies increasingly to “areas of greatest need.”

No formal legislation was offered to implement any of the Administration’s proposed changes to the CSBG program. However, the Administration contracted with the Urban Institute to facilitate the activities of a new CSBG Performance Management Task Force. These activities are described in a November 2012 letter from HHS.<sup>36</sup>

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<sup>36</sup> This letter is available at <http://www.acf.hhs.gov/programs/ocs/resource/csb-g-performance-management-task-force-dear-colleague-letter>. Also see a more detailed summary of performance management activities at <http://www.acf.hhs.gov/programs/ocs/resource/csb-g-fy-2013-update>.

**Table 1. Funding for CSBG and Related Activities, FY2008-FY2015**

(\$ in millions)

<b>Program</b>	<b>FY2008<sup>a</sup></b>	<b>FY2009<sup>b</sup></b>	<b>FY2010</b>	<b>FY2011<sup>c</sup></b>	<b>FY2012<sup>d</sup></b>	<b>FY2013<sup>e</sup></b>	<b>FY2014<sup>f</sup></b>	<b>FY2015 Final<sup>g</sup></b>
Community Services Block Grant	653.80	700.00	700.00	678.64	677.36	635.28	674.00	674.00
Community Economic Development	31.47	36.00	36.00	17.96	29.94	28.08	29.88	29.88
Job Opportunities for Low-Income Individuals (JOLI)	5.29	5.29	2.64	1.64	0	0	0	0
Rural Community Facilities	7.86	10.00	10.00	4.99	4.98	4.67	5.97	6.50
Individual Development Accounts	24.02	24.02	23.91	23.98	19.87	18.59	19.00	18.95
<b>Total</b>	<b>722.45</b>	<b>775.31<sup>b</sup></b>	<b>772.55</b>	<b>727.21</b>	<b>732.15</b>	<b>686.63</b>	<b>728.99</b>	<b>729.33</b>

**Source:** Prepared by the Congressional Research Service (CRS). Unless otherwise noted, sources of data are agency budget justifications and congressional appropriations documents.

**Note:** Of amounts shown for Community Economic Development (CED) in FY2012 through FY2015, up to \$10 million could be used for the Healthy Food Financing Initiative (HFFI).

- a. Funding reflects a 1.747% across-the-board reduction, as mandated by the Consolidated Appropriations Act, 2008 (P.L. 110-161).
- b. Funding levels shown for FY2009 were included in P.L. 111-8 and do not include the additional \$1 billion provided to the CSBG under the American Recovery and Reinvestment Act (ARRA, P.L. 111-5).
- c. Funding reflects a 0.2% across-the-board rescission as mandated by P.L. 112-10.
- d. The Consolidated Appropriations Act, 2012 (P.L. 112-74) mandated that appropriated amounts were subject to an across-the-board rescission of 0.189%. Amounts shown in this table reflect that rescission, as implemented by HHS and displayed in the FY2013 justifications for the Administration for Children and Families.
- e. The source for numbers shown in this column is the "all-purpose table" published by the Administration for Children and Families at HHS on May 20, 2013. Numbers shown reflect funding provided by P.L. 113-6 and the effects of budget sequestration and an across-the-board rescission of 0.2%.
- f. Funding provided by P.L. 113-76.
- g. Funding provided by P.L. 113-235.



## Appendix A. Additional Funding Information

This appendix provides information on appropriations for CSBG and related activities in FY2012 and prior years back to FY2009 (when additional funding was provided under the American Recovery and Reinvestment Act). In addition, a table (**Table A-1**) shows funding for the CSBG (not including related activities) from the block grant's first year in FY1982 through FY2015.

### FY2012<sup>37</sup>

#### Final Congressional Action

During the first quarter of FY2012, CSBG and related activities operated under a series of continuing resolutions (CRs), which generally funded discretionary programs at FY2011 levels. On December 23, 2011, President Obama signed into law a full-year appropriations bill for FY2012 (P.L. 112-74), which maintained the block grant and RCF at approximately their FY2011 levels. P.L. 112-74 provided an increase for CED in FY2012, eliminated JOLI, and reduced spending for IDAs.

