

**COMMUNITY SERVICES BLOCK  
GRANT PROGRAM**

**Information Memorandum**

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

**Transmittal No. 109  
2009**

**Date: April 10,**

**TO:** State Community Services Block Grant Program  
Administrators and U.S.  
Territories

**SUBJECT:** Application for Fiscal Year (FY) 2009 CSBG American  
Recovery and Reinvestment Act (Recovery Act) Funds

**PURPOSE:** To provide guidance on application procedures,  
spending and reporting requirements for Recovery Act Funds

**RELATED**

**REFERENCES:** Community Services Block Grant Act; OMB Circular  
A-122; OMB Circular A-133; OMB M-09-10, *Initial Implementing  
Guidance for the American Recovery and Reinvestment Act of 2009*.

**This Information Memorandum (IM) is intended to clarify  
various aspects of the Recovery Act regarding Community  
Services Block Grant (CSBG) services, use of funds, and  
reporting requirements. This information is based on current  
guidance from the Executive Office of the President and the  
Office of Management and Budget (OMB) and will be updated  
as necessary.**

**Background**

On February 17, 2009, President Barack Obama signed into law the  
American Recovery and Reinvestment Act (Recovery Act) of 2009.  
This legislation authorized "...supplemental appropriations for job  
preservation and creation, infrastructure investment, energy efficiency  
and science, assistance to the unemployed, and State and local fiscal  
stabilization..." [Public Law 111-5] The Recovery Act provides for \$1  
billion in additional funds to the Community Services Block Grant  
program for Fiscal Year (FY) 2009. States, the District of Columbia,  
the Commonwealth of Puerto Rico and U.S. Territories, hereafter

referred to as States, have until September 30, 2010, to expend the additional funds.

The specific language from the Recovery Act related to the Community Services Block Grant states:

\$1,000,000,000 for carrying out activities under sections 674 through 679 of the Community Services Block Grant Act, of which no part shall be subject to section 674(b)(3) of such Act: *Provided*, That notwithstanding section 675C(a)(1) and 675C(b) of such Act 1 percent of the funds made available to each State from this additional amount shall be used for benefits enrollment coordination activities relating to the identification and enrollment of eligible individuals and families in Federal, State, and local benefit programs: *Provided further*, That all funds remaining available to a State from this additional amount after application of the previous proviso shall be distributed to eligible entities as defined in section 673(1) of such Act: *Provided further*, That for services furnished under such Act during fiscal years 2009 and 2010, States may apply the last sentence of section 673(2) of such Act by substituting "200 percent" for "125 percent."

States and local entities that provide services with CSBG funds including migrant and seasonal farm worker organizations ("eligible entities") are encouraged to focus their efforts on creating sustainable economic resources in communities. States should help to 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 measurable progress toward the reform goals of the Recovery Act with special attention to creating and sustaining economic growth and employment opportunities.

Under the CSBG program, eligible entities use funds to provide services and activities addressing employment, education, better use of available income, housing, nutrition, emergency services and/or health to combat the central causes of poverty. Such services continue to be supportable under the CSBG Recovery Act funds.

### **Application Procedures**

States that receive Recovery Funds are required to submit to the Office of Community Services (OCS) a FY 2009 Plan for Recovery Act (ARRA) funds by May 29, 2009. This requirement is in accordance

with Section 676(e) of the CSBG Act which requires submission of revised plans to the Secretary.

The Department of Health and Human Services (HHS) will make funds immediately available to States with the caveat that States that fail to submit timely plans for Recovery Act funds may have funding placed on hold.

### **Distribution of Funds**

States will receive CSBG Recovery Act funds, as a separate allotment, under the same formula used for grants allocated under the regular annual CSBG appropriations. States, the District of Columbia, the Commonwealth of Puerto Rico, and Territories that applied for and received funding in FY 2009 will receive a proportion of the \$985 million in CSBG Recovery Act funds.

The Recovery Act requires that States distribute 99 percent of the Recovery Act allocations to "eligible entities" as defined by Section 673(1) of the CSBG Act. States are also reminded that pursuant to Section 676(b)(8) of the CSBG Act, "any eligible entity in the State that received [FY 2008 CSBG] funding in the previous fiscal year through a [CSBG] grant ... will not have its funding terminated ...or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by [HHS]....".

### **Use of Funds**

Recovery Act funds may be used "...for carrying out activities under sections 674 through 679 of the Community Services Block Grant Act ..." which includes the CSBG program assurances as stated in Section 676(b) of the CSBG Act. States are to ensure that "...the use of these funds is consistent with the laws and procedures applicable to the State, both with regard to the States' own provisions for obligations and expenditures under State policies, and in accordance with applicable Federal regulations."

Under the regular CSBG program, eligible entities use funds to provide services and activities addressing employment, education, better use of available income, housing, nutrition, emergency services and/or health to combat the central causes of poverty. Such services continue to be supportable under the CSBG Recovery Act fund. In recognition of the intent of Recovery Act funds, States should encourage their eligible entities to support employment-related services and activities that create and sustain economic growth.

It is important to note that unlike the regular CSBG program, the Recovery Act does not allow for State expenditures on administrative costs and statewide discretionary activities. The Act does, however, require States to reserve one percent of their grant for benefits enrollment coordination activities relating to the identification and enrollment of eligible individuals and families in Federal, State, and local benefit programs. The block grant gives States flexibility to administer these benefit enrollment activities in a manner that best meets the needs of individuals, families and communities in their State.

