Community Services Block Grants (CSBG): Background and Funding

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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).

The FY2016 consolidated appropriations act (P.L. 114-113) provides a total of $770 million for CSBG and related activities, which represents an increase of $41 million from FY2015 levels and is more than the Administration requested or the House and Senate Appropriations Committees initially recommended. All of the increase is directed toward the block grant, while related activities are maintained at their FY2015 levels. Specifically, FY2016 funding levels, by program, are $715 million for CSBG (up from $674 million in FY2015), $30 million for Community Economic Development, $6.5 million for Rural Community Facilities, and $19 million for Individual Development Accounts.

In its budget submitted to Congress in February 2015, the Obama Administration broke with past practice and requested no reduction in funding for the block grant. This contrasted with the previous four annual budget requests when the Administration unsuccessfully sought to reduce appropriations for the block grant by approximately half. For related activities, the Administration’s FY2016 budget request was similar to its request of previous years: level funding for IDAs, and nothing for CED and RCF.

Despite Administration efforts to zero out CED and RCF, Congress has historically continued to fund them. However, the Senate Appropriations Committee on June 25, 2015, approved an FY2016 funding bill that supported the Administration’s request to eliminate funding for these activities. The Senate bill (S. 1695) would have provided $674 million for the block grant, nothing for CED and RCF, and $12 million for IDAs. The House Appropriations Committee, in a bill approved on June 24, 2015 (H.R. 3020), would have maintained CSBG and all related activities at their FY2015 funding levels in FY2016.

The Administration proposed a new initiative in the FY2016 budget, called the Upward Mobility Project, which would have allowed up to 10 localities, states, or consortia to combine funds from four existing block grants—including CSBG—to test promising approaches to reducing poverty. The initiative also included the Social Services Block Grant within HHS, which would have received additional funding for the project, and the Community Development Block Grant and Home Investment Partnerships Program, both administered by the Department of Housing and Urban Development. The initiative was not included in the FY2016 funding bill.

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, but Congress has continued to make annual appropriations each year. Legislation is pending in the 114th Congress—with bipartisan co-sponsorship—to amend and reauthorize the act through FY2023 (H.R. 1655). Similar legislation was introduced in the 113th Congress (H.R. 3854).

According to the most recent survey conducted by the National Association for State Community Services Programs, the nationwide network of more than 1,000 CSBG grantees 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

The year 2014 marked the 50th 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.”1 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 pending in Congress to reauthorize CSBG and related activities, summarizes a new “Upward Mobility Project” initiative of the Obama Administration, and discusses current and recent funding activities affecting the CSBG. 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.2

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 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

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1 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, 88th Cong., 2nd sess., March 16, 1964, Doc. No. 243 (Washington: GPO, 1964).

local agency governing boards. Currently, these local agencies, generally 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 108th Congress but it was not enacted. Similar legislation was introduced in the 109th Congress but not considered. Legislation was introduced in the 113th Congress to amend and reauthorize the CSBG and related activities through FY2023 (H.R. 3854); however, no further action was taken. Similar legislation is pending in the 114th Congress (H.R. 1655). (For more details, see “Reauthorization Proposal in the 114th 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

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 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

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3 See Table A-1 for a history of CSBG appropriations from its first year of funding (FY1982) through FY2016.
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. States also may use up to $55,000 or 5% of their allotment, whichever is higher, for administrative costs. 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 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. There are more than

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4 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.

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

6 The Administration for Children and Families’ congressional budget justifications cite 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 (continued...)

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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.\(^7\) 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).

Community Economic Development\(^8\)

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

\(^{(\ldots$continued)})

entity to comply with state requirements. See p. 192 in justifications for FY2016: https://www.acf.hhs.gov/sites/default/files/olab/2016_acf_cj.PDF.

\(^7\) 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 (SSBG) and the Low-Income Home Energy Assistance Program (LIHEAP).

\(^8\) For more information on this program, see http://www.acf.hhs.gov/programs/ocs/programs/ced.
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 FY2014, HHS supported 31 grants, of which all were new starts, plus three contracts and three interagency agreements, according to agency budget documents. For FY2015, the department expected to support 35 grants, of which all would be new starts, plus three contracts and three interagency agreements. No program activity is projected for CED in FY2016, as the Administration requested no continued funding for this program.

