

# RESTORE FUNDING FOR STATE CSBG OFFICES

## *An Issue of Transparency & Accountability*

The Administration wants results, efficiency, and innovation. The Community Services Block Grant (CSBG) network is inherently capable of all these things. We have a great history of creating fundamentally new approaches to economic security strategies and taking successful projects to scale. However, we can't realize this potential if we can't afford to provide adequate oversight. Without state administrative and discretionary funds, the additional CSBG stimulus funds can't be adequately monitored and the Administration's goals will be undermined.

The capstone of the block grant is the ten percent state allotment. It allows states to manage the effective use of CSBG funds. By its very nature, the burden of responsibility for a block grant rests solely on the states. Therefore, NASCSP asks that you utilize the process outlined in Section 1552 of the ARRA to return to the state CSBG offices their statutorily afforded five percent administrative and (up to) five percent discretionary funds. Below, in their own words, states share how the lack of the statutorily afforded state CSBG funding will undermine Administration's goals.

### **ALABAMA**

*For FY 2008, the State of Alabama received approximately \$12 million in CSBG funds. We anticipate approximately the same allocation for FY 2009. Additionally, the State was notified that we will receive \$18,337,000 in CSBG stimulus funds. All of the information we have received to date regarding the stimulus funds has stressed accountability and transparency. Not only are we required to ensure that the stimulus funds remain segregated from the normal CSBG funds but the State of Alabama also has the option of allowing the use of the stimulus funds for individuals and families that fall within the 200% Federal Poverty Guidelines versus 125%.*

### **Uses of State CSBG Funds**

- Single Audit – Ensures that the requirements of the CSBG Act are met by certifying a rigorous state audit.
- Financial Status Reports - Provided to the Secretary each fiscal year. On these forms states report how much of the block grant was spent and how much is obligated and unobligated for each grant period.
- CSBG Information System Data – Each state submits an annual report. The report must include an accounting of the expenditure of all funds received by the state through the CSBG .
- Building Capacity – Supporting CAAs & providing direct services to low-income people. States provide technical assistance, monitor, and get the CSBG money out on a timely basis.
- Record Keeping - States are required to prepare reports and to provide documentation ensuring that funds have not been spent unlawfully.
- Linkages - States and CAAs in the State must coordinate, and establish linkages between governmental and other social services programs to assure the effective delivery of services to low-income individuals and to avoid duplication of services.
- Performance Measurement – States must measure the performance and results of eligible entities in promoting self-sufficiency, family stability, and community revitalization.





*The CSBG Division in the State of Alabama is struggling to determine how we will be able to successfully implement and monitor all CSBG spending, both stimulus and regular, with little to no available administrative funds. In past years, other ADECA administered Federal programs and State of Alabama General Fund monies have supplemented the cost of administering the CSBG program. We are now required to operate a program with 250% more funding with no additional staff and no additional administrative funds. The State of Alabama is now forced to seek non traditional methods of oversight for our sub grantees.*

*The State of Alabama realizes the urgency of ensuring that the maximum amount of dollars actually reaches the customers. Administrative funds are necessary to be able to achieve this objective.*

### **Arkansas**

*As we eagerly prepare for the opportunities that the Recovery funding will provide for the communities in Arkansas and the positive economic impact it will have on individuals and families who have been hit hard by the recession, we are also facing some challenges presented by the absence of the 5% administrative funding for CSBG. Without administrative funding, the state is severely limited in its ability to hire staff for the entire ARRA reporting period. Moreover, we understand that per the ARRA, the State Office is responsible for benefits enrollment coordination activities relating to the identification and enrollment of eligible individuals and families; however, the designated 1% (\$135,369 for Arkansas) is not sufficient for our state to accomplish this goal.*

*Hiring one person for two years would result in a \$100,000 administrative shortfall. As a result, we can only employ one additional person for 15 months, which not only impedes our administrative capacity, but also contradicts the jobs creation aspect of the legislation. At a time where there will be unprecedented accountability and transparency measures to help ensure that tax dollars are spent wisely and help restore confidence, the CSBG program did not receive adequate resources at the state level for optimum success.*

*Additionally, omission of the 5% discretionary funds limits our ability to engage the State Association in related training and technical assistance for staff and boards of Community Action Agencies (CAAs). This component is especially needed, as we modify our reporting process to distinguish Recovery CSBG funds from Regular CSBG funds and increase eligibility to 200% of poverty. The absence of discretionary funding also prevents the State Office from widening the net and involving other local service providers in offering recovery-related assistance.*

