

Community Services Policy Manual

500 Series

Community Services Block Grant Policy

500 SERIES COMMUNITY SERVICE BLOCK GRANT

CONTENTS

500	CSBG/CSBGD Allocations and Applications	3
	Policy Changes	3
	CSBG Allocations.....	3
	CSBG Community Action Plan (CAP).....	3
	Action Plan Template Reviews.....	3
	Logic Models.....	5
	EGRAMS Contract	5
	CSBG AMENDMENT APPLICATION.....	5
	PLAN Amendment SUBMISSION REQUIREMENTS.....	5
	EGRAMS Contract Amendments.....	7
	COMMUNITY SERVICES BLOCK GRANT DISCRETIONARY FUNDS.....	7
	Grantee Requests for Disaster Relief Funds	7
	The CSBG FY2022 Discretionary Planning Allocation.....	8
	Allowable CSBGD Activities.....	8
	Administrative Limits	9
	Reporting Requirements.....	10
	Client Service Eligibility	10
	Monitoring.....	10
	CSBGD APPLICATION INSTRUCTIONS.....	11
501	CORRECTIVE ACTION-TERMINATION OR REDUCTION OF FUNDING	12
	Designation and Dedeignation of Eligible Entities	21
502	INCOME ELIGIBILITY GUIDELINES	22
	Client File	22
	Income Eligibility Determination	23
	Income Computations	23
	Documentation of Income.....	24
	Timeframe between Eligibility Determination and Service Provided.....	25
	Income Inclusions/Exclusions	26
	Income Eligibility Determination Exception	29
503	COMMUNITY NEEDS ASSESSMENT.....	30
	Community Assessment Requirements.....	32
	Uses of CA.....	33
	Components of a CA.....	33
	Steps in Conducting a CA.....	34
504	DATA COLLECTION and ANNUAL REPORT REQUIREMENTS	38
	Reporting Types and Due Dates	39
	Annual Reporting REQUIREMENTS.....	39
	Demographic Reporting.....	41
	FACSPRO DATA CLEANUP.....	42
	Data Collection and Accuracy	43
	Reporting unduplicated counts	43
505	DRUG REHABILITATION AND CHILD SUPPORT SERVICES AND REFERRALS	44
	Drug Testing and Rehabilitation Services	44
	Child Support Referrals.....	44
506	CSBG FORMULA AND ALLOCATION	45
	Formula.....	45
	Allocation Process.....	46
507	CSBG 90% FUNDING	46
	Expending Funds.....	46
	Grant accounting process for the Two-Year Grant Period	47
508	REMOVED	47

500 SERIES COMMUNITY SERVICE BLOCK GRANT

509	CSBG and CSBGD Cost Categories/Budget Lines	47
	CSBG PROGRAM ALLOWABLE AND UNALLOWABLE COSTS	50
	A. SALARY AND WAGES.....	51
	B. FRINGE BENEFITS.....	52
	C. OCCUPANCY.....	53
	D. COMMUNICATION.....	55
	E. SUPPLIES	55
	F. EQUIPMENT	56
	G. TRANSPORTATION.....	57
	H. CONSULTANT/PROFESSIONAL SERVICES.....	58
	I. SPECIFIC ASSISTANCE TO INDIVIDUALS	59
	J. MISCELLANEOUS.....	60

500 CSBG/CSBGD ALLOCATIONS AND APPLICATIONS

EFFECTIVE DATE **October 1, 2021**
REVISED DATE **July 30, 2021**

PURPOSE

This item provides guidelines and instructions for preparation and submittal of the FY2022 CSBG Community Action Plan (CAP) and any Discretionary plans or Amendments.

POLICY CHANGES

Updated dates and numbers

POLICY

CSBG ALLOCATIONS

The **FY2022** CSBG planning (estimated) allocations are based on the State’s **FY2021** CSBG funding level. For initial planning purposes, **\$24,202,510** will be available in CAA 90% formula funds for distribution for the period October 1, **2021** through September 30, **2023**.

The Allocation Chart can be found in [SharePoint](#).

CSBG COMMUNITY ACTION PLAN (CAP)

CAAs shall prepare and submit an FY2021 CSBG CAP in accordance with the guidelines below. The CSBG Service Plan and Expenditure Plan must be completed for the two-year allocation timeframe and submitted through SharePoint by **August 25, 2021**.

Community Action Plan – Complete the plan for the period October 1, 2021 through September 30, 2023 using the Application and [Instructions](#).

CSBG Expenditure Plan - Complete the expenditure plan for the period October 1, 2021 through September 30, 2023, using the Excel sheet in [SharePoint](#).

ACTION PLAN TEMPLATE REVIEWS

**500 SERIES
COMMUNITY SERVICE BLOCK GRANT**

Please review your Action Plan Templates and make any needed corrections. Note: You can request an AdHoc report from the FACSPRO Helpdesk showing all Action Plan Template information.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

LOGIC MODELS

Complete your logic models for FY22 in FACSPRO.

Logic Models must be completed in FACSPRO by **October 15, 2021**. Logic Model Instructions can be found in the CSBG Service Plan Instructions in [SharePoint](#).

SUBMITTAL PROCESS

Grantees are to submit the Service Plan documents through SharePoint. See details in the CSBG Application instructions in [SharePoint](#). Grantees must also send an email to the MDHHS-BCAEO@michigan.gov mailbox when their application documents are uploaded by the required due date.

Questions regarding the CSBG CAP should be directed to your grant manager.

EGRAMS CONTRACT

The FY22 **year one** contract can be identified as CSBG1-2022. The EGrAMS system runs grant agreements on the state's fiscal year, therefore the approved budgets in EGrAMS will not always align with the CSBG contract amount. Because of this, each CSBG fiscal year allocation will have two EGrAMS contracts (year 1 and year 2).

All EGrAMS contract numbers can be found in [SharePoint](#).

EGrAMS instructions can also be found in [SharePoint](#).

CSBG AMENDMENT APPLICATION

The final FY21 CSBG Allocation was released. \$24,202,510 will be available in CAA 90% formula funds for distribution for the period October 1, 2020 through September 30, 2022.

The Allocation Chart can be found in [SharePoint](#).

CAAs shall prepare and submit a modification/amendment to their FY2021 CSBG CAP in accordance with the following guidelines.

NOTE: Upon approval, agency is required to update their statement of expenditure (SOE) budget total.

Due Date

Updated documents are due **March 26, 2021** to the agency's SharePoint folder. Please notify the MDHHS-BCAEO@michigan.gov mailbox when completed.

PLAN AMENDMENT SUBMISSION REQUIREMENTS

500 SERIES COMMUNITY SERVICE BLOCK GRANT

- REVISED CSBG Application –**As Needed**

Submit a revised plan to include the following:

- To *include* activities/charges not previously identified in the original plan or
- To *remove* activities/charges that were included in the original plan but are not being done.

We encourage agencies to work from (make changes to) their current approved CSBG Application rather than developing a new document. The original documents can be found in your agency SharePoint file.

NOTE: Please highlight the changes.

- REVISED Expenditure Plan – **Required**

Submit a revised expenditure plan to include the following:

- *Include* line items not previously identified in the original budget.
- *Include* any items submitted in SOEs that were not in the original budget or
- *Remove* line items that were included in the original budget but are not being funded with CSBG.
- Items previously listed with TBD should be filled in where possible.

We encourage agencies to work from (make changes to) their current approved CSBG Budget rather than developing a new document. The original documents can be found in your agency SharePoint file.

Please use the *Total Funds Available* amount on the allocation chart, which can be found in SharePoint.

- REVISED Expenditure Plans (*Smaller Agencies*) – **Required**

The smaller agencies that receive CSBG dollars to meet the minimum threshold of \$175,000 are required to submit a revised expenditure plan for CSBG AND CSBGD.

There is sometimes a decrease in the CSBG Discretionary dollars that were allocated to meet the \$175,000 threshold because of the increase in CSBG funding.

- Equipment Waiver Request Form - DHS-4328 – *If Applicable*

MDHHS/BCAEO will accept waiver requests to purchase “equipment” (single item costing \$5,000 or more) during the CAA’s amendment process. **The equipment identified must be appropriate to meet the needs of the activities/project for which it will be utilized.** Written waivers will be granted on a case-by-case basis. Requests must demonstrate the benefits to be realized by the CSBG income-eligible population. The Equipment Waiver Request Form can be found in [SharePoint](#).

- Complete all items of information, secure appropriate signatures and attach all required

500 SERIES COMMUNITY SERVICE BLOCK GRANT

information. The waiver request package may be submitted electronically as a PDF file.

SUBMITTAL PROCESS

Grantees are to submit the amended Service Plan documents through SharePoint. See detailed instructions in [SharePoint](#). Grantees must also send an email to the MDHHS-BCAEO@michigan.gov mailbox when their application documents are uploaded by the required due date.

EGRAMS CONTRACT AMENDMENTS

Each fiscal year, amendments are required in EGrAMS to shore up and reflect the correct amounts starting on/around December 1. The EGrAMS system runs grant agreements on the state's fiscal year, therefore the approved budgets in EGrAMS will not always align with current CSBG contract amount.

NOTE: Please use the allocation amounts on your approved budgets and not the EGrAMS amount.

For a full list of EGrAMS resources, including webinar presentations, trainings, and a naming convention matrix, please remember to visit the [EGrAMS Resources](#) folder in SharePoint.

COMMUNITY SERVICES BLOCK GRANT DISCRETIONARY FUNDS

A portion of the state's CSBG Discretionary funds have been set aside specifically for projects and initiatives to address needs identified by local CAAs. Projects must eliminate a cause or condition of poverty, promote self-sufficiency or promote community revitalization in the CAA's service area. Discretionary funds may also be used to build agency capacity.

Discretionary funds may also be used in the event of a declared emergency at the state or federal level and shall be used only to provide emergency services to low income individuals and families in the designated disaster area. MDHHS BCAEO has the discretion for use of CSBGD funds for declared emergencies and relief efforts.

GRANTEE REQUESTS FOR DISASTER RELIEF FUNDS

If funding is available, BCAEO will consider all requests from Grantees for disaster relief funds that meet the outlined criteria. The requests must include the following components:

- Overview of disaster
- Date disaster was declared a federal or state disaster
- Additional funding requested, if applicable
- How CSBG funds will be utilized to enhance disaster relief funds in the federal or state defined disaster area.

Grantees must submit requests to the MDHHS-BCAEO@michigan.gov mailbox. Once submitted, BCAEO will review the request.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

Funding for Disaster Planning and Relief

If BCAEO approves a Grantee disaster relief plan, an agency can dedicate current year allocation and funding to the identified disaster area and serve that area as priority over other areas.