**Healthy Food Financing Initiative**

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).

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 Department of the Treasury’s Community Development Financial Institutions program. Congress did not support this request and has continued to provide funds through the CED program.

**Rural Community Facilities**

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 loans and grants administered by the Department of Agriculture (USDA).

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9 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.

10 For more information about this program, also known as the Rural Community Development Program, see http://www.acf.hhs.gov/programs/ocs/programs/rcd.
Notwithstanding the Administration’s request, Congress has continued to provide funding for this program.

During FY2014, HHS supported eight grants, all of which were continuation grants, plus one contract and one interagency agreement, according to agency budget documents. In FY2015, the department expected to support eight grants that would all be new starts, two contracts, and one interagency agreement. HHS expects no program activity in FY2016 due to the program’s proposed termination.

**Individual Development Accounts**

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 through Individual Development Accounts (IDAs). The Assets for Independence Act expired at the end of FY2003, although Congress has continued to provide appropriations for the program under this authority.

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 IDAs cannot exceed the non-federal matches. The maximum federal grant is $1 million a year, and HHS says the average grant is currently about $250,000.

In budget documents for FY2016, the Administration asked Congress to enact appropriations language that would allow up to 30% of IDA program funding to be used for a new Asset Innovation Fund, which would support the testing of “innovative and research-driven asset-building models with a broader set of allowable assets and with flexibility for deposits of other than earned income.” The Administration also requested language that would enable it to use $3 million of program funding for research and evaluation, including for evaluation of projects conducted through the proposed Asset Innovation Fund.

According to Administration budget documents, in FY2014 the IDA program supported 45 new grants, 8 contracts, and 5 interagency agreements. HHS expected to support the same number of new grants in FY2015, plus 6 contracts and 3 interagency agreements. For FY2016, HHS expects to support 35 new grants, 4 contracts, and 3 interagency agreements.

Legislation is pending in the 114th Congress (H.R. 3367) that would amend and reauthorize appropriations for this program at an annual level of $75 million through FY2020. The bill has been referred to the House Ways and Means Committee. In addition, the multi-purpose Saving Our Next Generation Act (S. 473) would reauthorize the program through FY2020 and establish a demonstration project for newborn development accounts. The bill has been referred to the Senate Finance Committee.

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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 112th 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 111th Congress (H.R. 4480).

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)

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, nonprofit, 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

13 For more information about this program, see http://www.acf.hhs.gov/programs/ocs/programs/joli.
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. 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, five migrant or seasonal farmworker organizations, and two organizations that fell into other categories.

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

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15 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 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_csbg_1st_quarter_allocations_0.pdf.
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 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 114th 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 109th 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 108th Congress (H.R. 3030). The Senate also passed a reauthorization bill during the 108th Congress (S. 1786), but conferees never met to resolve differences between the House and Senate bills.

For the first time since the 109th Congress, legislation was introduced in the House during the 113th Congress to reauthorize CSBG and certain related activities. Representative Fitzpatrick introduced the Community Economic Opportunity Act, 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. Representative Fitzpatrick has re-introduced a mostly identical version of the bill (with some changes) in the 114th Congress (H.R. 1655), where it is again pending before the House Education and the Workforce Committee.

The bill would make 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 require federal, state, and local entities to establish performance requirements and benchmarks, and includes provisions

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16 In addition to H.R. 1655, the multi-purpose Saving Our Next Generation Act (S. 473) also has been introduced in the 114th Congress. It would reauthorize CSBG with no changes through FY2014, and has been referred to the Senate Finance Committee.
intended to increase accountability for the use of federal funds and to ensure timely distribution and expenditure of these funds. The bill has 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. 1655 would authorize appropriations of $850 million per year for FY2014-FY2018, with “such sums as necessary” authorized for FY2019-FY2023. Like current law, the bill would require the Secretary to reserve 0.5% of appropriations for grants to territories, but would increase the amount reserved for training and technical assistance from 1.5% to 2%. Remaining funds would be allocated among states (including DC and Puerto Rico). While no change would be made in the basic state allocation formula, the minimum allotment would be 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 harmless at their FY1990 levels, and that establish a maximum allotment percentage, would be eliminated under the bill.