### **Florida**

*In general, since these funds must be managed, tracked, and reported separately from other CSBG funds, we anticipate the cost of managing these funds to be approximately 75% of the State's prior year's administrative budget. The ARRA funds will almost double the workload to the State since all functions that must be conducted to manage the funds will need to be duplicated to cover the stimulus funds. Thus the need for the historic 5% administration funds to cover these expenses.*



## **Idaho**

*Idaho's current administrative funding generally falls between \$140,000 and \$165,000 annually; this really provides no room for increased administrative responsibility, though there will be new responsibility with the additional funding. Idaho anticipates monitoring will grow in scope and magnitude to ensure that additional CSBG funding is expended according to its intent while still adhering to the CSBG Act and other applicable federal and state regulations. Based on preliminary review and discussions, Idaho expects additional training and coordination will be requested by the CAAs, over and above current levels. This funding will receive an even greater level of scrutiny, and rightfully so. Additional resources will need to be dedicated to meeting the Governor's requirements on reporting and transparency.*

## **Illinois**

*It is with discretionary funding that we are able to provide training and technical assistance to our CAAs. We believe that with the significant influx of funding into CAAs, they will need assistance from the Illinois Association of Community Action Agencies to address some of the issues that are certain to arise. We also use discretionary funding for special projects or pilot projects. Without these additional funds we won't be able to do anything really creative to address the ARRA focus areas.*

## **Louisiana**

*In the State of Louisiana, we have a total of 21 public agencies and 21 private agencies receiving regular CSBG funds. The CSBG unit consists of seven employees: One (1) CSBG Director, one (1) CSBG Supervisor, three (3) Office of Workforce Development Program Specialist, one (1) Office of Workforce Development Program Specialist, one (1) Administrative Coordinator 4, and one (1) Administrative Coordinator (1). The requirements to meet the mandates associated with the regular CSBG funds is difficult due to various reporting timelines associated with technical assistance visits, distribution of funds, responding to correspondence, review of quarterly activity report, etc. With the added responsibility of distributing the additional funds to the local Community Action Agencies and tracking the stimulus funds probably would require more staff and/or overtime hours to comply with the monitoring and reporting requirements of these funds. Adding two additional staff at entry level will cost at minimum \$87,904 per year and it is difficult to estimate overtime pay due to the unexpected number of hours it may take to complete the tasks associated with ARRA oversight.*

## **Minnesota**

*There are significant costs associated with the delivery and administration of all funds. While some have stated that the increase in 2009 CSBG funds should be sufficient to cover the costs of the administration of the CSBG stimulus funds at the state level, this is not the case.*

*Minnesota will receive only \$35,000 in additional 2009 CSBG state administrative funds. This funding is far short of what is needed to administer stimulus funds in the accountable and transparent manner that is demanded in the ARRA. Resources fall far short of what the costs will be. The following are some conservative costs projections.*



<i>Contract encumbrance process for 39 stimulus contracts @ \$500 each =</i>	<i>\$39,500</i>
<i>Contract amendment process for 39 CSBG FY 09 \$ increases @\$500 each =</i>	<i>\$39,500</i>
<i>One stimulus monitoring visit per grantee 39 @ \$2,000 =</i>	<i>\$78,000</i>
<i>Quarterly and other reporting activities for 1 FTE including fringe and state overhead</i>	<i>\$90,000</i>
<i>3 Statewide meetings for planning, reporting and evaluation with travel, etc.</i>	<i>\$25,000</i>

*This totals **\$272,000** and these are only bare bones cost estimates. For example important training, technical assistance and evaluation costs are not included in the above.*

### **Mississippi**

*The impact of not receiving the 5% administrative funds will create a challenge in a number of areas. One area in particular is in compliance monitoring. The Mississippi Department of Human Services (MDHS) is required to monitor its subgrantees by following the Single Audit Act Amendment of 1996, the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the OMB Circular A-133 Compliance Supplement. MDHS must monitor each project, program, subgrant, function, or activity supported by a Federal award to assure compliance with applicable Federal regulations and performance goals are achieved. On-site reviews for compliance are required to be conducted at least once during the subgrant period for every MDHS subgrant.*