THE CSBG FY2022 DISCRETIONARY PLANNING ALLOCATION

- **Small Agency \$175,000 Minimum Amount:** A portion of CSBG Discretionary funds will be used to assist small agencies (included as part of the CSBG allocation) in receiving a minimum amount of CSBG funding. **NOTE:** Discretionary funds should be spent first so it is not lost at the end of the fiscal year.
- **Native American (CSBG-N) Organizations:** A portion of CSBG Discretionary funds may be allocated to eligible Native American organizations based upon the ratio of low-income Native Americans to the total state low-income population as measured by the most recent and available United States bureau of census poverty population data.
- **Training and Technical Assistance Contract:** A portion of CSBG Discretionary funds will be allocated to the Michigan Community Action Agency Association Training and Technical Assistance Contract.
- **Community Action Social and Racial Justice Workgroup:** A portion of CSBG Discretionary funds will be used to assist this workgroup in training and technical assistance.
- **Community Action Statewide Capacity and Training and Technical Assistance:** A portion of CSBG Discretionary funds will be allocated to the Michigan Public Health Institute to support the network.

CAA Discretionary Projects: Every 3-4 years, BCAEO will distribute CSBG Discretionary dollars to every CAA to help with agency capacity building. The competitive process will be held in other years that will be available for a few CAAs to pilot new initiatives, innovative programs, and meet emerging community needs. Agencies in good standing will be allowed to apply. Projects may require a 20% match to show community support for the project.

Any Community Action Agencies that have received a notice of de-designation and/or that have received a State Technical Risk Assessment (STAR) Score of 3 or below are not considered in good standing and are therefore ineligible for supplemental funding programs. In this case, the funding for the service area of a CAA in process of de-designation will be administered in that service area by an alternate CAA or other entity to be determined by BCAEO.

ALLOWABLE CSBGD ACTIVITIES

Goals and expected results must be measurable. Grantees must conduct an evaluation of the projects funded with CSBG discretionary funds to determine the project's success and to plan for other permanent funding for projects that will be continued after the initial pilot project has been completed.

The CSBG State Plan separates Discretionary funding under the following **topics**: Training

500 SERIES COMMUNITY SERVICE BLOCK GRANT

and Technical Assistance (T/TA), Statewide Coordination Among Eligible Entities, Asset Building, Innovative Programs, and Other Projects. Agencies will be expected to choose which topic their project falls under.

The Grantee agrees to use Community Services Block Grant Discretionary (CSBG-D) funds for one or more of the following activities as described in the Service Plan, including:

- a. Fund statewide initiatives and innovative pilot projects that address a community need and/or assist low-income persons to overcome barriers to attaining self-sufficiency,
- b. Asset-building programs,
- c. The development of new, community-based partnerships directly related to one of the ROMA Goals
- d. Projects that support a sustainable system of continuous quality improvement in agency management and performance, including client case management/bundling services
- e. Capacity building (specific to staff and/or governing board members)
- f. Support summer jobs for youth (see IM 126 <http://www.acf.hhs.gov/programs/ocs/resource/im-no-126-use-of-csbg-funds-to-support-summer-jobs-for-youth>)
- g. Homelessness projects (see IM 135 http://www.acf.hhs.gov/sites/default/files/ocs/im_135_csb_g_federal_matching_requirements_hud_mckinney_vento_0.pdf)
- h. Refugee Resettlement projects (see Dear Colleague Letter http://www.acf.hhs.gov/sites/default/files/ocs/dcl_csb_g_partnership_with_the_office_of_refugee_resettlement_6_20_2014.pdf)
- i. Technology needs to strengthen infra-structure and/or reporting needs. Provide training and/or technical assistance to agency staff.
- j. Disaster relief to areas of the State impacted by natural or man-made disasters (this includes the COVID19 pandemic).

The Grantee must notify MDHHS in advance of any proposed change of activities described in the Service Plan. Any modification to the Service Plan must be approved by MDHHS prior to any change in Grantee services/activities.

ADMINISTRATIVE LIMITS

The Grantee shall limit administrative expenses to fifteen percent of the Grantee's allocation amount

500 SERIES COMMUNITY SERVICE BLOCK GRANT

Administrative staff is defined as core staff that administers and manages central office and centralized functions of the Grantee.

REPORTING REQUIREMENTS

CSBG Annual Report: Discretionary activities shall be reported in the CSBG Annual Reports. See CSPM 504 for more information.

CLIENT SERVICE ELIGIBILITY

Eligibility for direct services to clients, or for recipients benefiting from the project activities, must be based on the CSBG income eligibility requirements outlined in CSPM Item 208 – Poverty Income Guidelines and 502 – CSBG Income Eligibility Guidelines. This applies to that portion of the project being funded with CSBG funds. If, for example, a project is 60 percent funded by CSBG, at least 60 percent of the services or benefits must go to persons meeting the CSBG income guidelines.

Tax Assistance

Individuals or households that are eligible for any service being provided by the Grantee will be eligible for free income tax preparation assistance services. Grantees must maintain client eligibility documentation for the service the client was, or is, eligible for, using FACSPRO, or another database approved by BCAEO.

Client eligibility should include documentation that the client is income eligible for CSBG or is receiving, or is eligible to receive, a CAA service, such as, Head Start, Weatherization, day care, transportation, food or utility assistance, etc. In addition, agencies are required to keep information on clients served as well as an indication/notation identifying what agency program or service the client (household or household member) is, or would be, eligible for in the FACSPRO system. (“Would be” meaning they are not a current client but would meet eligibility requirements if they applied for a program/service identified at the time the tax preparation assistance was provided.)

MONITORING

MDHHS staff will conduct a sample review of the agency’s client services and eligibility documentation. If an agency did not maintain proper documentation during the contract/program period, the agency will need to go back to its program records, develop a list, and provide it to the BCAEO monitor (enter it into FACSPRO as necessary) If such documentation is not available when the program is monitored, this may result in disallowed costs for the entire program and the subsequent finding would require return of the funds expended under the CSBG Agreement.

CSBG IM 144: The state accountability measures capture performance data on all of the agency’s activities and functions to determine how efficiently and effectively the state plan is implemented and what impacts the state’s efforts have on the performance of CAAs. The state accountability measures will address efficiency and effectiveness characteristics such as timeliness, accuracy, standards, and stakeholder satisfaction which will be monitored in the following programmatic areas:

- Use of funds

500 SERIES COMMUNITY SERVICE BLOCK GRANT

- Implementation of the community action plan (CAP)
- Impact of achieving the mission and goals established in the CSBG Act
- Reporting including the CSBG Annual Report
- Compliance
- Corrective Action
- Data collection, analysis, and reporting including systems, storage, access, and duplication efforts
- Organizational Standards
- Communication
- Training

CSBG IM 123 introduces a new strategy for excellence with increased attention to accountability, transparency, and performance outcomes by focusing on the following areas:

- Performance Management and Data: ROMA and FNPIs used to assess program performance
- Governance and Legal Technical Assistance: Board Governance, Human Resource Planning, and Financial Management Standards necessary for high quality agency program administration
- Risk Mitigation and Quality Assurance: Resolving significant performance deficiencies such as significant audit issues, lack of corrective action based on audit findings and BCAEO monitoring findings, Board Compliance issues, failure to submit appropriate performance information, lack of documentation for services delivered, or other significant management concerns
- Evidence-Based Services: Reduction of poverty, revitalization of low-income communities, and empowerment of low-income families and individuals to become fully self-sufficient.

CSBGD APPLICATION INSTRUCTIONS

The Grantee shall prepare and submit an updated application/amendment in accordance with the following instructions, which must include the budget.

The following elements may be included in the application:

1. **Service Plan (Optional for amendments if changing services or deliverables):** The Service Plan must support the costs identified in the budget.
2. **Budget (Mandatory):** The CSBG Discretionary budget, must be used. Expenditures included in the budget must be allowable under CSBG and all costs must be pertinent to the intended service.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

Please show the total cost for each portion of the CSBG discretionary funds under the appropriate tabs. These totals will roll up into the Summary page of the budget. All normal operating costs should be paid out of the 90% CSBG funds.

DUE DATE

The CSBG Discretionary Service Plan and Budget must be submitted through SharePoint by **the due date as determined by BCAEO**.

SUBMITTAL PROCESS

Grantees are to submit the Service Plan documents through SharePoint. Follow the same process as CSBG. Grantees must also send an email to the MDHHS-BCAEO@michigan.gov mailbox when their application documents are uploaded by the required due date.

501 CORRECTIVE ACTION-TERMINATION OR REDUCTION OF FUNDING

EFFECTIVE DATE **OCTOBER 1, 2021**

PURPOSE

To establish policy and procedures for Corrective Action, Termination or Reduction in funding under the CSBG Program.

Section 676(b)(8) of the Act requires that:

...any eligible entity in the State that received funding in the previous fiscal year through a community services block grant made under this subtitle will not have its funding terminated under this subtitle, 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 the Secretary as provided in section 678C(b).

Note: Michigan's definition of "eligible entity" is a community action agency (CAA).

Section 676(c) of the Act states that – For the purposes of making a determination in accordance with subsection (b)(8), with respect to:

1. **A Funding Reduction -- the term 'cause' includes:**
 - a) a statewide redistribution of funds to respond to
 - the results of the most recently available census or other appropriate data;
 - the designation of a new eligible entity; or
 - severe economic dislocation; or

500 SERIES COMMUNITY SERVICE BLOCK GRANT

b) the failure of an eligible entity to comply with the terms of an agreement or a State plan, to meet a State requirement, or to meet a federal requirement, as described in section 678C(a).

2. **A Termination -- the term 'cause' includes** the failure of an eligible entity to comply with the terms of an agreement, quality improvement plan, or a State plan, or to meet a State or federal requirement, as described in section 678C(a).

Section 678C(a) of the Act requires that states follow specific steps when issuing Corrective Action or imposing a Reduction or Termination in funding. Those steps have been incorporated into the following policy. Note: A determination to terminate the designation or reduce the funding of a CAA is reviewable by the Secretary of the federal Department of Health and Human Services (HHS).

POLICY

A) Cause for a statewide redistribution of CSBG funds includes the state's response to:

1. The results of the most recently available census or other appropriate data;
2. The establishment of a new eligible entity; and
3. Severe economic dislocation.

B) Pursuant to the BCAEO Administrative Rules (R 400.19603), cause for reducing the allocation to an agency or terminating funding to an agency includes the state's response to:

1. The agency's governing board failure to exercise sufficient authority or leadership to ensure that BCAEO-administered funds are expended in accordance with applicable regulations, laws, or contractual obligations.
2. The agency's administrative leadership failure to demonstrate that it has the administrative knowledge and skills required to ensure that the agency's fiscal, personnel, program, or property management systems are adequate to support BCAEO funded projects.
3. The agency's failure to properly account for BCAEO-administered funds and property.
4. The agency's lack of adequate general management systems to support BCAEO-funded programs.
5. The agency's demonstrated lack of capacity for effective service delivery of BCAEO-funded programs.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

6. The agency having liabilities which significantly exceed its assets.
7. The agency filing for bankruptcy.
8. The agency's failure to make substantive improvement in problem areas identified in an audit or monitoring reports.
9. The agency's failure to meet performance objectives.[Pursuant to the Act, Section 678C(a).]

C) Procedure

As defined in Section 678B(a) of the CSBG Act, the State will conduct monitoring visits and a full on-site review of each eligible entity at least once during each three-year period. The States will conduct an on-site review of each newly designated entity immediately after the completion of the first year in which the entity receives CSBG funds.