#### Administration Proposal

President Obama's FY2012 budget proposed a total of \$394 million for CSBG and related activities.<sup>38</sup> Of this amount, \$350 million would have gone to the block grant, for a reduction of 50% from FY2010 levels (or 48% from final FY2011 levels). This was the first year the Obama Administration proposed to cut the block grant in half; similar proposals have been made in all subsequent years.

The Administration's proposal to reduce funding for CSBG was coupled with a statement of intent to "inject competition" into the program. As described earlier, states are required to pass at least 90% of their annual block grant allotments to "eligible entities," which are primarily Community Action Agencies that had been designated under the former Economic Opportunity Act of 1964. In FY2012 budget documents, HHS noted that these grants are not open for competition and that while states may terminate funding for CAAs that are found to be deficient, this process is seen as burdensome and is not pursued often. "States usually pursue termination only when there is a determination that the CAA is grossly financially negligent," according to HHS.

Office of Management and Budget (OMB) documents further stated: "A series of reports from the Government Accountability Office and the Inspector General of the Department of Health and Human Services have documented failures in program oversight and accountability—with the likely result that even grossly negligent CAAs continue to receive funding."<sup>39</sup>

<sup>37</sup> For background on FY2012 appropriations for the Departments of Labor, HHS, and Education, see CRS Report R42010, *Labor, Health and Human Services, and Education: FY2012 Appropriations*, coordinated by Karen E. Lynch.

<sup>38</sup> Administration for Children and Families, Department of Health and Human Services (HHS), FY2012 Justification of Estimates for Appropriations Committees, Children and Families Services Programs, pp. 197-199, <http://www.acf.hhs.gov/programs/olab/budget/2012/cj/CFS.pdf>.

<sup>39</sup> Office of Management and Budget (OMB), *Fiscal Year 2012 Terminations, Reductions, and Savings*, p. 103, (continued...)



In proposing a reduced funding level for FY2012, HHS stated:

Within this reduced funding level, ACF will work with Congress to inject competition into the program so that resources are targeted more effectively on high-performing, innovative organizations. The program, as reconfigured, should maintain the current emphasis on place-based services to address the causes and impact of poverty, but should hold grantees more accountable for outcomes and should direct resources to agencies that can effectively serve high need communities, use evidence-based practice to achieve results, operate with a high level of program integrity, and maximize funding spent on services rather than administrative overhead. Many community action agencies deliver quality programs, but at a time when we must reduce the deficit, we cannot afford to provide guaranteed funding that is not targeted based on need and performance.

Of the remaining budget request for CSBG and related activities in FY2012, CED would have received \$20 million, down sharply from its FY2010 level of \$36 million. HHS budget documents stated that the program funded “an amalgam of projects with varying degrees of success” and that “[i]n the most recent report to Congress, 21 percent of the projects funded were declared unsuccessful.”<sup>40</sup>

Finally, the Administration proposed to maintain IDAs at their FY2011 level of \$24 million in FY2012, and to eliminate funding for RCF and JOLI.

## FY2011

### Final Congressional Action

For FY2011, CSBG and related activities again began the fiscal year under a series of continuing resolutions (CRs), which generally maintained the previous year’s funding levels. A final CR for FY2011 (P.L. 112-10) was enacted on April 15, 2011, providing a total of \$727 million for CSBG and related activities for the balance of the fiscal year; this amount was somewhat lower than the FY2010 level of \$773 million. P.L. 112-10 also included a mandatory across-the-board rescission of 0.2% for discretionary non-defense programs.

Of funds provided for the block grant, the FY2011 law required \$350,000 to be used by the Secretary of HHS for preparation of a report on the use of CSBG funds.