*Without administrative funds, the MDHS will be unable to effectively monitor its subgrantees and ensure that all public monies and assets are safeguarded to the greatest extent possible. Administrative funds are needed to ensure that proper oversight is provided for the DCS programs being awarded monies. Oversight will require the MDHS to perform on-site fiscal and programmatic reviews which are necessary to trace all funds from receipt to expenditure. Following the on-site review, a report is issued to the subgrantees identifying any discrepancies and/or non-compliances noted during the review. If discrepancies are found, technical assistance is provided in an effort to correct the discrepancies and bring the subgrantee to compliance level. Technical assistance plays a vital role in effective control over accountability for all funds, property, and other assets.*

*The lack of monitoring and technical assistance could create real challenges for some of our more vulnerable community action agencies. Thus, the administrative funds are very important to the future of community action agencies in Mississippi.*

### **North Carolina**

*Our state will not be able to increase monitoring staff proportionate to the increased reporting requirements of the ARRA, even on a time-limited basis, without administrative funds. Further, stripping administrative funds from ARRA means that the additional monitoring activities required (including development or enhancement of additional technological tools) will not be possible to the extent necessary for the comprehensive quality*



*assurance the program deserves. Had this not been so, the development of our state block grant plan would have shown the creation of at least three positions (including fiscal staff). Our CSBG monitoring staff currently includes a program manager, a fiscal analyst and five program analysts to monitor and provide T/TA to 35 CAAs and 5 LPAs. And a new CAA will be designated by July of this year. Without assurances that the ARRA will include administrative funds, we have not been able to make the case for additional positions.*

### **New Jersey**

*The ARRA will require additional responsibilities for all State CSBG offices. In New Jersey our Office will prepare 25 new contracts. These contracts will generate the following needs within the State Office of Community Action:*

- *Information Technology resources needed to produce web based contracts, put on State & Federal websites to be transparent*
- *Production of 25 additional contracts*
- *Additional staffing*
- *Staff and/or consultant monitoring of the 25 contracts*
- *Development and/or roll out of an updated data collection system*
- *Development of new forms & procedures necessary to ensure compliance with requirements*
- *Staff training & travel for monitoring*
- *CAA training and technical assistance to ensure accountability and transparency*

*Without administrative & discretionary funding it will be difficult to provide proper oversight for the 25 contracts. Only high risk grantees will receive closer monitoring. Funds will not be available to provide necessary training & technical assistance to CAA to ensure compliance with transparency requirements. The Office of Community Action staff is already stretched thin as there has been a hiring freeze for over four years. As staff retire or leave, they are not replaced. Additional staffing is needed to ensure compliance with the new requirements.*

### **New York**

*It is projected that New York State will receive approximately \$86.4 million of the \$1 billion allocated for CSBG under the ARRA. These funds are to be awarded to carry out activities under sections 674 through 679 of the Community Services Block Grant Act and shall be distributed to eligible entities as defined in section 673(1) of that act. In accordance with the cited sections of the act, monitoring and data collection activities will be necessary to meet federal mandates. In order to accomplish those activities, as well the increased internal administrative burdens of the ARRA funds awarded, the following staff needs are anticipated:*

- **1 Community Services Program Analyst 2, SG 23, to oversee administration and monitoring of the stimulus activities for statewide, working with staff and agencies across the state**



- 2 Community Services Program Analysts, SG 18, to monitor program activities, compliance, and data collection and reporting requirements at local agencies
- 1 Senior Accountant, SG 18, to monitor appropriate expenditure of funds and review fiscal reports required of local agencies

<u>Personal Service</u>	
SG 23 at \$71,000	71,000
SG 18 at \$52,500 x 3	157,500
SG 9 at \$32,500	<u>32,500</u>
	261,000
Fringe @ 41.45	108,200
Indirect 3.44%	<u>9,000</u>
<b>TOTAL PS</b>	<b>378,200</b>
 <u>Non Personal Service</u>	
Misc - \$4000 x 5	20,000
Travel - \$8,500 x 4	34,000
Supplies - \$2,000 x 5	10,000
State Audit	<u>73,400</u>
<b>TOTAL NPS</b>	<b>137,400</b>
 <b>TOTAL</b>	 <b>\$515,600</b>