The State will conduct follow-up and quality improvement plan/corrective action plan (QIP/CAP) reviews, monthly in some cases and may include prompt return visits to eligible entities, and their programs, that fail to meet the goals, standards, and requirements. The State will conduct other reviews as appropriate, including reviews of entities with programs that have had other Federal, State, or local grants other than assistance provided under CSBG terminated for cause.

The State will conduct reviews when informed that an eligible entity has grant funds terminated for cause under a related program, such as Head Start, the Low-Income Home Energy Assistance Program (LIHEAP), the Weatherization Assistance Program, or other Federal programs. The State will include questions in routine monitoring visits and contacts about whether an eligible entity has had grant funds terminated for cause in any Federal, State, or local programs other than CSBG. The State will review the cause of termination for other Federal programs to assure that comparable issues do not exist for CSBG funds.

The State will thoroughly investigate any instances of "whistleblower" complaints or allegations of fraud or abuse of CSBG funds or funds from closely related programs. In any instances in which complaints or allegations of fraud are considered credible and raise significant "red flags," state and federal authorities will be informed of findings and may assist with additional compliance review or referral to appropriate investigative authorities.

If the State determines, on the basis of a final decision in a review pursuant to section 678B (Monitoring of Eligible Entities) of the Act, that a CAA has failed to comply with the terms of an agreement, or the State plan, to provide CSBG services or to meet appropriate standards, goals, and other requirements established by the State (see B above), BCAEO shall, pursuant to section 678C of the Act.

Compliance Activities documented by BCAEO through monitoring and/or de-designation:

500 SERIES COMMUNITY SERVICE BLOCK GRANT

Step 1:BCAEO will conduct review pursuant to section 678B §678C(a), 42 U.S.C. §9915(a)

BCAEO Action: Describe the review dates, procedures, and key participants in a pre-monitoring email and the monitoring report.

Cite monitoring reports, working papers, or key correspondence.

CAA Action: Acknowledge, prepare, and submit documentation for monitoring review as outlined by BCAEO. Provide additional documentation upon request to resolve non-compliance issues. Work towards resolving all identified findings within the stated time frame of the monitoring report.

Step 2: BCAEO determines, on the basis of a final decision in a review pursuant to section 678B, that an eligible entity fails to comply with the terms of an agreement, to meet state and/or federal requirements, or the State plan, to provide services under this subtitle or to meet appropriate standards, goals, and other requirements established by the MDHHS-BCAEO (including performance objectives).

§678C(a), 42 U.S.C. §9915(a)

BCAEO Action: Describe the basis for determination in the monitoring report and/or management decision letter as defined in Step 1.

Cite monitoring reports, working papers, and key correspondence relevant to determination.

CAA Action: Review the monitoring report and/or management decision issued in Step 1.

Step 3: BCAEO informs the entity of the deficiency to be corrected.

§678C(a)(1), 42 U.S.C. §9915(a)(1)

BCAEO Action: Describe the dates and method of notification which is noted in the monitoring report, management decision letter, and/or follow-up letters as defined in Step 1.

Cite relevant correspondence, meeting notes and other documentation of communication.

CAA Action: Review the monitoring report and/or management decision issued in Step 1.

Step 4: BCAEO requires the entity to correct the deficiency.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

§678C(a)(2), 42 U.S.C. §9915(a)(2)

BCAEO Action: The monitoring report or management decision letter will describe the requirements, any associated deadlines or documentation requirements for eligible entities to complete defined in Step 1. Corrections to findings may require an agency to create and timely execute a corrective action plan (30 days to correct), technical assistance plan (3 to 6 months to correct), or a quality improvement plan (6 – 12 months).

Cite relevant correspondence, meeting notes and other documentation of communication.

CAA Action: Review the monitoring report and/or management decision issued in Step 1. CAA will work on correcting the findings and maintain source documentation as proof for the corrections.

Step 5: BCAEO determines whether training and technical assistance are appropriate.

§678C(a)(3)(B), 42 U.S.C. §9915(a)(3)(B)

BCAEO Action: BCAEO will determine and describe the rationale for determining whether training and technical assistance are appropriate to correct the deficiency. If training and technical assistance are not appropriate BCAEO will describe the basis for this determination in a letter to the U.S. Department of Health and Human Services, Office of Community Services.

Cite meeting notes and other documentation of communication. Training and technical assistance may be identified in a quality improvement plan with an approved due date, may include additional discretionary funding, may be training provided by BCAEO, State Association, peer Community Action Agency, and/or experts in the field.

CAA Action: CAA may be requested to develop a training plan with target completion dates to assist with correcting findings listed in the monitoring report from Step 1.

Step 6 (if appropriate): State offers training and technical assistance, if appropriate, to help correct the deficiency.

§678C(a)(3)(A), 42 U.S.C. §9915(a)(3)(A)

BCAEO Action: If applicable, BCAEO's offer of training and technical assistance to correct the deficiency will be sent to the eligible entity or approved in the quality improvement plan.

Cite relevant correspondence, meeting notes and other documentation of communication.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

CAA Action: Implements training and technical assistance as approved by BCAEO.

Step 7: BCAEO either (A) prepares and submits to the Secretary a report describing the training and technical assistance offered; or (B) if the BCAEO determines that such training and technical assistance are not appropriate, prepares and submits to the Secretary a report stating the reasons for the determination.

§678C(a)(3), 42 U.S.C. §9915(a)(3)

Examples of situations in which BCAEO may determine that technical assistance is not appropriate may include, but are not limited, to the following:

- A deficiency for which the eligible entity has the expertise and skills available within the organization to make corrective actions without assistance;
- A deficiency for which the State has previously provided technical assistance and the eligible entity has failed to institute corrective actions;
- Multiple, widespread, and/or repeated deficiencies that cannot feasibly be addressed through technical assistance;
- A deficiency that involves evidence of fraudulent reporting or use of funds, or other evidence or criminal wrongdoing.

BCAEO Action: Provide a report documenting either the specific training and technical assistance offered; or the rationale for not providing technical assistance. If training and technical assistance is offered, document whether the offer was accepted, when training and/or technical assistance was provided, and whether it was successful in addressing the deficiency.

Note: In instances in which training and/or technical assistance are provided, and the eligible entity successfully addresses the deficiency, the BCAEO will maintain documentation and may provide to the Office of Community Services for future reference.

Cite report submitted to HHS.

CAA Action: N/A

Step 8 (Discretionary): At the discretion of BCAEO (taking into account the seriousness of the deficiency and the time reasonably required to correct the deficiency), the BCAEO allows the entity to develop and implement, within 60 days after being informed of the deficiency, a quality improvement plan to correct such deficiency within a reasonable period of time, as determined by the BCAEO; and not later than 30 days after receiving from an eligible entity a proposed quality improvement plan, either approve such

500 SERIES COMMUNITY SERVICE BLOCK GRANT

proposed plan or specify the reasons why the proposed plan cannot be approved.
§678C(a)(4), 42 U.S.C. §9915(a)(4)

Examples of instances in which BCAEO may exercise discretion on whether a QIP/TAP is appropriate or necessary as outlined in the monitoring report from Step 1 or when findings are not resolved from monitoring report in Step 1

Examples are not limited to the following:

- A deficiency for which an eligible entity has previously instituted a corrective action plan and has repeated findings;
- A deficiency that involves evidence of fraudulent reporting or use of funds, or other evidence of criminal wrongdoing and therefore presents a risk requiring immediate action.

Not later than 30 days after receiving from the CAA a proposed QIP/CAP pursuant to subparagraph a), either approve such proposed plan or specify the reasons why the proposed plan cannot be approved.

BCAEO Action: Maintain documentation of any quality improvement plans, deadlines to correct identified deficiencies, whether or not BCAEO approves the quality improvement plan.

Note: In instances in which a quality improvement plan is implemented and the deficiency is corrected, BCAEO will maintain documentation and may provide to the Office of Community Services for future reference.

Cite Quality Improvement Plans — If Applicable

CAA Action: Respond to the monitoring report and/or management decision letter to develop a quality improvement plan within the timeframe outlined, if approved by BCAEO. The quality improvement plan must describe the steps needed to resolve the compliance issue and to ensure compliance in the future. Components of a quality improvement plan includes key staff responsible for resolving a task in the plan, target date for the task to be completed, required training, and documentation used to show the task was completed. Once the quality improvement plan has been completed, the agency will need to confirm the non-compliance issue was resolved and will not be repeated. For a long quality improvement plan, BCAEO will approve quality improvement plan tasks monthly to ensure progress is being made on resolving the issue.

For significant deficiencies, financial deficiencies, and/or internal control breakdowns, the agency may be required to submit monthly documentation for full financial reviews prior to payment.

If applicable, BCAEO will send a management letter notifying the agency the review of

500 SERIES COMMUNITY SERVICE BLOCK GRANT

the quality improvement plan and implementation of the training has resolved the findings. No other action steps will be needed, and this closes the monitoring review or compliance issue.

When agency's documentation and agency's summary of completion does not demonstrate corrections as agreed upon in the QIP or BCAEO has not received any documentation from the agency to show progress towards completing the QIP, BCAEO will not approve the QIP or resolve the findings. BCAEO will initiate procedures for a public meeting.

Step 9: BCAEO provides adequate notice and an opportunity for a hearing.

§678C(a)(5), 42 U.S.C. §9915(a)(5)

BCAEO Action: Hold a public meeting in the service area to provide low income and other citizens living within the service area the opportunity to review and comment upon the strengths and weaknesses of the existing community action agency.

BCAEO's Executive Director will consult with MDHHS's Director and the Michigan Commission on Community Action and Economic Opportunity.

BCAEO's Executive Director will consult with the chief elected official of each county and of each city, village, or township with a population of not less than 100,000 within the existing or proposed service area.

Consultation can take the form of informal phone discussions, update meetings, written responses, and/or survey answers.

BCAEO will send a notice of de-designation letter to eligible entity regarding the opportunity for a hearing, date of communication, and any applicable State policies, rules, or procedures.

If applicable, describe conduct of hearing to present and consider evidence relevant to State determination consistent.

If applicable, describe outcomes or findings of hearing.

Cite correspondence or public communication regarding the date and procedures for hearing.

If applicable, cite documentation of the hearing, including official minutes or record of the presiding hearing official, official(s) or individual(s) responsible for determination of hearing findings or decisions; a list of individuals participating in the hearing; evidence presented at the hearing; and any outcomes or findings.

CAA Action: CAA may respond with a letter from the board volunteering the release of

500 SERIES COMMUNITY SERVICE BLOCK GRANT

the designation and outlining a closeout plan including timeline. If applicable, CAA may request an appeal hearing as outlined in the BCAEO notice of de-designation letter.

Step 10: State initiates proceedings to terminate the designation of or reduce the funding under this subtitle of the eligible entity unless the entity corrects the deficiency.

§678C(a)(5), 42 U.S.C. §9915(a)(5)

BCAEO Action: Notification to eligible entity and HHS of State decision to terminate or reduce funding.

BCAEO will initiate proceedings to terminate the designation and close-out the contract.

Upon request, OCS review of State determination.