Earlier in the year, the House had passed alternative legislation (H.R. 1) to extend funding through the end of FY2011, which would have reduced discretionary funding for many government programs, including CSBG. As passed by the House on February 19, 2011, H.R. 1 contained \$405 million for programs authorized under the CSBG Act, including \$395 million for the block grant (compared with the FY2010 level of \$700 million) and \$10 million for RCF (same as the FY2010 level). No funds would have been provided for CED, and JOLI and IDAs

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(...continued)

[http://cdbapps/ksglibrary/2428\\_2012\\_TRS.pdf](http://cdbapps/ksglibrary/2428_2012_TRS.pdf). Also see **Appendix B** of this report for a discussion of the GAO findings and recommendations referenced by OMB; and see Office of Inspector General, Department of Health and Human Services, *Alert: Community Service Block Grant Recovery Act Funding for Vulnerable and In-Crisis Community Action Agencies* (A-01-09-02511), <http://oig.hhs.gov/oas/reports/region1/10902511.pdf>.

<sup>40</sup> The most recent report to Congress posted on the HHS website is for FY2006: <http://www.acf.hhs.gov/programs/ocs/resource/fy-2006-ced-report-to-congress>.

would have remained at their FY2010 funding levels of \$2.6 million and \$24 million, respectively.

During debate on H.R. 1, the House considered an amendment offered by Representative Flake that would have reduced FY2011 funding for the CSBG by an additional \$100 million, which would have resulted in a total of \$295 million for the block grant in FY2011. The amendment was defeated by a vote of 115 to 316.

On March 9, the Senate failed to pass the House version of H.R. 1 and also failed to pass S.Amdt. 149, which would have kept CSBG and related activities at their FY2010 levels through the balance of FY2011.<sup>41</sup>

## **Administration Proposal**

President Obama's FY2011 budget request proposed a total of \$760 million for CSBG and related activities (\$700 million for the block grant, \$36 million for CED, and \$24 million for IDAs). In total, the request was lower than amounts provided in FY2010 because the Administration did not request funds in FY2011 for RCF or JOLI. Moreover, the Administration did not seek to continue the special \$1 billion in funding provided to CSBG under the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5). The FY2011 budget request was similar to the Administration's request for FY2010, which also proposed zero funding for RCF; however, the FY2010 request would have maintained level funding for JOLI.

Although the Administration proposed level funding (\$36 million) for CED in FY2011, budget documents indicated that up to \$20 million of this amount would be dedicated for use under the Healthy Food Financing Initiative. This was the first year the Administration proposed using CED funds for this nutrition initiative.

HHS budget documents also indicated that the Office of Community Services planned to continue funding in FY2010 for a cooperative agreement grant for a national community economic development training and capacity development initiative; this grant had begun in FY2009 in response to directives from House and Senate Appropriations Committees.

## **FY2010**

With no final appropriations law in place at the beginning of FY2010, Congress passed a series of continuing resolutions to maintain funding for HHS and other federal agencies. The House and Senate subsequently passed the conference agreement on a full-year consolidated appropriations bill that was enacted on December 16, 2009, as P.L. 111-117.

The final law included the following amounts for CSBG and related activities: \$700 million for the block grant, \$36 million for CED, \$10 million for RCF, \$2.66 million for JOLI, and \$24 million for IDAs. The Administration had originally requested \$700 million for the block grant,

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<sup>41</sup> For a comparison of proposed federal agency level funding in H.R. 1 and S.Amdt. 149, with FY2010 enacted levels and the Obama Administration's request for FY2011, see CRS Report R41703, *FY2011 Appropriations: A Side-by-Side Comparison of Key Proposals and Enacted Legislation*.

\$36 million for CED, \$5.3 million for JOLI, and \$24 million for IDAs. The Administration had proposed termination of RCF.

The conference agreement on the consolidated appropriations bill directed HHS to use \$500,000 to continue the national training and capacity-building initiative that was started in FY2009. The agreement also directed HHS to report to the House and Senate Appropriations Committees on the use by states of the ARRA/CSBG funds intended for “benefit eligibility coordination” and whether these funds had achieved their intended purpose of ensuring that individuals and families receive the assistance for which they are eligible under various federal, state, local, and private programs.