### **Income Eligibility Requirements**

- The Recovery Act allows States and the eligible entities that administer the CSBG program at the local level to increase individual eligibility for services furnished by the program during fiscal years 2009 and 2010 up to 200 percent of the official poverty guidelines as set by the U.S. Department of Health and Human Services. Current poverty guidelines can be accessed at this website location: <http://aspe.hhs.gov/POVERTY/09fedreg.shtml>. This eligibility adjustment reflects an increase from 125 percent of poverty as provided in Section 673(2) of the CSG Act, and applies to all CSBG services furnished by States and eligible entities during FY 2009 and 2010, including those provided pursuant to other CSBG appropriations.

### **Reporting Requirements**

There are supplemental reporting requirements for all Recovery Act funds. HHS is working to clarify and streamline the Recovery Act reporting needs, and OCS will issue specific guidance on these requirements, including necessary adaptations to current data collection efforts, to State grantees and eligible entities, when available. The additional reporting requirements under the Recovery Act:

“Not later than 10 days after the end of each calendar quarter, each recipient that received recovery funds from a Federal agency shall submit a report to that agency that contains—

- the total amount of recovery funds received from that agency;
- the amount of recovery funds received that were expended or obligated to projects or activities; and
- a detailed list of all projects or activities for which recovery funds were expended or obligated, including--

- the name of the project or activity;
- a description of the project or activity;
- an evaluation of the completion status of the project or activity;
- an estimate of the number of jobs created and the number of jobs retained by the project or activity; and
- for infrastructure investments made by State and local governments, the purpose, total cost, and rationale of the agency for funding the infrastructure investment with funds made available under this Act, and name of the person to contact at the agency if there are concerns with the infrastructure investment.

(4) Detailed information on any subcontracts or subgrants awarded by the recipient to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-262), allowing aggregate reporting on awards below \$25,000 or to individuals, as prescribed by the Director of the Office of Management and Budget."

The reporting requirements under the Recovery Act do not modify the requirements described in Section 676(b)(12) of the CSBG Act, which states:

"...the State and all eligible entities in the State will...participate in the Results-Oriented Management and Accountability (ROMA), another performance measure system..., or an alternative system for measuring performance and results that meets the requirements..."  
[Section 676(b)(12) of the CSBG Act]

States and eligible entities must continue to fulfill all reporting requirements in the CSBG Act in addition to those required by the Recovery Act.

As part of the efforts to ensure transparency and accountability, the ARRA requires Federal agencies and grantees to track and report separately on expenditures from funds made available by the stimulus bill.

### **Obligating and Expending Funds**

If using an accrual accounting system, services must be provided on or before September 30, 2010, and liquidated on or before December 29, 2010. A final report is due on or before December 29, 2010. If using a cash accounting system, services must be provided on or before

September 30, 2010 and final report is due on or before December 29, 2010.

Unobligated or unexpended Recovery Funds must be reported on the Federal Financial Status Report form, SF-269. In addition to the SF-269, States, Territories and Indian Tribes and Tribal Organizations must return the remaining balance of these funds to the U. S. Department of Health and Human Services, Division of Payment Management (DPM), at the end of the grant period. According to 45 CFR 92.50(d)(2), *"The grantee must immediately return to the Federal agency any balance of unobligated (unencumbered) cash advanced that is not authorized to be retained for use on other grants."*

### **Fiscal Accountability**

Additional accountability measures for CSBG Recovery Act funds will be outlined in the terms and conditions of the grant award. Existing accountability measures remain applicable and include compliance with OMB Circular A-133, the Single Audit Act of 1984 and compliance with CSBG regulations. This information will be transmitted to the State CSBG agency with the issuance of the grant awards.

### **Additional References**

- OMB Circular, <http://www.recovery.gov/>
- Federal Funding Accountability and Transparency Act of 2006. (Reference: OMB Circular)
- A-122 for Cost Principles for Non-Profit Organizations
- 45 CFR Part 96 - Standards for Financial management systems
- 45 CFR Part 96 - Monitoring and reporting program performance
- 45 CFR Part 96 - Financial Reporting
- 45 CFR Part 96 - Fiscal and administrative requirements

### **Inquiries**

Questions pertaining to the draw down of CSBG Recovery Funds should be directed to:

HHS Division of Payment Management  
P.O. Box 6021  
Rockville, MD 20852  
Telephone: (877) 614-5533

Questions regarding fiscal reporting on Recovery Funds, and the SF-269, should be directed to:

Ms. Lydia Peele  
Office of Mandatory Grants

Administration for Children and Families  
U.S. Department of Health and Human Services  
370 L'Enfant Promenade, S.W., 6th Floor East  
Washington, D.C. 20447  
Telephone: (202) 401-6493  
Email: [lydia.peelee@acf.hhs.gov](mailto:lydia.peelee@acf.hhs.gov)

Program-related questions regarding CSBG Recovery Funds should be directed to:

Ms. Brandy RayNor-Hill  
Division of State Assistance  
Office of Community Services Administration for Children and Families  
U.S. Department of Health and Human Services  
370 L'Enfant Promenade, S.W., 5th Floor West  
Washington, D.C. 20447  
Telephone: (202) 205-5926 Email: [braynor@acf.hhs.gov](mailto:braynor@acf.hhs.gov)

**Amended Applications should be mailed to:**

U.S. Department of Health and Human Services  
Administration for Children and Families  
Office of Community Services  
Division of State Assistance  
Attention: Community Services Block Grant Program  
370 L'Enfant Promenade S.W., 5th Floor West  
Washington, D.C. 20447

Please send an original and one copy of the State's amended FFY 2009 CSBG application. Current program and fiscal staff contact information should be included with the State application. If you need additional information, contact your assigned Office of Community Services'

**CSBG Program Services - Regional Contacts (Attachment).**

**This contact information** is available on the CSBG program website at

<http://www.acf.hhs.gov/programs/ocs/csbg/aboutus/staffassignments.html>.

/s/

Yolanda J. Butler, Ph.D.  
Acting Director  
Office of Community Services