If a review is requested, the review shall be completed no later than 90 calendar days after the Secretary receives from the CAA all necessary documentation relating to the determination to terminate the designation or reduce the funding. If the review is not completed within 90 calendar days, the determination of BCAEO shall become final at the end of the 90th day.

Designation or redesignation of eligible entity to serve un-served areas in accordance with CBSG Act.

Cite official correspondence to eligible entity and HHS. If applicable, cite OCS approval or disapproval of State decision.

CAA Action: Comply with the terms of the appeal hearing decision and work with BCAEO to close out the grant and release the de-designation. If applicable, request an OCS review of the State's determination.

Any right or remedy given to the BCAEO by this policy does not preclude the existence of any other right or remedy, nor shall any action or lack of action by the BCAEO in the exercise of any right or remedy be deemed a waiver of any other right or remedy.

Public Meeting:

Hold a public meeting in the service area to provide low income and other citizens living within the service area the opportunity to review and comment upon the strengths and weaknesses of the existing community action agency.

- a) To obtain the floor (right to speak), an attendee must be the first to stand when the person speaking has finished and must be recognized by the BCAEO Director before speaking.
- b) All remarks must be contained to 2 to 5 minutes and is at the discretion of the BCAEO Director.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

- c) Adequate accommodations will be secured to hold the public meeting. If the amount of attendees exceeds the room capacity, attendees will be given the opportunity to submit written comments.
- d) Written public comments will also be accepted up to 7 days after the public meeting

DESIGNATION AND DEDESIGNATION OF ELIGIBLE ENTITIES

In the event the State terminates the designation of an organization as an eligible entity, or otherwise reduces funds, any resulting funding may be awarded only to an organization that is an eligible entity for CSBG funds. Section 676A of the CSBG Act outlines procedures for designation and redesignation of eligible entities in un-served areas. In accordance with the CSBG Act, a State may solicit applications and designate as an eligible entity either:

- A private nonprofit organization that is geographically located in the un-served area that is capable of providing a broad range of services designed to eliminate poverty and foster self-sufficiency and meets the requirements of the CSBG Act; or
- A private nonprofit eligible entity that is geographically located in an area contiguous to or within reasonable proximity of the un-served area or is already providing related services in the un-served area.

States must grant the designation to an organization of demonstrated effectiveness in meeting the goals of the CSBG Act, and may give priority to an eligible entity in a contiguous area that is already providing related services in the un-served area. .

An intermediate provider may be selected to ensure clients are not negatively impacted and to continue services in the impacted area until all state and federal regulations are completed.

Any agency receiving CSBG funds must meet the tripartite board requirements specified in Section 676B of the CSBG Act. The process of soliciting applications to select a new eligible entity may take place during the period in which the Department of Health and Human Services is reviewing a State decision to terminate an organization's eligibility for CSBG funds. However, the State may award supplemental funds or discretionary funds to an intermediate eligible entity until the Department confirms the State's finding for cause from the notice of de-designation, an appeal hearing decision, or a voluntary release from the agency.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

502 INCOME ELIGIBILITY GUIDELINES

EFFECTIVE DATE **October 1, 2021**
REVISION DATE **October 28, 2021**

PURPOSE

The CSBG Act, Section 673(2) of the COATES Human Services Reauthorization Act of 1998, requires the use of the HHS Poverty (income) Guidelines as an eligibility criterion for the CSBG program.

POLICY

Grantees will determine their own policies, based on local decisions, of what specific assistance/services will be provided to their clients as well as any non-income related eligibility criteria.

POLICY CHANGES

Changed FPL back to 200%
Removed notary requirement
Changed lookback period

CLIENT FILE

Grantees must maintain a client file for all recipients of CSBG services. All required file documents must be maintained by the agency including uploading documents to FACSPRO (or other database as selected by MDHHS) (See CSPM Item 909).

Client Service Eligibility – Tax Assistance

Free income tax preparation assistance service is the only CSBG service with automatic eligibility. Individuals or households that are eligible for any service being provided by the Grantee will be eligible for free income tax preparation assistance services. Grantees must maintain client eligibility documentation for the service the client was, or is, eligible for, using FACSPRO (or other database as selected by MDHHS).

Client eligibility should include documentation that the client is income eligible for CSBG or is receiving, or is eligible to receive, a CAA service; such as, Head Start, Weatherization, day care, transportation, food or utility assistance, etc. In addition, agencies are required to keep information on clients served as well as an indication/notation identifying what agency program or service the client (household or household member) is, or would be, eligible for in the FACSPRO (or other database as selected by MDHHS) system. (“Would be” meaning they are not a current client but would meet eligibility requirements if they applied for a program/service identified at the time the tax preparation assistance was provided.)

If a tax assistance customer cannot be readily identified as a current CAA client, the agency may want to develop a simple one-page eligibility determination form to determine service

500 SERIES COMMUNITY SERVICE BLOCK GRANT

eligibility. The form could include the CAA's program services and household income eligibility levels for 100%, 125%, 150% and 200% of poverty.

INCOME ELIGIBILITY DETERMINATION

Use the **200%** of poverty income guidelines to determine eligibility for services provided with CSBG funds. Income refers to total cash receipts (gross) before taxes from all sources (see Income Inclusions/Exclusions below) for all household members.

Exception: See the Income Eligibility Determination Exception.

Household Composition

Income from all household members is used to determine income eligibility. A household is all persons occupying a housing unit, regardless of whether they are related.

Exception: For income eligibility purposes, Foster Children are not to be included as household members and Foster Care payments/subsidies are not to be included as income.

Absent Household Members

Household members who are absent from the home for 90 consecutive days or more are excluded from the household and therefore, their income is excluded.

Roomers

For applicants/households that **have "roomers"** paying rent, the "roomer" is not considered a member of the "household" and the income of the "roomer" is not counted for income eligibility. However, the rent from the roomer should be included as income. When annualizing income, the income from rent payments should only be included for the months that rent was received.

For applicants/households that **are "roomers"** paying rent, only the income of the "roomer" is counted for income eligibility (the income of the home owner/principle renter is not counted).

Documentation of "roomer" status must be provided including:

1. A written and signed statement from the home owner/principle renter that the applicant is a "roomer" and is paying monthly rent in the amount of \$_____.
2. A copy of a canceled check or monthly bank statement showing the check amount and the payee.
3. If the payment transaction was in cash, or a canceled check or monthly bank statement is not available, ask the applicant to get a written receipt from the homeowner for the last month's rent paid (this could be incorporated in #1 above if necessary).

INCOME COMPUTATIONS

There is no prescribed look-back period for income assessment. Depending on an individual client's circumstances and the documentation available, it may be reasonable to calculate client income based upon the household's gross income in the past 30 days (multiplied by 12) or based upon a review of the past year.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

Example: if a client has become unemployed or was the victim of domestic violence and has left the abusive household within the past year, it may be inaccurate to use the data of the past year to assess income, and the use of a shorter period— perhaps several months—may be a more appropriate and accurate assessment of the client's income.

In addition, case-by-case circumstances such as seasonal employment or an isolated and temporary spike or decline in earnings may require an eligible entity to exercise reasonable discretion to determine on a case-by-case basis the most appropriate time period to review to most appropriately and accurately assess income. It is recommended that no time period shorter than the past 30 days or longer than the past year should be used, however. In exercising this reasonable discretion, the eligible entity's goal in each case should be to most accurately determine a client's actual financial position at the time of assessment.

NOTE: Grantees must use the choices in FACSPRO to annualize and determine eligibility: 30 days, 3 months, 6 months, or 12 months.

For each household member, the income computation process should include actual received current gross income documentation, current and prior monthly benefit documentation, W-2s or income tax returns for prior year's income, and, **as a last resort**, self-declarations. (See **Self-Declarations** below).

Irregular Income – For irregular income such as child support not following the court order or migrant/seasonal workers only getting money seasonally, determine the standard monthly amount by adding the amounts entered together and dividing by the number of months used. Clearly document the income computation method and source.

Best Practice – Pay period ending dates should not be used unless it is documented that the applicant/household member receives their payments on the same date.

DOCUMENTATION OF INCOME

All income must be thoroughly documented and uploaded to FACSPRO (or other database as selected by MDHHS). (See CSPM Item 909)

Note: A **notarized** signed self-declaration of the applicant may be used, but only as a last resort. The intake worker should record the steps taken that will demonstrate a reasonable effort was made to obtain income documents.

Self-Declarations of Income

After all other avenues of documenting income eligibility are exhausted, self-declaration is allowable, *but evidence of the various attempts at proving eligibility must be contained in the client file, including a notarized statement signed by the household member indicating that no other proof of income is available.*

NOTE: It is up to the agency to mitigate any risk of fraud by the client.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

If the self-declaration is for zero income **for the entire household**, then ~~along with the declaration being notarized~~, approval by MDHHS BCAEO staff is required, and a copy of the approval must be in the client file. Requests for approval must be submitted by email to the Grantee's grant manager.

The requests should include the name and FACSPRO (or other database as selected by MDHHS) System ID for each household member and **an explanation of how the household is paying for their living costs.**

Migrant Income Computation and Self-Declarations of Income

Notarized Self-Declarations of Income for Migrants may be used to capture income information as a last resort after all other options have been exhausted. Due to the nature and frequent changes in employment of Migrants, it is not necessary to complete the income screens in FACSPRO (or other database as selected by MDHHS) for this population. The documentation is required to contain case notes of why the **notarized** Self-Declaration was used by Grantee staff and uploaded into FACSPRO (or other database as selected by MDHHS) as part of the case file and detailed notes. The annualized income must adhere to CSBG Federal Poverty guidelines.

TIMEFRAME BETWEEN ELIGIBILITY DETERMINATION AND SERVICE PROVIDED

The allowable timeframes between eligibility determination and provision of specific assistance/services which have a direct monetary value attached (such as: payment on behalf of the client for delinquent bills, lodging, repair services, medical services, tuition, etc. or **vouchers** for food, clothing, furniture, equipment, etc.) are as follows:

- Services should be provided within 30 days of the initial eligibility determination.
- If additional services are requested after 30 days of eligibility determination - but within 12 months of eligibility determination, the Grantee must document that the client is still income-eligible for each service.

If the client states that there has been no significant change in the household income status, the Grantee may take a signed, and dated, **notarized** self-declaration from the client documenting that **“there has been no significant change in the household income status since the date of the initial service application.”** The self-declaration should be maintained in the client file with the original client application, the original income documentation and documentation of benefit(s) provided.

- Eligibility must be redetermined and a new application taken (including receipt of the required income documentation) for any direct monetary service **to be provided (or re-enrollment in a program) after 12 months of the original eligibility determination.**

Ongoing Services

The above requirements also apply to **“ongoing services”** provided by the Grantee for a program/project where eligibility for a program/project is determined at the beginning of the

500 SERIES COMMUNITY SERVICE BLOCK GRANT

program/project period (e.g., self-sufficiency programs, senior transportation, housekeeping or snow removal; on-site day/after school care; home-delivered meals, etc.).

After initial determination, the income level of a client receiving ongoing services should be redetermined at least annually and should be reviewed any time the Grantee becomes aware of a significant income changing event or circumstance. The Grantee retains the right to review a client's income level at any time while the client is receiving CSBG-funded services for the purpose of determining continued program eligibility.