## American Recovery and Reinvestment Act of 2009<sup>42</sup>

On February 17, 2009, President Obama signed ARRA into law, providing an estimated \$787 billion in spending and tax provisions in an effort to stimulate the economy.<sup>43</sup> The law appropriated \$1 billion for the CSBG, which remained available for obligation until September 30, 2010. The funds were subject to set-aside provisions in the underlying CSBG law that reserved half of 1% for allocation among the territories and 1.5% for training, technical assistance, evaluation, and monitoring. Remaining funds were distributed according to the regular CSBG formula to states, which were required to use 1% of their ARRA allotments for “benefit eligibility coordination” activities, related to identification and enrollment of eligible individuals and families in federal, state, or local benefit programs. The balance of each state’s allotment was distributed among local eligible entities in the state. ARRA provided that CSBG funds could be used in FY2009 and FY2010 to serve individuals and families with incomes up to 200% of the federal poverty level, rather than the regular CSBG maximum of 125% of poverty.

HHS issued formal guidance regarding the release and use of the CSBG stimulus funds on April 10, 2009, requiring states to submit a plan for use of the funds by May 29, 2009. In its guidance, HHS encouraged states and local entities that received stimulus funding to create “sustainable economic resources in communities.”<sup>44</sup> Specifically, HHS said that states should help ensure that eligible entities

- 1) provide a wide range of innovative employment-related services and activities tailored to the specific needs of their community; 2) use funds in a manner that meets the short-term and long-term economic and employment needs of individuals, families and communities; and 3) make meaningful and measureable progress toward the reform goals of the Recovery Act with special attention to creating and sustaining economic growth and employment opportunities.

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<sup>42</sup> For a summary of provisions in the economic stimulus legislation affecting CSBG and additional programs (Temporary Assistance for Needy Families, Child Care and Development Block Grant, Child Support Enforcement, Child Welfare, Low-Income Home Energy Assistance, Head Start, and the Compassion Capital Fund), see CRS Report R40211, *Human Services Provisions of the American Recovery and Reinvestment Act*.

<sup>43</sup> The Congressional Budget Office (CBO) subsequently re-estimated the amount of funding provided by ARRA and estimated the law would result in spending of approximately \$825 billion over the 10-year period of FY2009-FY2019; see *Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output from April 2011 through June 2011*, August 2011: <http://www.cbo.gov/ftpdocs/123xx/doc12385/08-24-ARRA.pdf>.

<sup>44</sup> Office of Community Services (OCS) Information Memorandum, Transmittal No. 109, dated 4/10/09: <http://www.acf.hhs.gov/programs/ocs/csb/guidance/im109.html>. Also see “frequently asked questions” on ARRA CSBG funds: <http://www.acf.hhs.gov/programs/ocs/csb/g/qna.html>; and a second version of “frequently asked questions”: [http://www.acf.hhs.gov/programs/ocs/csb/arra\\_questions.htm](http://www.acf.hhs.gov/programs/ocs/csb/arra_questions.htm).

The guidance also noted that states could not use CSBG stimulus funds for administrative costs or any statewide discretionary activities.<sup>45</sup>

As noted above, states were required to use 1% of their CSBG allotments for coordination activities to ensure that eligible individuals were identified and enrolled in appropriate benefit programs, and HHS said the law gave states flexibility in administering these coordination activities to best meet the needs of individuals, families, and communities.

According to the National Association of State Community Services Programs annual report cited earlier (see section headed “CSBG Program Data”), benefits coordination activities undertaken with ARRA funds included state and local agency “coordination with stakeholders, communication techniques, technological enhancements, and other initiatives.” Specific examples included statewide data collection systems to allow various programs to share information, and statewide information campaigns to increase public awareness of available services.<sup>46</sup>

The final version of ARRA was a hybrid of provisions passed earlier by the House and the Senate. In explaining its decision to include CSBG funding in the stimulus package, the House Appropriations Committee’s draft report on ARRA stated:

Due to rising unemployment, housing foreclosures, and high food and fuel prices, community action agencies have seen dramatic increases in requests for assistance. These additional economic recovery funds will help to fill gaps in safety net services by targeting funds directly to community action agencies in over 1,000 local communities while they are impacted by revenue shortfalls.<sup>47</sup>

In the Senate, the Appropriations Committee explained its decision to require states to reserve funds for benefit eligibility coordination activities: “These services help stabilize families, especially during periods of unemployment, and provide them with the tools they need to lift themselves from poverty and to establish economic self-sufficiency” (S.Rept. 111-3).