Of block grant funds received, states would be required to reserve at least 2% for a new Community Action Innovations Program. These funds would go 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 be used to satisfy nonfederal matching requirements when used in conjunction with other federal programs that have such requirements, and could be used to serve participants with incomes up to 80% of area median income.

State applications and plans would be subject to the Secretary’s approval under H.R. 1655, which would be a change from current law. Likewise, local community action plans would be newly subject to the state’s approval. Like the 113th Congress version of the bill, H.R. 1655 would allow states to request waivers from the Secretary to increase the poverty line in determining eligibility for CSBG activities. However, H.R. 1655 also includes a provision found in current law that allows states to increase eligibility to 125% of the poverty line whenever the state determines the change serves the objectives of the program, without the need for a waiver. This provision had not been included in H.R. 3854.

Both H.R. 3854 and H.R. 1655 would allow states to propose a change in the proportional distribution of funds among eligible entities as part of their state plan. However, H.R. 1655 specifies that such a change must be in response to certain factors, namely the results of the most recent Census or other demographic data, severe economic dislocation, or designation of a new eligible entity in an unserved geographic area. In its annual congressional budget justifications for CSBG, HHS says it allows four similar exceptions to the current law prohibition against states reducing funding to an eligible entity below its proportional share: changes in Census data, designation of a new eligible entity, severe economic dislocation, or failure of an eligible entity to comply with state requirements. Although these criteria are used by HHS, they are not specified in current law.

17 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.)

18 See p. 192 in the congressional budget justifications for FY2016: https://www.acf.hhs.gov/sites/default/files/olab/2016_acf_cj.PDF.
In designating new or replacement eligible entities, the bill would give priority to existing Community Action Agencies (which would be explicitly defined for the first time) and public agencies could no longer be designated unless they were already serving as an eligible entity. H.R. 3854 would allow 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 be eligible to receive Merger Incentive Funds from amounts reserved by the Secretary. H.R. 1655 has the same language with regard to mergers, but also allows states to approve “privatization” proposals from public organizations that determine they could serve their areas more effectively as private eligible entities.

Current law provisions affecting the participation of religious organizations in CSBG-funded activities would be 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, the pending legislation would provide 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 establish 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 separately authorize “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 eliminate this language.

Administration’s Proposed “Upward Mobility Project”

In its FY2016 budget request to Congress, submitted in February 2015, the Obama Administration proposed various initiatives intended to expand the use of “evidence-based” practice in social policy. One of the proposed new initiatives—the Upward Mobility Project—would have allowed up to 10 localities, states, or consortia of localities and states to combine funds from four existing block grants and design projects intended to reduce poverty and promote opportunity through use of evidence-based strategies. Projects would be required to track performance and evaluate the effectiveness of the strategies used.

CSBG was one of the four block grants to be included in the Upward Mobility Project. The other three were the Social Services Block Grant (SSBG), also administered by HHS, and the Community Development Block Grant (CDBG) and Home Investment Partnerships Program.

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19 Most recently, P.L. 113-235 appropriated $30 million for Community Economic Development and $6 million for Rural Community Facilities in FY2015. (See the 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 be reauthorized by H.R. 1655.

Community Services Block Grants (CSBG): Background and Funding

In addition to gaining flexibility over the use of funds under these four existing block grants, projects would be able to compete for an additional $1.5 billion over five years ($300 million in FY2016) that was requested under the SSBG. (Neither the House nor the Senate Appropriations Committee included this additional funding in their versions of the FY2016 appropriations bill for HHS, and it was not included in the final consolidated appropriations bill for FY2016.)

Administration budget documents said the Upward Mobility Project would require “cross-program community planning” and would provide greater flexibility in the use of funds in exchange for greater accountability. “Projects will build on successful safety net programs, like the Supplemental Nutrition Assistance Program (SNAP), housing assistance and tax credits, that help families make ends meet and promote children’s health and educational outcomes, and will have a significant evaluation component.” Budget documents further stated that entities seeking to participate in the Upward Mobility Project would “be expected to work with local CAA Boards to identify the best use of CSBG funds for increasing employment and improving long-term self-sufficiency.”