INCOME INCLUSIONS/EXCLUSIONS

Income Includes (there are no stipulations on spending)

1. Gross wages/earnings and salaries before any deductions.
2. Self-employment/net receipts from nonfarm or farm self-employment: receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses. (*See Self-Employment Income below*)
3. Social Security (Retirement, Survivor's, Dependent's, and Disability Insurance Income) gross benefits, **including any** Medicare premium from the Social Security Administration*.
4. Railroad Retirement payments*.
5. Supplemental Security Income (SSI)*.

***Note:** Retroactive lump sum payments for Supplemental Security Income (SSI), Social Security Insurance or Railroad Retirement Benefits should be prorated on a 12-month basis so that only benefits covering the thirty day calculation period are included.

6. State SSI Supplemental Payment. (e.g., State SSI quarterly payment).
7. Unemployment compensation, or Strike Benefits from Union Funds.
8. Worker's compensation, and/or private long-term or short-term disability payments.
9. Veteran's Payments: VA Service Connected Disability Compensation; VA Non-Service Connected Disability Pension; Military Retirement Pay, and Military Family Allotments.
10. Temporary Assistance for Needy Families - TANF, Family Independence Program-FIP (Cash Assistance Title IV) and State Disability Assistance (SDA).
11. Adoption Subsidies and Independent Living Stipends (if there are no restrictions on use).
12. Training stipends.
13. Court-ordered Child Support and Alimony or Spousal Support.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

14. Private Pensions, Government Employee Pensions, and other Retirement income.
15. Insurance or annuity payments.
16. Income from Individual Retirement Accounts (IRAs) received during the computation period, whether received as monthly or in a lump-sum withdrawal.

Note: Lump-Sum IRA withdrawals should be prorated on a 12-month basis and the thirty days of prorated amount should be included in the computation.

17. Income from Dividends, Interest, Stocks or Bonds.
18. Periodic receipts from Estates or Trusts.
19. Net Rental Income, including from Roomers.
20. Net Royalties; Net Gambling/Casino, or Lottery winnings.
21. Tribal Payments - Any payments received by Native Americans, such as from Casino income or other Tribal income.
22. Joint Income received by more than one individual. Divide the income equally among recipients.
23. Third party benefits paid directly to a company for a client's housing or bills. Third party benefits are only counted as income if they are paid to a company or entity in lieu of paying an individual Child Support, Alimony, or wages directly.

Lump Sum Payments

Note: Retroactive lump sum payments for Social Security, SSI, Railroad Retirement Benefits and Lump-sum IRA withdrawals should be prorated on a 12-month basis so that only benefits covering the thirty day calculation period are included.

Income Excludes (includes examples that are limited in what the income can be spent on.)

1. Emergency assistance program payments
2. Tax Refunds or credits, including the Earned Income Tax Credit and Child Tax Credit.
3. Gifts or Loans (including but not limited to Reverse Mortgages).
4. Lump-Sum Inheritances.
5. Compensation for Injury or One-time Insurance Payments.
6. Non-cash benefits such as employer paid or union paid portion of health insurance or other employee fringe benefits
7. Food or housing received in lieu of wages/earnings (in-kind).

500 SERIES COMMUNITY SERVICE BLOCK GRANT

8. The value of food and fuel produced and consumed on farms or the imputed value of rent from owner-occupied non-farm or farm housing.
9. Federal Non-Cash Benefit programs such as: Medicare (Medicare premiums payments are **not** excluded), Medicaid, SNAP/Food Assistance Program benefits (including cash received in lieu of food stamps), school lunches, housing assistance, childcare vouchers (Child Development and Care payments made on the behalf of MDHHS customers), or Affordable Care Act Subsidies.
10. College Scholarships (including work study), Grants, Student Stipends, Fellowships and Assistantships, VA Education Benefits (GI Bill).
11. Foster Care Payments, including Foster Grandparent Payments, Family Support Subsidies, and Guardianship Assistance Payments.
12. Combat Zone Pay to the Military.
13. Student Income - Income earned through employment by a child age 18 and under, **and** attending high school.

NOTE: "Earnings" do not include program benefits such as Social Security, Supplemental Income (SSI), etc.; these **are included** in the total household income.

14. Any assets resulting from withdrawals from a bank; or the sale of property, a house or a car, including capital gains.

Self-Employment Income

Self-employment income must be documented for each type of self-employment activity or business. Business expenses may be deducted from the gross income amount determined for each self-employment activity/business. Documentation of claimed expenses must be included in the client file information.

NOTE: Losses from a single self-employment source of income cannot be applied to any other self-employment income or other household income types. In other words, if self-employment business A realizes a loss of \$10,000, the income from that source is considered zero. The \$10,000 loss cannot be deducted from self-employment business B or other household income.

Self-Employment Expenses

Allowable expenses (deduct from income):

- Identifiable expenses of labor, stock, raw material, seed, fertilizer, etc.
- Interest and principal on loans for equipment, real estate or income-producing property.
- Insurance premiums on loans for equipment, real estate and other income-producing property.
- Taxes paid on income-producing property.
- Transportation costs while on the job (example: fuel).
- Purchase of capital equipment.
- A child care provider's cost of meals for children. Do **not** allow costs for the provider's own children.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

- Any other identifiable expense of producing self-employment income except those listed below.

Unallowable expenses (not deducted from income):

- A net loss from a previous period.
- A net loss from another type of self-employment.
- Federal, state and local income taxes.
- Personal entertainment or other individual business expenses.
- Money set aside for retirement.
- Depreciation on equipment, real estate or other capital investments.

INCOME ELIGIBILITY DETERMINATION EXCEPTION

When CSBG funds support short term services with limited intake procedures, and individual income verification is not possible or practical, the Grantee may not always be required to conduct individualized eligibility determinations. This may happen if services are:

1. Provided to a group, rather than to individuals, and circumstances indicate that group members will predominantly be income-eligible

Examples:

- a. Financial literacy (or other program) information and materials provided at community gathering in low-income area or to Head Start parents
- b. Donations of food or meals
- c. Summer meals for youth

2. Provided on individual basis but impossible or impracticable to obtain income documentation

Examples:

- a. Part of outreach to potential clients, such as open house at CAA
- b. Initial intake and information referral process
- c. Temporary shelter to homeless individuals
- d. Disaster relief

3. Intended to increase community awareness of or involvement in poverty issues

- a. Poverty Forum
- b. Building Partnerships with other organizations

NOTE: CAAs should make every effort possible to obtain client information to include in the CSBG Annual Report.

To exclude eligibility determination for certain programs/clients, CAAs must document the following:

- a. Name of program
- b. Service Area
- c. Reason for eligibility determination exclusion (1,2, or 3 above – or other)

500 SERIES COMMUNITY SERVICE BLOCK GRANT

- d. Proof that the clients will be predominantly income-eligible. (Census data, Community Assessment documentation of the neighborhood, percentage of low-income people in area, etc.)

NOTE: For all programs that are supported by CSBG funds, Grantees must provide reasonable, documented evidence that the proportion of program clients who are CSBG-eligible is equal to or greater than the proportion of program costs paid with CSBG funds, or the proportion of program staff time devoted to serving CSBG-eligible clients is equal to or greater than the proportion of program costs paid with CSBG funds.

Example: if CSBG supports 30% of a program's costs, then the agency must be able to demonstrate that at least 30% of the clients served have incomes at or below 200% of the federal poverty level, or at least 30% of staff time is allocated to serving CSBG-eligible clients.

Example: if 10% of clients are documented as eligible, no more than 10% of funds should come from CSBG.

Example: The CAA could provide evidence that due to the venue in which a particular service is provided, such as meals provided in an emergency homeless shelter, it could reasonably be assumed that clients meet the CSBG income guidelines.

503 COMMUNITY NEEDS ASSESSMENT

EFFECTIVE DATE **OCTOBER 1, 2021**

PURPOSE

Community Needs Assessments (CA) are an integral part of a CAA's planning and are to be used to set the direction for their work. Section 676(b)(11), of the CSBG Act states "...an assurance that the State will secure from each eligible entity in the State...a community action plan...that includes a community needs assessment for the community served, which may be coordinated with community needs assessments conducted for other programs...."

The process of conducting a community needs assessment and the resulting report is the first step in gathering data for the agency-wide-strategic plan and the agency-wide annual work plan. While some CAAs may have a focus on CSBG supported services (or other program services such as Head Start) when they do the assessment, the data considered during the process should be sufficient to inform the agency-wide strategic choices. If the assessment does not inform the agency-wide strategic choices, then the assessment will not support strategic plans and meet community needs.

Strategic plans are crucially important to the success of CAAs for a number of reasons. Perhaps most importantly, they provide an overarching strategy for how programs and services are deployed to address the causes and conditions of poverty identified in the community needs assessment. CAAs can manage dozens of programs that serve populations from newborns to the elderly across service areas that often span multiple counties. A good strategic plan is often the difference between an ineffective agency with uncoordinated services segregated into unconnected "silos" and one that produces good outcomes by providing

500 SERIES COMMUNITY SERVICE BLOCK GRANT

integrated services that truly meet the needs of the individuals, families, and communities they serve.

A community needs assessment identifies the strengths and resources available in the community to meet the needs of seniors, youth, and low-income families.

The CAAs conduct assessments to determine the needs in a community that can be addressed and the population that is most impacted by the need. CAAs must include both qualitative and quantitative data to assist in identifying needs in the community. From this identification of needs on both the family and community level, and through a strategic process that also includes consideration of agency needs, CAAs determine the outcomes that they plan to achieve.

The approach uses a CSBG legislative foundation within a ROMA framework that follows:

- CSBG requires focus on the “causes and conditions” of poverty
- ROMA requires the identification of need in clear terms so that CAAs can plan an effective response that will result in outcomes that reduce/eliminate the need

Organizational Standards Requirements that can be met within the Community Needs Assessment planning, development, implementation, analysis, reporting, and outreach phases:

- Standard 3.1
 - The organization conducted a Community Assessment and issued a report within the past 3 years.
- Standard 3.2
 - As part of the Community Assessment, the organization collects and includes current data specific to poverty and its prevalence related to gender, age, and race/ethnicity for their service area(s).
- Standard 3.3
 - The organization collects and analyzes both qualitative and quantitative data on its geographic service area(s) in the Community Assessment.
- Standard 3.4
 - The community assessment includes key findings on the causes and conditions of poverty and the needs of the communities assessed.
- Standard 3.5
 - The governing board formally accepts the completed Community Assessment.

A CA must, but is not limited to, be a compilation of demographic data from census records, results of surveys conducted by others, and informal feedback from community partners. Or, assessments may be expanded to include focus group discussions, town meetings, interviews with stakeholders, and telephone or mailed surveys to partnership members and the community.

Thing to consider starting a CA:

500 SERIES COMMUNITY SERVICE BLOCK GRANT

- A decision must be able to determine who will conduct the CA and why
- What information will be collected
- What methodology will be used to collect the information and how the information will be used.
- Identify the Board's input and commitment
- Identify partners and resources
- What is your time frame

POLICY CHANGES

Changed language throughout.