## **FY2009**

Congress passed and President Obama signed into law an omnibus appropriations act (P.L. 111-8) that funded CSBG and related activities from March through the balance of FY2009. From the beginning of FY2009, CSBG and related agencies had been operating under a continuing resolution (P.L. 110-329) that generally maintained funding at FY2008 levels. For CSBG and related agencies, the omnibus appropriations act for FY2009 provided a total of \$775 million—as originally recommended by the House Labor-HHS-Education Appropriations Subcommittee—compared to total FY2008 funding of \$722 million.

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<sup>45</sup> HHS has issued guidance on the liquidation and close-out of CSBG/ARRA funds; see OCS Information Memorandum, Transmittal No. 122, dated 12/3/10; <http://www.acf.hhs.gov/programs/ocs/csbg/guidance/im122.html>.

<sup>46</sup> HHS provided funding to the Urban Institute to evaluate ARRA-funded CSBG activities. A summary of the Urban Institute findings is available at <http://www.spotlightonpoverty.org/ExclusiveCommentary.aspx?id=63653882-4051-41f4-afcc-600db45ab7b2>. The full Urban Institute report, published in February 2012, is available at <http://www.urban.org/UploadedPDF/412602-Implementation-of-Community-Services-Block-Grants-under-ARRA.pdf>.

<sup>47</sup> The Committee’s report is available on its website, <http://appropriations.house.gov/images/stories/pdf/RecoveryReport01-15-09.pdf>.

The House Labor-HHS-Education Appropriations Subcommittee had approved legislation on June 19, 2008, that would have increased funds for CSBG and two related activities in FY2009. As approved by the subcommittee, the measure included \$700 million for the CSBG (a \$46 million increase from the FY2008 level), \$36 million for CED (a \$4.5 million increase), \$10 million for RCF (a \$2.1 million increase), and level funding for JOLI and IDAs. The draft committee report stated that “the CSBG is more important than ever, with unemployment and poverty increasing due to the struggling economy and the number of low-income individuals and families in need of assistance rising as a consequence.”<sup>48</sup> The draft report directed that \$500,000 of training and technical assistance funds be used for a national community economic development training and capacity development initiative that would provide CAA leaders with the necessary professional skills to finance and implement innovative housing, economic, and community development partnerships. This language also was included in the explanatory statement accompanying P.L. 111-8.

The Senate Appropriations Committee reported its version of the FY2009 funding bill for the Departments of Labor, HHS, and Education on July 8, 2008 (S. 3230, S.Rept. 110-410). The Senate committee would have maintained CSBG and all related activities at their FY2008 funding levels, except for RCF, which would have received a slight increase. The Senate committee noted “the importance of Community Action Agencies (CAAs) as institutions that organize low-income communities to identify emerging challenges to economically insecure Americans and subsequently to mobilize the resources, programs and partnerships needed to address local poverty conditions.” The report further stated that “CSBG is a unique Federal resource that supports CAAs while they initiate creative responses to local poverty conditions and seek new sources of support and investment to implement their initiatives. The committee believes that CSBG funding is an investment, analogous to venture capital, in the future of low-wage workers, retirees and their families.”

In its report, the Senate committee faulted the Office of Community Services within HHS for failing to report on progress made in correcting the deficiencies in program oversight identified by the Government Accountability Office (GAO) (see **Appendix B** for a discussion of the GAO report). The committee further stated that OCS should develop and deliver professional skills training for CAA leaders so they can finance and implement innovative housing, economic, and community development partnerships (similar to language in the draft House report); that OCS should support linkages between local agencies, national organizations, and academic institutions that would disseminate research on effective responses to poverty; and finally, that OCS should continue funding statewide CAA associations to continue and expand cost-effective training and other capacity-building services for members. These concerns were repeated by the House Appropriations Committee in its explanatory statement accompanying the FY2009 omnibus appropriations bill that was enacted as P.L. 111-8. As noted above, HHS began funding the national training and capacity-building initiative in FY2009.