Funding Activity: FY2016

Final Appropriations Act

CSBG and other government programs operated under short-term continuing resolutions in FY2016 until December 18, when President Obama signed into law a consolidated appropriations act (P.L. 114-113). The final law provides an increase for CSBG above its FY2015 level and above the President’s request and the amounts originally recommended by the House and Senate Appropriations Committees. Final funding levels for CSBG and related activities in FY2016 total $770 million and include $715 million for the block grant, $30 million for CED, $6.5 million for RCF, and $19 million for IDAs (see Table 1 for final FY2016 amounts compared with the Administration’s FY2016 request, and final appropriations for FY2015 and previous years.) The final act includes language similar to that sought by the Administration, which requires the Secretary of HHS to issue performance standards for nonprofit organizations receiving CSBG funds from states or territories, and requires states and territories to implement these standards by September 30, 2016.

Senate Committee Action

The Senate Appropriations Committee on June 25, 2015, reported an FY2016 appropriations bill for the Departments of Labor, HHS, and Education (S. 1695), containing a total of $686 million for CSBG and related activities. The Senate committee recommended $674 million for the block

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23 For background on FY2016 funding for HHS and related agencies, see CRS Report R44287, Labor, Health and Human Services, and Education: FY2016 Appropriations, coordinated by Karen E. Lynch.
grant (identical to the FY2015 level and the Administration’s request), and $12 million for IDAs (a reduction of $7 million from the FY2015 level and the Administration’s request). As proposed by the Administration, the Senate committee recommended no continued funding for the CED and RCF programs, stating that these programs were duplicative of activities administered by other federal agencies. Regarding the reduction in funding for IDAs, the Senate committee noted grantees have been slow in expending funds and that a significant amount of funding has lapsed over the years. “Grantees have 5 years to expend funds but some have struggled to encourage enough savings or to provide a sufficient match to be able to expend their full grant during that time.”

**House Committee Action**

On June 24, 2015, the House Appropriations Committee approved H.R. 3020, which would have provided $729 million for CSBG and related activities, identical to funding levels for FY2015. The House bill also included language directing the Secretary of HHS to issue performance standards for nonprofit organizations that receive CSBG funds through states or territories, and requiring states and territories to implement such standards prior to September 30, 2016. This provision is similar to a proposal included in the Administration’s FY2016 budget request (see below).

**Administration Budget and Legislative Proposals**

President Obama submitted his FY2016 budget to Congress on February 2, 2015. In a departure from previous annual budget proposals, the Administration requested no reduction in funding for CSBG and asked for the same level of appropriations in FY2016 as provided in FY2015 ($674 million). HHS said this budget request reflected efforts by the Administration for Children and Families and the CSBG network to establish and implement a new performance management framework for CSBG, including accountability standards at the federal, state, and local levels.

In addition to the Upward Mobility Project described above, the Administration proposed several legislative provisions as part of the FY2016 budget request for CSBG; some had been proposed in previous budgets. As characterized in the FY2016 budget, these proposals would all be enacted through appropriations language and provide HHS with authority to

- require states and territories administering CSBG to implement a national set of local organizational standards and to report on the progress of CAAs in meeting those standards;
- establish a required common performance management system for CAAs that all states and CAAs must use;
- require states to demonstrate in their state plans how CAAs address community revitalization challenges and show a commitment to results in areas of concentrated or high poverty;

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• use up to 1% of CSBG funds for research and evaluation, to expand available evidence about effective strategies and learn more about innovative practices;
• provide incentives to the highest performing CAAs;
• immediately suspend and redistribute CSBG funding in cases of fraud or criminal wrongdoing;
• require “high-quality” community assessment and planning;
• “strengthen authorities” for federal review of state CSBG plans;
• allow “matching/cost sharing” with other federal programs whose purposes align with the CSBG Act; and
• support mergers of CAAs.29

The Administration proposed no continued funding for Community Economic Development (CED) or Rural Community Facilities (RCF), and requested level funding for Individual Development Accounts (IDAs) in FY2016.

**Funding Activity: FY2015**30

**Final Appropriations Act**

HHS and other government programs were funded by a series of three continuing resolutions in early FY2015,31 until a final full-year omnibus appropriations bill was enacted on December 16, 2014 (P.L. 113-235).