*In addition, it is anticipated that approximately 15% of existing staff and resources will be dedicated to administration of the stimulus funds, including increase in support staff (such as clerical, fiscal, legal), travel expenses, existing monitoring and management activities. Administrative funds expended in the last federal fiscal year (10/1/07 – 9/30/08) totaled \$2,286,000. When this is multiplied by the aforementioned 15% increase in staff activities, our ARRA administrative burden equals \$342,900. After adding this to the cost outlined above, the **Grand Total** projected cost to administer ARRA in NYS will be **\$858,500**.*

### **Oklahoma**

*To properly oversee the additional CSBG funds provided by the ARRA , the Oklahoma CSBG office anticipates a 25% increase in monitoring activities (which includes increased reporting analysis, data processing, financial and programmatic oversight and training and technical assistance) and travel costs for monitoring (which includes mileage, state lodging costs, per diem).*

### **Oregon**

*Administering the ARRA funds without the 5% administrative funds will be burden to Oregon, as there is only CSBG program person. With additional reporting, and the requirement to keep ARRA and non-ARRA funds completely distinguishable, Oregon's state-wide data collection system (OPUS) will need to differentiate between the two funding*



sources. This may include creating a new module for the stimulus funds. Other burdens to be considered include ongoing monitoring, fiscal impact and tracking, amending the 09-10 CSBG State Plan (including a public hearing). Estimated costs plus fringe benefits for two additional staff members (for 24 months) would be **\$261,731**.

## **Utah**

The State of Utah State Community Services Office receives the minimum grant funding allowable for the Community Services Block Grant. During a typical year, this is \$3.3 Million dollars. This affords the state \$165,000 for administrative costs. As you are aware, the state is responsible for monitoring the health of the agency and as such incurs large costs in relation to a normal contract. Utah subsidizes the annual administrative cost with state funds in the amount of \$55,000. The costs for comprehensive monitoring of CAAs in Utah typically amounts to \$210,000 each fiscal year.

Under ARRA, with its applicable statutory language outlining ZERO administrative dollars allocated to administration, Utah will choose to the most basic level of administration of these funds to eligible grantees. This will include the following additional administrative costs and activities not currently covered under the administrative budget from our FY09 CSBG allotment:

- Contract Execution: (\$1,000 X 9 Contracts) = \$9,000
- Review Separate Requests for Funds (\$200 X 135 - 15 per contract estimate) = \$27,000
- Reporting (\$1,000 X 15 months) = \$15,000

### **TOTAL UNFUNDED ADMINISTRATIVE COSTS: \$51,000**

Due to the unfunded administrative burden, the state of Utah will elect not to change its income guidelines to 200% Federal Poverty Level because the following additional costs would be incurred:

- Modify Contract Language = \$1,000
- Contract Amendments (\$1,000 X Nine FY09 Contracts) = \$9,000
- Monitoring Tools and Process Modifications = \$3,000

All of these scenarios are based on current information and include only basic level reporting similar to what is currently used in the program. If rules and regulations issued by the federal government require more detailed monitoring and reporting, additional costs will be incurred.

## **Vermont**

Since the week of February 9<sup>th</sup>, our office has been spending an average of 24 extra hours per week dealing exclusively with the new ARRA CSBG funding. We've been to every CAA to discuss



*to discuss the challenges and opportunities of receiving CSBG ARRA funding with Executive Directors, and to refine strategies for using these funds to combat rising unemployment in their communities. In addition, our office convened an all day meeting of the CAAs to prepare them for ramp-up / ramp-down and reporting expectations. While these discussions are proving to be very positive, the added workload and travel time does place a great deal of pressure on the other programs our office administers. Our state faces a large and growing budget deficit, and is in the process of laying-off another 660 workers to balance the books.*

*In addition, losing the 5% discretionary funds means that many of our state's non-profits who are not CAAs but provide essential services to low-income families will not receive any ARRA funding at a time when their services are experiencing unprecedented demand.*

### **West Virginia**

*In West Virginia, responding to the ARRA will increase costs on the state level of over \$400,000 annually. Currently, West Virginia receives 7.2 million dollars in CSBG funds annually. As stipulated in the CSBG Reauthorization Act, 90% is passed through to the 16 community action agencies in our state that cover 100% of the state; 5% is dedicated for Discretionary fund use for innovative and competitive projects as well as training and technical assistance and partnerships with our state association. The state retains the allowable 5% for administrative expenditures.*