POLICY

Each eligible entity is required to keep their most current comprehensive CA in FACSPRO (or other database as selected by MDHHS) and on the eligible entity's website as part of their CSBG Application Plan, in order to be in compliance with the fiscal and administrative compliance of the CSBG program. A new CA must be conducted every three years.

A CA is a systematic process of obtaining and analyzing information to determine the current status and service needs of a community. The process used must be flexible enough to respond to the continually changing socioeconomic and demographic environments.

COMMUNITY ASSESSMENT REQUIREMENTS

- Must be conducted every three (3) years for the specific community(ies)/region served by the community action agency and reported out on. (Organizational Standard 3.1)
- Must be kept current in FACSPRO (or other database as selected by MDHHS) as part of the CSBG Application Plan.
- Must be stored on the CAA's website and on the Michigan Statewide CNA website.
- Must utilize information gathered from key sectors of the community in assessing needs and resources. These sectors would include at minimum: community-based organizations, faith-based organizations, private sector, public sector, and educational institutions. (Organizational Standard 2.2)
- Must include the minimum components listed below
- Must include an assessment summary that outlines current needs, new or projected needs, and unmet needs.
- May be coordinated with needs assessments conducted for other programs within the agency. (e.g. The Head Start Community Assessment requires the agency to use data that describes community strengths, needs, and resources.)

500 SERIES COMMUNITY SERVICE BLOCK GRANT

CAAs must submit a narrative on how the alternate assessment is used to meet the requirements of the CSBG Act and the CA policy requirements.

An analysis and narrative from the CAA must be submitted to support the findings from the alternate assessment:

- In terms of vulnerable populations, gender, age, and race/ethnicity for all CAA's service area(s).
- Identifying recommendations to be used at the CAA from the alternate assessment
- How the alternate assessment will be used in planning, implementation, evaluation, and reporting activities and services to reduce and/or eliminate needs in the community.
- Describe the distinction between the Community Action Agency and their community needs and the alternate assessment.
- May focus on a specific program or target population in some instances (carryover or discretionary funds.)

USES OF CA

After the data is collected, thoroughly examined and interpreted, the results should be used as a starting point for establishing priority of services and planning of resources. In addition to the level of priority of need, the information can assist eligible entities to:

- Create the agency's Community Action Plan, (Organizational Standard 4.2)
- Develop an effective strategic plan to achieve outcomes by providing integrated services that truly meet the needs of the individuals, families, and communities they serve. A (Organizational Standard 6.4)
- Manage programs more effectively;
- Refine or eliminate existing programs;
- Prevent duplication of programs;
- Identify gaps in human service provision;
- Identify barriers to attaining self-sufficiency;
- Identify strategies for overcoming barriers to self-sufficiency;
- Provide justification to the board and others for decisions and actions ;
- Provide broader support and acceptance by sponsors and employees;
- Determine the need for training and professional development.

COMPONENTS OF A CA

At a minimum, the following items should be included as components of a CA:

- Conditions of poverty: key findings and analysis
- Causes of poverty: key findings and analysis
- Demographic make-up of potentially eligible families including their number, geographic location, and racial/ethnic composition.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

- Data specific to poverty and its prevalence related to gender, age, and race/ethnicity for service area. (Organizational Standard 3.2)
- Data on poverty and prevalence, comparisons, trends, and current (gender, age, race/ethnicity)
- Qualitative and quantitative data: from all geographic service areas, trends, and comparisons. (Organizational Standard 3.3)
- Customer satisfaction data
- Participation and information from low-income individuals
- Input gathered from key sectors (at least community organizations, faith groups, private sector, public sector and education.
- Data regarding the health, nutrition, and social service needs of the communities as defined by community institutions.
- Availability and accessibility of community resources that can address the needs of eligible families.
- Key findings on the causes and conditions of poverty and the needs of the communities assessed. (Organizational Standard 3.4)
- Community member narratives (This is a best practice from the Community Action Partnership).
- Community profiles for each locality
- Key findings section to the final report
- Available resources at agency and in the community assets
- Relationship of CAA's activities to other anti-poverty services
- Data analysis and identification of areas of greatest community needs
 - o Level of needs and changes over time
 - o Gaps
 - o At family, agency and community level

NOTE: The identification of proposed services should be the result of a strategic plan. The CA must support the strategic plan, which is used to formulate the CSBG Plan.

STEPS IN CONDUCTING A CA

The steps outlined below will assist the organization in the process of conducting a CA:

1. Clarify the purpose of the CA

The information collected will depend on what type of data is sought about the community. The information gathered must support the Components of the CA listed above.

Responses to the questions below will guide the process.

- Clarify the ultimate goal (s) of the community needs assessment in developing strategies to address the community's needs and identified issues.
- Develop a method to ensure accurate information is collected?
- Develop a strategy on the target population to collect information from including when and why?
- What is trying to be measured or what information is to be collected?

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- What will be done with the information collected?
- How will the information be reported? Is it user friendly and easy to understand?
- Will the information collected help develop reasonable and appropriate program goals?

Some categories of information to be collected might include the following:

- Historical development of the community
- Geographical and transportation information
- Growth measurement patterns and population distribution
- Demographic data (i.e., age characteristics, race, transience of the population)
- Economic data to identify the community's economic base
- Social, cultural, educational and recreational organizations in the community

2. Identify the population

Determine if information is needed from segments of the entire community or if only particular target groups will participate in the assessment.

Some examples of specific target groups of the community are:

- high school dropouts under age 21 who lack basic computer skills,
- children who are victims of domestic violence who are one or more grade levels behind,
- refugees in a specific county who lack basic computer skills training
- It is important to ensure that the needs & opinions of those experiencing poverty are included.

3. Determine who will conduct the study

In determining who will conduct the CA, consider the time frame, the available resources, and the comfort level of staff in performing research. Also be prepared to discuss your agencies participation in the CA at each stage from planning to implementation.

The CA may be conducted by:

- Outside consultants
- Agency staff
- Volunteers

4. Determine the methodology to collect the information

There are several tools available that can be used to collect data. These include but are not limited to surveys, public forums, focus groups, telephone solicitations, interviews, and pre-existing data. Discuss how to collect information from vulnerable populations that may not have the ability to participate in the conversational methods of data collection. Consider trying to identify internet access limitation for low-income individuals and families.

Customer Service/Public Opinion Surveys

500 SERIES COMMUNITY SERVICE BLOCK GRANT

Surveys can either be used to gather information from the community to gauge opinions about key issues.

Particular attention should be paid to the following areas when conducting public opinion surveys.

- The questions being asked
- The target audience from which the information is desired
- The way in which the results will be used
- The scope of the survey
- The issues the survey will address
- The purpose of the survey
- What is to be accomplished

In constructing a survey:

Use short questions which can be answered with checklists, multiple choice, yes-no responses or open-ended answers.

Make sure questions are relevant and written at an appropriate reading level.

Assure that questions are culturally appropriate and/or sensitive.

Agencies should routinely conduct surveys of their operations through customer input.

Public Forums

Public forums are meetings where residents get involved by expressing what their concerns are about community issues and needs.

Public forums are inexpensive methods to get diverse members to share ideas.

To prepare for a successful Public Forum:

- Form a representative steering committee
- Identify issues to form the focus of the forum
- Select a trained facilitator
- Set a time and place
- Publicize the forum through the major media outlets
- Follow-up after the forum with a written report
- The report may be used as the basis for a service plan

Pre-existing Data

500 SERIES COMMUNITY SERVICE BLOCK GRANT

Pre-existing data can be obtained by researching public records and reports. This data is collected about a particular group without the agency having direct contact with that individual or group. This information can provide insight about emerging trends or issues in a particular community.

- This data already exists
- It is fast and easy to access
- Data is available for most geographic areas

NOTE: Pre-Existing or secondary data is NOT ENOUGH in itself. It may be used to supplement primary data – that which is collected first hand from the client, but it is required by Organizational Standard 1.2 that the Organization analyzes information collected directly from low-income individuals as part of the Community Assessment.

The websites listed below are examples of potential resources for gathering data for numerous programs:

The United States Census Bureau
<https://www.census.gov/>

Community Action Partnership: Community Needs Assessment Online Tool
<https://www.communitycommons.org/groups/community-action-partnership/>

Community Commons
[Maps & Data - Community Commons](#)

Focus Groups

A focus group is a way to gather opinions and ideas from a small targeted group of citizens. This is a valuable tool to use to get a consensus of thoughts and ideas rather than to make projections about the community.

- It is easy to conduct
- Provides detailed information
- Allows for issue probing
- Stimulates thinking and discussion
- Particular care should be given in choosing the make-up of a focus group

Telephone Interviews

Telephone interviews are an option for vulnerable segments of the population who may not otherwise participate in other methods of data collection.

Questions using a five (5) point scale from strongly agree to strongly disagree can be used to gather input from this population.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

- Convenient for persons with disabilities
- Can be used for participants with low literacy levels
- Short time span
- Inexpensive

504 DATA COLLECTION AND ANNUAL REPORT REQUIREMENTS

EFFECTIVE DATE	October 1, 2021
REVISION DATE	June 1, 2021

MDHHS-BCAEO uses financial and performance information submitted and collected in FACSPRO to improve the administration of the program, and to report performance data to the U.S. Department of Health and Human Services through the CSBG Annual Report. The data MDHHS-BCAEO collects is subject to change based on changing requirements and regulations. This information is used at local, state, federal, and national levels to improve performance, track results from year-to-year, and maintain accountability for critical activities and outcomes. Agencies should review and update their client release of information to share data with BCAEO.

CSBG eligible entities coordinate a broad range of resources to ensure a positive impact on the causes and conditions of poverty. Agency wide data from all funding sources, that encompasses all community action services, strategies, and outcomes, serves as the vehicle for detailing an agency's overall services, strategies and outcomes and is aggregated into the statewide CSBG Annual Report as well as other state and local reports.

PURPOSE

To provide guidelines and instructions for preparation and submittal of reports and data collection:

- CSBG Annual Report
- CSBG CARES Annual Report
- CSBG Annual Narrative Report (new)

In collaboration with HHS/Office of Community Services (OCS), NASCSP has developed a state reporting mechanism (the CSBG Annual Report) to collect and compile the required information and will present a national report to HHS/OCS. The State has developed a local CAA reporting format which provides the means to collect and compile the reporting elements included in the NASCSP CSBG Annual Report.

Results Oriented Management and Accountability (ROMA) is the reporting tool that Michigan uses to meet the CSBG Requirements and is part of the Performance Management Framework.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

POLICY CHANGES

- Informational language requirements added/updated throughout.

POLICY

The CSBG Act, Sec. 678E outlines State Accountability and Reporting Requirements and indicates that:

“Each State shall annually prepare and submit to the Secretary a report on the measured performance of the State and the eligible entities in the State... Each State shall also include in the report an accounting of the expenditure of funds received by the State through the CSBG program, including an accounting of funds spent on administrative costs by the State and the eligible entities, and funds spent by eligible entities on the direct delivery of local services, and shall include information on the number of and characteristics of clients served under this subtitle in the State, based on data collected from the eligible entities.”