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<sup>48</sup> Unnumbered draft House Appropriations Committee report, reflecting actions of the Subcommittee on Labor-HHS-Education on FY2009 spending bill, <http://www.cq.com/flatfiles/editorialFiles/budgetTracker/reference/docs/20080626lhreport.pdf>.

**Table A-1. Community Services Block Grant Appropriations History, FY1982-FY2015**  
(\$ in millions)

Fiscal Year	Appropriation	Fiscal Year	Appropriation
FY1982	315	FY1999	500
FY1983	342	FY2000	528
FY1984	317	FY2001	600
FY1985	335	FY2002	650
FY1986	321	FY2003	646
FY1987	335	FY2004	642
FY1988	326	FY2005	637
FY1989	319	FY2006	630
FY1990	322	FY2007	630
FY1991	349	FY2008	654
FY1992	360	FY2009	700
FY1993	372	FY2010	700
FY1994	397	FY2011	679
FY1995	390	FY2012	677
FY1996	390	FY2013	635
FY1997	490	FY2014	674
FY1998	490	FY2015	674

**Source:** Prepared by the Congressional Research Service (CRS), based on information in Department of Health and Human Services congressional budget justifications and enacted appropriations laws.

**Notes:** In addition to amounts shown for FY2009 and FY2010, the American Recovery and Reinvestment Act (ARRA, P.L. 111-5) included a one-time appropriation of \$1 billion for CSBG, to be available for obligation in those two years.



## Appendix B. Government Accountability Office (GAO) Review

The Government Accountability Office (GAO) released a report on the CSBG program in July 2006, which was originally requested by the House Education and the Workforce Committee in April 2005. GAO's review focused on three topics related to program monitoring and training and technical assistance: (1) HHS compliance with legal requirements and standards governing its oversight of state efforts to monitor local CSBG grantees; (2) efforts by states to monitor local grantee compliance with fiscal requirements and performance standards; and (3) targeting by HHS of its training and technical assistance funds and the impact of such assistance on grantee performance.<sup>49</sup>

GAO concluded that the Office of Community Services (OCS) lacked "effective policies, procedures, and controls" to ensure its own compliance with legal requirements for monitoring states and with federal internal control standards. GAO found that OCS had visited states as mandated by law but failed to issue reports to the states after the visits or annual reports to Congress, which also are mandated by law. OCS failed to meet internal control standards because their monitoring teams lacked adequate financial expertise; moreover, OCS lost the documentation from the monitoring visits to states. Finally, OCS was not systematic in its selection of states to visit, and did not use available information on state performance or collect other data to allow more effective targeting of its limited monitoring resources on states at highest risk of management problems.

In connection with its assessment of state efforts to monitor local grantees, GAO visited five states and found wide variation in the frequency with which they conducted on-site monitoring of local grantees, although officials in all states said they visited agencies with identified problems more often. States also varied in their interpretation of the law's requirement that they visit local grantees at least once in a three-year period, and GAO noted that OCS had issued no guidance on this requirement. States reported varying capacities to conduct on-site monitoring and some states cited staff shortages; however, the states all performed other forms of oversight in addition to on-site visits, such as review of local agency reports (e.g., local agency plans, goals, performance data, and financial reports) and review of annual Single Audits where relevant. Several states coordinated local oversight with other federal and state programs, and also used state associations of Community Action Agencies to help provide technical assistance.

GAO found, with regard to federal training and technical assistance funds, that OCS targeted at least some of these funds toward local agencies with identified financial and program management problems, but generally was not strategic in allocating these funds and had only limited information on the outcome of providing such training and technical assistance.

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<sup>49</sup> *Community Services Block Grant Program: HHS Should Improve Oversight by Focusing Monitoring and Assistance Efforts on Areas of High Risk*, GAO-06-627, U.S. Government Accountability Office, June 2006. GAO had revealed some of the findings of this review in February 2006 in a letter submitted to HHS ("Community Services Block Grant Program: HHS Needs to Improve Monitoring of State Grantees," GAO-06-373R, letter to Wade F. Horn, Assistant Secretary for Children and Families, Department of Health and Human Services, from the U.S. Government Accountability Office, February 7, 2006).