*With additional funds being allocated to CSBG grantees throughout the country and with the influx ARRA CSBG funds, our state will incur additional budgeting requirements. Currently, our state has one full time equivalent dedicated to the administration of CSBG funds. The need to increase staff allocations by 1.5 persons will be necessary to ensure the contracts are issued timely, reimbursement payments are continued timely, as well as additional accountability measures at a cost to the state of approximately \$95,000. Increased monitoring needs will indebt the state approximately \$75,000 annually. West Virginia is a rural state, with travel to agencies sometimes difficult. As we know from Government Performance and Results Act (GPRA) and the pressure for states to increase accountability, the country will be watching very closely how these funds are expended, as we would expect. However, this causes the states to increase reporting measures, increase accountability and increase monitoring of the agencies to ensure the tax payers who are indebted for the stimulus package that we are good guardians of their tax dollars.*

*Agencies in our state will also require additional funds to upgrade accounting systems, increase fiscal staff, and will require additional training. We estimate upgrades will cost agencies approximately \$100,000 statewide. While agencies have fiscal management policies in place, these will need to be increased and the work load on staff will increase. Many agencies are now functioning in 1970's business models and we have worked with these agencies through monitoring to update their business plan to current events. However, some rural areas will have difficulty in recruiting the staff necessary to provide the oversight the tax payers will expect from us and staffing costs will increase.*



*Training needs for eligible entities will increase and continue as accountability increases at a cost to the state of approximately \$130,000. It is more important than ever that our CAAs use the data management system developed in our state for unduplicated, accurate reporting of ROMA outcomes. It is no longer about just reporting outcomes and services; it is about reporting the management of agency information to assist the clients that will require our assistance to become economically secure.*

*The “new client” will often be difficult to serve. They are someone that has NEVER had to ask for ANY assistance before. Their needs will be greater. It isn’t about paying one month’s rent to stabilize a household, it is about paying 2 or 3 months mortgage until all the housing assistance works its way down to the homeowner. And, we cannot forget those already living in poverty that, as their needs greater, are going to see services hard to access due to local charities and assistance programs not being able to complete fundraising goals.*

### **Wyoming**

*Wyoming’s CSBG Program is administered at the state level by a two person staff: Jim Rolf, Manager of Community Services Programs and Tricia Dean, Program Specialist for Community Services Programs. All oversight activities related to CSBG are performed by these two people within the 5% administration and 5% training and technical assistance components of the CSBG Act. Local administration of CSBG activities within Wyoming communities is the responsibility of tripartite boards which will serve Wyoming’s 23 counties and the Wind River Indian Reservation. Tripartite board membership is voluntary and, in most communities, the board’s have no paid staff to administer the programs. In the more populous communities (Cheyenne and Casper), CAA Programs are fully staffed with five to ten employees. In some of the lesser populated communities a part-time coordinator is provided with a portion of those administrative costs covered by CSBG funding. In the least populated communities, administration is funded through indirect costs covered by CSBG funding.*

*It appears that oversight of a separate CSBG program with a different set of regulations and eligible coverage areas would at least double the work of program administrators at both the state and local level. We have provided a conservative estimate of costs at the state level, which will have to be absorbed through administrative money from the “regular” CSBG program. Assuming 1/3 of the time of the Program Specialist and 1/4 of the time of the CSP Manager, the salaries and benefits would amount to \$42,372 annually. Travel expenses would be at least doubled to cover additional monitoring and on-site training related to the use of stimulus money. File maintenance at the state level will be doubled, requiring at least one additional file cabinet. Due to the increased site visits, we would need an additional laptop computer. Separate documentation, contracting and vouchering would double the cost of paperwork and supplies, as well as increased postage and long-distance phone charges. A general estimate of those additional costs would be in the area of \$10,000, bringing the state level administration costs to over \$50,000.*

*Local tripartite boards would, likewise, double their administrative costs through separate applications, oversight, monitoring, vouchering, and similar costs.*



### **Conclusion**

In a report on their review of the CSBG, the Government Accountability Office confirmed that states provide vital oversight for the CSBG by fulfilling their monitoring duties and providing additional oversight services. The CSBG has long served as a model for how federal and state governments working together can promote economic security. State funding and involvement is a key to this model's success.



National Association for State  
**Community Services Programs**

400 North Capitol Street, NW Washington DC 20001

PHONE: (202) 624-5866 | FAX: (202) 624-8472

[www.nascsp.org](http://www.nascsp.org)