The CSBG Annual Report Instructions and FAQs can be found in [SharePoint](#).

Starting in FY2022, agencies will be required to submit an annual narrative report based on their CSBG Service Plan showing successful outcomes, progress, or opportunities for improvement.

REPORTING TYPES AND DUE DATES

ANNUAL REPORTS

CAAs should submit all annual reports using FACSPRO or an alternate process, if approved, following the requirements for each Module. **(See Note Below)**

Agencies will submit their final Annual Report on the date below:

Final Annual Report:	October 1-September 30	Due February 1st
Final FY20 CARES Supplemental Annual Report:		Due June 15, 2021
Final FY21 CARES Supplemental Annual Report:		Due Date TBD

NOTE: Alternate CSBG Annual Report Process: A written formal request must be made to BCAEO outlining how the agency will provide the CSBG Annual Report as well as provide BCAEO with real-time data access that is currently available in FACSPRO.

CSBG ANNUAL NARRATIVE REPORT

Due December 1, 2022

Starting October 1, 2021 (FY2022) Agencies will be required to submit an annual report based on their CSBG Service Plan showing successful outcomes, progress, or opportunities for improvement.

ANNUAL REPORTING REQUIREMENTS

FY2020 Reporting Requirements CSBG Dear Colleague Letter [CSBG-DCL-2021-10](#)

500 SERIES COMMUNITY SERVICE BLOCK GRANT

CAAs must submit the following reports for BCAEO to submit a statewide aggregated report to OCS by June 30, 2021:

- CSBG Annual Report for FY2020 by February 1, 2021
- CSBG CARES Supplemental Report for FY2020 by **June 15, 2021**

Since regular CSBG annual reporting contains all community action services, strategies, and outcomes, OCS expects all funding streams to be included in the regular CSBG annual report.

CSBG CARES Supplemental Annual reporting contains CSBG CARES specific services, strategies, and outcomes.

OCS asks that the CSBG Network considers ways to ensure high-quality data including focusing on collecting, reviewing, analyzing, and tracking data.

Regular CSBG

Report as normal on Module 1 (State Administration), Module 2 (Eligible Entity Expenditures) and Module 4 (Individual/ Family Services). OCS revised Module 3 (Community Transformations) to allow CSBG eligible entities to identify which funding source(s) were used to implement a Community Transformation. As a reminder, “normal reporting” includes reporting on all Community Action funding resources, related services, strategies, and outcomes.

CSBG CARES Supplemental Annual Report

States will report using a simplified version of Module 1 that is focused on the related Supplemental, including allocations to CSBG eligible entities, state usage of Supplemental funds, and lessons learned. For Module 2, CSBG eligible entities will report using a simplified version focused on expenditures of Supplemental funds. For Module 3, CSBG eligible entities have the option to identify Community Transformations funded by CSBG CARES within the regular CSBG Module 3 report. For Module 4, CSBG eligible entities will only report on services provided to individuals and families (Section B) in FY2020. OCS may request additional information in Module 4 in future years.

NOTE: The CARES Supplemental Annual Report should only include the CSBG CARES Supplemental Funding. No other state, local, county funding should be included in this report.

CSBG Annual Narrative Report

Starting October 1, 2021 (FY2022) Agencies will be required to submit an annual report based on their CSBG Service Plan showing successful outcomes, progress, or opportunities for improvement. The CSBG CAP is a planning document and the CSBG Narrative Report will report out on how the agency progressed to meet what was reported in the CSBG CAP. A template will be created and training will be provided.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

DEMOGRAPHIC REPORTING

Demographic Data: The FACSPRO system as well as other data systems captures assisted households and individual's demographic data including income level, race, ethnicity, age, gender, military status, and poverty level.

The All Characteristics Report collects data on all individuals and households, whether or not funded directly by CSBG. This demographic information strengthens the CSBG Annual Report by demonstrating who is being served by CSBG Eligible Entities.

To obtain unduplicated counts, a CAA will need to have a system that distinguishes the characteristics for each individual/household. To obtain an unduplicated count, a unique identifier will be needed at the individual level. While some individuals and households may be served by several programs within a reporting year and thus entered into multiple data systems (e.g., ChildPLUS, HMIS, etc.), they must be reported as unduplicated individuals and unduplicated households in this report.

We recognize that CAAs have multiple data systems and may not have the means to determine an unduplicated count across several systems. If the CAA is not currently able to have unduplicated counts across programs due to data systems issues, include those programs in rows E and F at the end of the Annual report. Additionally, please indicate the programs in which these individuals and households were enrolled.

NOTE: Please follow the data protection language in your CSBG contract.

All Characteristic Report Agencies receive CSBG funding based on a formula of the percent of people in poverty. (Using 2010 Census Data). Agencies should be serving at least that percent of the population (as shown in clients served in the annual report at year end). * See Percentage Table below.

Example 1: Approximately 1.6% of the population in the service area is below 125% of poverty. The agency reported serving 0.76% of the population.

This would be considered under reporting and agencies should strive to enter more client demographics into the annual report.

Example 2: Approximately 1.6% of the population in the service area is below 125% of poverty. The agency reporting serving 2.5% of the population.

In this case, the agency is meeting the requirement and nothing else is needed.

Percentage Table		
Agency	CSBG Funding based on Percent below 125%	Minimum # of People That Should be Served (using 2019 Annual Report numbers)
Baraga Houghton Keweenaw	0.6%	959
Blue Water CA	1.4%	2,237

500 SERIES COMMUNITY SERVICE BLOCK GRANT

Capital Area Comm. Srvs	5.2%	8,309
Chippewa Luce Mackinac	0.6%	959
Comm Action Alger Marquette	0.6%	959
Comm Action Allegan County	1.0%	1,598
Community Action JLH	3.0%	4,793
Community Action SCM	6.0%	4,953
Dickinson Iron CAA	0.3%	479
EightCAP	3.1%	4,953
FiveCAP	1.3%	2,077
Genesee County CARD	5.3%	8,468
Gogebic Ontonagon	0.3%	479
Human Development Comm.	2.1%	3,355
Kent County CAA	5.9%	9,427
Macomb Community Action	5.9%	9,427
Menominee Delta Schoolcraft	0.7%	1,118
Mid Michigan CAA	3.3%	5,273
Monroe COP	1.0%	1,598
Muskegon-Oceana CAP	2.5%	3,995
Northeast MI CSA	2.3%	3,675
Northwest MI CAA	2.7%	4,314
Oakland Livingston HSA	8.2%	13,102
Ottawa County CAA	1.7%	2,716
Saginaw County CAC	2.5%	3,995
Southwest MI CAA	3.1%	4,953
Washtenaw County COED	2.9%	4,634
Wayne Metro CAA	26.5%	42,342

FACSPRO DATA CLEANUP

FACSPRO data must be cleaned up and current within 60 days of client completion.

Single Service:

Action plans must be updated/completed (dates on services and outcomes) and the action plan status must be changed to completed, closed, or discharged within 60 days of the service or outcome being received or achieved. Also documents to support the achievement of the outcome or delivery of the service must also be uploaded into FACSPRO within 60 days from the completion date on the service or outcome on the client action plan.

Ongoing Service:

All client data, services, and outcomes need to be updated on the action plan within 60 days, for the prior month's interaction, and the action plan must be moved to the "ongoing status".

500 SERIES COMMUNITY SERVICE BLOCK GRANT

Exceptions: There are instances where a service is provided but an outcome will not be achieved for more than 60 days so changing the status within the 60-day period may not be possible. This also may not be possible when a client is maintaining outcomes for 90 or 180 days.

DATA COLLECTION AND ACCURACY

Data Collection: Data collection will increase agency efficiency, provide outcome data to show results, and verify compliance. The importance of data collection:

- Data empowers federal, state, and local agencies to make informed decisions
- Data identifies opportunities for improvement
- Data allows for accurate interpretations of confirmations of community needs
- Data will backup ideas and innovation
- Data makes the agency's approach strategic
- Data helps with increased funding opportunities
- Data shows the efforts of the agency's good work
- Data saves time

Data Accuracy: The Community Action Network must take reasonable steps to ensure data is kept accurate and up to date. It is very important individual and household data is accurate. It is the responsibility of the agencies and the employees who work with data to take responsibility and reasonable steps to ensure it is kept as accurate and up to date as possible:

- Data will be held in as few places as necessary.
- Updates must be done in real-time.
- When possible, clients should have the opportunity to manage their information.
- Data should immediately be updated when inaccuracies are discovered.
- Agency should follow internal policies that require the review and updates to data on a regular basis.

REPORTING UNDUPLICATED COUNTS

Unduplicated: The household/individual(s) are counted only once for each specific type of assistance provided when the initial assistance is provided.

- CSBG Annual Report Unduplicated Counts Required:
 - Module 4 Sections A and B Individual and Family FNPIs and Services
 - Module 4 Section C All Characteristics Report

Counting of People Served: Count the number of persons that receive the benefit. For example: Food – count all persons in the household that received the food.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

505 DRUG REHABILITATION AND CHILD SUPPORT SERVICES AND REFERRALS

EFFECTIVE DATE **OCTOBER 1, 2020**

PURPOSE

To provide guidelines for compliance regarding the CSBG requirement to inform and refer custodial parents to drug testing and rehabilitation and child support services.

Drug Testing and Rehabilitation:

(1) inform participants who test positive for any controlled substances about the availability of treatment or rehabilitation services and refer such participants for appropriate treatment or rehabilitation services.

(2) Any funds expended for such testing shall be considered to be expended for administrative expenses.

Child Support Services and Referrals:

(1) inform custodial parents in single-parent families that participate in programs, activities or services carried out or provided with CSBG funds about the availability of child support services; and (2) refer eligible parents to the child support offices of State and local governments.

In this regard, the CSBG Agreement states:

The Grantee shall inform and refer custodial parents in single-parent families that participate in programs, activities, or services carried out or provided for with these funds to the Child Support Offices of state and local governments.

POLICY CHANGES

Moved form to SharePoint and added language on page 38.

POLICY

DRUG TESTING AND REHABILITATION SERVICES

CAAs shall inform participants who test positive for any controlled substance (if a state conducts drug testing) about the availability of treatment or rehabilitation services and refer such participants for appropriate treatment or rehabilitation services.

CHILD SUPPORT REFERRALS

CAAs shall inform and refer custodial parents who are not receiving child support to local child support offices/services.

To assist CAAs in fulfilling this requirement, MDHHS can provide copies of the MDHHS Publication 748, “**Understanding Child Support**”, for distribution to custodial parents who are

500 SERIES COMMUNITY SERVICE BLOCK GRANT

not receiving child support. Provision of this booklet to the custodial parent, along with the address of the local DHHS Child Support office, and/or the local Prosecuting Attorney's Office or Friend of the Court, will fulfill the information and referral requirement.

PUBLICATION DHHS-748:

Copies of "**Understanding Child Support**" (English & Spanish version), can be ordered directly from DHHS-Office Services Division at no charge by using the order form in SharePoint called [Publication Order List](#). **Note:** Other Office of Child Support publications included on the form are also available at no charge.