GAO made five recommendations to OCS in its report (and HHS indicated its agreement and intent to act upon these recommendations). According to GAO, OCS should

- conduct a risk-based assessment of states by systematically collecting and using information;
- establish policies and procedures to ensure monitoring is focused on the highest-risk states;
- issue guidance to states on complying with the requirement that they monitor local agencies during each three-year period;
- establish reporting guidance for training and technical assistance grants so that OCS receives information on the outcomes for local agencies that receive such training or technical assistance; and
- implement a strategic plan for targeting training and technical assistance in areas where states feel the greatest need.

## **HHS Response**

HHS took a series of steps in response to the GAO report. On October 10, 2006, HHS issued an information memorandum to state agencies responding to GAO's third recommendation and providing guidance on compliance with the statutory requirement that states conduct a full on-site review of each eligible entity at least once during every three-year period.<sup>50</sup> Subsequently, on March 1, 2007, HHS issued another information memorandum, responding to GAO's first two recommendations and providing a schedule of states that would receive federal monitoring in each of the next three years (FY2007-FY2009).<sup>51</sup>

The October 2006 memorandum explained that states were selected through a process intended to identify states that would receive the most benefit from federal monitoring visits. This process considered the extent to which eligible entities in the state were considered vulnerable or in crisis; the physical size of the state, its number of eligible entities, and the number of state personnel assigned to the CSBG program; the extent of poverty in the state compared to the number of eligible entities and state CSBG personnel; the number of clients served compared to the number of eligible entities and state CSBG personnel; evidence of past audit problems; and tardiness by the state in submitting CSBG state plans to HHS or responses to information surveys conducted by the National Association of State Community Services Programs.<sup>52</sup>

HHS developed a CSBG state assessment tool to help states prepare for federal monitoring,<sup>53</sup> and on August 24, 2007, issued a strategic plan for the CSBG program, which was intended to

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<sup>50</sup> Office of Community Services (OCS) Information Memorandum, Transmittal No. 97, dated 10/10/06: <http://www.acf.hhs.gov/programs/ocs/resource/im-no-97-guidance-on-the-csbg-requirement-to-monitor-eligible-entities>.

<sup>51</sup> Office of Community Services (OCS) Information Memorandum, Transmittal No. 98, dated 3/1/07: <http://www.acf.hhs.gov/programs/ocs/resource/im-no-1>. The most recent monitoring schedule was provided in OCS Information Memorandum Transmittal No. 117, dated August 25, 2010, and covers FY2011-FY2013: <http://www.acf.hhs.gov/programs/ocs/resource/no-117-three-year-csbg-monitoring-schedule-ffy-2011-ffy-2013>.

<sup>52</sup> See discussion of this survey earlier in this report.

<sup>53</sup> Office of Community Services (OCS) Information Memorandum, Transmittal No. 102: [http://www.acf.hhs.gov/sites/default/files/ocs/im\\_no\\_102\\_csb\\_g\\_monitoring\\_checklist.pdf](http://www.acf.hhs.gov/sites/default/files/ocs/im_no_102_csb_g_monitoring_checklist.pdf).



describe training, technical assistance, and capacity-building activities and promote accountability within the CSBG.<sup>54</sup> As discussed in **Appendix A** of this report, HHS began funding the national community economic development training and capacity development initiative in FY2009. Most recently, HHS issued an information memorandum on May 4, 2011, announcing a reorganization and new “strategy for excellence” in the CSBG training and technical assistance program for FY2011.<sup>55</sup>

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<sup>54</sup> Office of Community Services (OCS) Information Memorandum, Transmittal No. 103, dated 8/24/07: [http://www.acf.hhs.gov/sites/default/files/ocs/im\\_no\\_103\\_csb\\_g\\_strategic\\_plan\\_final\\_strategic\\_plan.pdf](http://www.acf.hhs.gov/sites/default/files/ocs/im_no_103_csb_g_strategic_plan_final_strategic_plan.pdf).

<sup>55</sup> Office of Community Services (OCS) Information Memorandum, Transmittal No. 123, dated 5/4/11: <http://www.acf.hhs.gov/programs/ocs/resource/reorganization-of-csb-g-ta-resources-a-new-strategy-for-excellence>.