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 CED, $6.5 million for RCF, and $19 million for IDAs. As discussed below, the total amount approved by Congress was nearly double the amount originally 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,32 and encouraged HHS to “renew support for implementing a standard of excellence initiative for community action agencies.”33 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.”34

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30 For background on FY2015 appropriations for HHS and related agencies, see CRS Report R43967, Labor, Health and Human Services, and Education: FY2015 Appropriations, coordinated by Karen E. Lynch.
31 These were P.L. 113-164, P.L. 113-202, and P.L. 113-203.
34 Ibid.
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 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, the Administration proposed cutting CSBG and targeting resources to “high-performing, innovative” agencies, and using performance standards to hold eligible entities accountable. The Administration also 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.” 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.”

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.

Funding Activity: FY2014

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.

Congress passed a full-year Consolidated Appropriations Act for FY2014 in January (P.L. 113-76). 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. 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.

36 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.
37 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).
Senate Committee Action on Full-Year Appropriations Bill

Although no further action occurred on this bill, the Senate Appropriations Committee 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 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.” 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 the Treasury but noted that HFFI projects funded through the two agencies are distinct from each other and recommended continued funding for the CED.

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. 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 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.

38 S.Rept. 113-71, p. 137.
Funding Activity: FY2013

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.

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.

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 112th Congress

During the 112th 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. 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 112th 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

40 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.

41 “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.

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.43

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.”44 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 1964.45 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:

43 See S.Rept. 112-176.
• 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.

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.\(^{46}\)

### Table 1. Funding for CSBG and Related Activities, FY2008-FY2016

<table>
<thead>
<tr>
<th>Program</th>
<th>FY2008&lt;sup&gt;a&lt;/sup&gt;</th>
<th>FY2009&lt;sup&gt;b&lt;/sup&gt;</th>
<th>FY2010</th>
<th>FY2011&lt;sup&gt;c&lt;/sup&gt;</th>
<th>FY2012&lt;sup&gt;d&lt;/sup&gt;</th>
<th>FY2013&lt;sup&gt;e&lt;/sup&gt;</th>
<th>FY2014&lt;sup&gt;f&lt;/sup&gt;</th>
<th>FY2015&lt;sup&gt;g&lt;/sup&gt;</th>
<th>FY2016 Request</th>
<th>FY2016 Final&lt;sup&gt;h&lt;/sup&gt;</th>
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<td>Community Services Block Grant</td>
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<td>700.00</td>
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<td>Job Opportunities for Low-Income Individuals (JOLI)</td>
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<td>0</td>
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<td>Rural Community Facilities</td>
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<td>4.98</td>
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<td><strong>772.55</strong></td>
<td><strong>727.21</strong></td>
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<td><strong>728.99</strong></td>
<td><strong>729.33</strong></td>
<td><strong>692.95</strong></td>
<td><strong>770.33</strong></td>
</tr>
</tbody>
</table>

**Source:** Prepared by the Congressional Research Service (CRS). Sources of data are agency budget justifications and congressional appropriations documents.

**Note:** Starting in FY2012, of amounts shown for Community Economic Development, 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.
- h. Funding provided by P.L. 114-113
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 FY2016.

FY2012

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. 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 were made in the budget proposals for each of FY2013 through FY2015.

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.”

47 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.
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.”

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 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.

**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). 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.

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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.

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, $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

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. 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.” 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.

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

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, 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.

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.

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).

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54 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.


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.

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.”57 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. As noted above, HHS began funding the national training and capacity-building initiative in FY2009.

Table A-1. Community Services Block Grant Appropriations History, FY1982-FY2016

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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, in response to a request by the House Education and the Workforce Committee. 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.58

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.

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

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• 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. 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).

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.

HHS developed a CSBG state assessment tool to help states prepare for federal monitoring, and on August 24, 2007, issued a strategic plan for the CSBG program, which was intended to describe training, technical assistance, and capacity-building activities and promote accountability within the CSBG. As discussed in Appendix A of this report, HHS began funding the national community economic development training and capacity development


61 See discussion of this survey earlier in this report.


initiative in FY2009. More 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.\textsuperscript{64}

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