Additional Child Support Resources for Parents

CAAs may assist Custodial Parents who wish to pursue child support by referring them to the MDHHS Office of Child Support website.

Custodial Parents may complete the **IV-D Child Support Services Application/Referral-DHS-1201** form or online with [MiChildSupport](#). MDHHS-Pub-1207 – **A Quick Look at Child Support for Parents** is also available for informational purposes.

BEST PRACTICES:

Agencies should consider adding questions to their intake form (or tasks in FACSPRO [or other database as selected by MDHHS]) as proof of meeting these requirements.

506 CSBG FORMULA AND ALLOCATION

EFFECTIVE DATE **OCTOBER 1, 2020**

PURPOSE

To explain the CSBG allocation formula and process.

POLICY CHANGES

New policy

FORMULA

(a) A base allocation of \$25,000 for each Community Action Agency (CAA).

(b) Remaining Funds:

- 84 percent: Based on each CAA's relative share of the number of persons with income below 125% of the poverty level.
- 10 percent: Based on each CAA's relative share of the excess number of persons with income below 125% of the poverty level. Excess poverty is defined as the number of persons with income below 125% of the poverty level in excess of the statewide average of 14 percent.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

- 6 percent: Based on each CAA's relative share of the extreme poverty level. Extreme poverty is defined as the number of persons with income 125% of the poverty level in excess of 25 percent.

ALLOCATION PROCESS

Ninety percent of CSBG funding is passed through to the CAAs using the formula above. Five percent is used for the state's administrative purposes. The other five percent is used for discretionary purposes.

CSBG funding can be expended once BCAEO has approved a plan and budget.

507 CSBG 90% FUNDING

EFFECTIVE DATE **OCTOBER 1, 2020**

PURPOSE

To provide a policy for the distribution of not less than 90% of the total annual amount of CSBG funding to community action agencies (CAAs) by formula.

POLICY CHANGES

Added Note Regarding STAR rating and forfeiting CSBG funds on page 46.

POLICY

Not less than 90% of the Community Services Block Grant (CSBG) funds are allocated annually, using the State approved formula based on the most recent census data, to the CAAs through grants. Annual allocations are used for allowable CSBG expenditures, as approved in CAAs spending plans, for a fiscal year and the succeeding fiscal year. Unspent funds will not be available after the two-year grant period.

EXPENDING FUNDS

First Fiscal Year: CAAs are encouraged to expend 80 percent or more of the Grantee's annual allocation in the first fiscal year.

Succeeding Fiscal Year: CAAs will be responsible to monitor grant spending to ensure the remaining 20 percent of unspent funds are spent by the end of the succeeding fiscal year.

Special Conditions for Small Agencies: Grantee's annual allocation plus a discretionary allocation used to bring its funding up to a minimum level may be used on allowable CSBG expenditures for a fiscal year and the succeeding fiscal year.

Funds Must Be Used in the Two-Year Grant Period

CSBG funds must be expended within the two-year grant period. If funds are not expended within a two-year period, they will be forfeited.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

Note: Forfeiture of CSBG funds will negatively affect your STAR rating as well as consideration for Discretionary or other unique grant opportunities.

GRANT ACCOUNTING PROCESS FOR THE TWO-YEAR GRANT PERIOD

A State accounting code, State grant number, and Federal grant award number will be assigned to each annual Two-Year Grant.

Below is the processing sequence for agencies to manage annual grant allocations over two years within the parameters of the State's accounting and contracting systems.

1. Each Grant Year will require a 24-month budget.
2. The total amount of funds available at the beginning of a fiscal year will be based on a “**planning**” amount until the “**final**” federal award is received.
3. Funds received the next fiscal year will start a new two-year spending cycle with a new 24-month budget.

Example:

FY2019	CSBG Federal Grant Period: 10/1/18-9/30/20	Requires 24-month budget
FY2020	CSBG Federal Grant Period: 10/1/19-9/30/21	Requires 24-month budget

508 REMOVED

POLICY CHANGES

The Asset Test requirement has been removed for CSBG and CSBGD funding.

509 CSBG AND CSBGD COST CATEGORIES/BUDGET LINES

EFFECTIVE DATE OCTOBER 1, 2020

PURPOSE

To describe the Program Accounts and Cost Categories/Budget Line Items to be used in preparation of the Grantee's CSBG Planned Expenditures as well as the Allowable and Unallowable Costs (Attachment A). It also provides a link to the HHS website (CSBG Information Memorandum, Transmittal No. 37) regarding some costs with administrative qualities that can be identified/charged as direct program costs.

POLICY CHANGES

- Previously CSPM 402.1
- Added a note regarding Permanent Improvements on page 41.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

- Added unallowable fringe language on page 46.
- Added unallowable fundraising language on page 48.
- Added clarifying language under equipment on page 49.
- Moved Grantee Travel rates from unallowable to allowable on page 51 due to EGrAMS language now allowing this.
- Added Stipend language under Board costs on page 55 due to issues with IRS.
- Moved employee morale costs to allowable on page 55 due to Wipfli suggestion.
- Updated Indirect Cost language on pages 55 and 56 per Wipfli suggestion.
- Added Board Stipends under unallowable on page 58.

POLICY

Grantees will determine the type, financial limitations and the frequency of any direct monetary services provided as well as any non-income related eligibility criteria.

The following services are not allowed with CSBG funds:

- a. Purchase or improvement of land or the purchase, construction or permanent improvement of any building or other facility owned by the agency.

Work is a “permanent improvement” if it:

- Materially increases permanent value of the property;
- Appreciably prolongs life of the property; or
- Puts, rather than maintains, the property in efficient operating condition

Work is not a “permanent improvement” if it is:

- Maintenance and repair. *2 CFR Part 230, App. B, ¶ 27; 2 CFR Part 225, App. B, ¶ 25.*
- Rearrangement and alteration costs. *2 CFR, App. B, Part 230, ¶ 39; 2 CFR Part 225, App. B, ¶ 35.*

Note: Assistance with a delinquent mortgage or property tax payment is allowed. A permanent improvement to a home, such as installing a different furnace system (e.g., from electric to gas) or making a change to the inside or outside structure of the home, is not allowed. Grantees can, however, purchase a furnace for a client. Contact your MDHHS grant manager if you are uncertain about the allowability of a specific service.

- b. Leasing of space, buildings, and/or other assets not associated with a CSBG purpose or allowable activity.
- c. Political activity such as:
 - Any partisan or nonpartisan activity or any political activity associated with a candidate or contending faction or group, in an election for public or party office;
 - Any activities to provide voters and prospective voters with transportation to the polls or provide similar assistance in connection with an election; or
 - Any voter registration activity.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

Program Accounts

1. Administrative Costs

This account includes costs for administering and managing the central staff and centralized functions of the agency for the CSBG program, including but not limited to the following:

- General management of the Grantee organization, such as: strategic direction; Executive Director and executive support functions; and staff and costs related to accounting, budgeting, personnel/human resources, procurement, legal services, data processing, maintenance, etc.
- Management research activities (such as collection, storage, and retrieval of management information) are included when such activities are not part of a specific project but are utilized as a means of central administration.
- Costs related to the single audit, federally approved Indirect Costs and direct administrative costs charged by a local unit of government for public entities.
- Expenditures for the support or development of members of the governing board or policy advisory councils, agency annual meetings and annual reports.

2. Direct Program Costs

This account includes allowable services and activities that have a measurable impact on the causes of poverty in the community. This includes services and activities geared toward clients attaining meaningful education and employment opportunities, emergency assistance, adequate housing/living environments, participation in community affairs and the removal of obstacles to improved self-sufficiency. Allowable costs include (but are not limited to):

- Costs related to the support of program directors, outreach workers, and others providing assistance to clients.
- Direct assistance to eligible individuals (Specific Assistance to Individuals).
- Activities related to the core CSBG program purpose, which are significant and necessary to the Grantee's mission, such as: coordinating, strengthening and expanding local services and programs related to the elimination of poverty. These include but are not limited to:
 - Multi-agency strategic planning, community-wide needs assessments and dialogues on poverty (activities formally involving multiple service providers).

500 SERIES COMMUNITY SERVICE BLOCK GRANT

- Costs related to the support of agency planners/grant writers, costs associated with non-CSBG grant applications, and portions* of executive and deputy director salaries for activities related to the core CSBG program purpose.

* Since “executive” staff are generally charged to PA01-Administrative Costs, staff time reports or activity reports must support charges to the PA02-Direct Program account.

- Co-location of complementary services; computerization of common intake and referral systems; formalized networking to share resources and facilities; and organization of cross-sector coalitions to address specific community concerns.

Cost Categories/Budget Line Items

The cost categories/budget line items applicable to the CSBG Expenditure Plan include:

- Salary and Wages
- Fringe Benefits
- Occupancy
- Communication
- Supplies
- Equipment
- Transportation
- Consultant/Professional Services
- Specific Assistance
- Miscellaneous

The definitions for these line items, as well as a description of the allowable and unallowable costs under the CSBG, are included in the following pages. The agency should become familiar with allowable and unallowable costs.

- Budget development shall be based on sound cost accounting principles.
- Budgets shall be in compliance with the OMB Uniform Guidance.
- Costs not specifically identified as “Allowable and Unallowable Costs” may be included if reasonable and necessary. These costs should be discussed with BCAEO staff.
- Unallowable costs shall not appear in the budget.
- Copies of appropriate subcontractor budgets and agreements must be included if over \$25,000.

Allowability of costs is also addressed in the CSBG Agreement, OMB Uniform Guidance, and the HHS website. It can be found on SharePoint here [IM 37](#).

CSBG PROGRAM ALLOWABLE AND UNALLOWABLE COSTS

500 SERIES COMMUNITY SERVICE BLOCK GRANT

A. SALARY AND WAGES

DEFINITION: Gross compensation paid to employees in the form of cash, products, or services including vacations, holidays, sick leave and leaves of absence. Paid absences must be reimbursed uniformly for both employees paid under this agreement as well as employees not paid under this agreement but performing similar work.

ALLOWABLE COSTS:

1. Only costs that support the goals and activities of the total program.
2. Rates reasonable and consistent with those paid for similar activities by the grantee.
3. Rates competitive with those paid for similar services provided by other agencies for doing similar work.
4. Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the organization and the employees before the services were rendered, or pursuant to an established plan followed by the organization so consistently as to imply, in effect, an agreement to make such payment.
5. Overtime and multi-shift premiums:
 - a) When management of the grantee authorizes such costs as part of their established policies and in accordance with sound business practices
 - b) For emergencies or performance of tasks which cannot reasonably be interrupted.

UNALLOWABLE COSTS:

1. Any payment over and above regular salaries and wages for the purpose of inducing employees to undertake or continue work at locations which may be isolated or in an unfavorable environment.
2. The value of donated volunteer time in providing services.
3. Bonuses, non-accrued lump-sum severance payments, annuities or other deferred compensation unavailable to all employees in the organization. See incentive compensation rules above.
4. Costs already funded through a separate contract and/or another funding source. Example: Program Manager is currently charged to Contract A @ 60 percent of salary/fringes and to Contract B @ 30 percent of salary/fringes. In the budget for new Contract C, the same Program Manager cannot be charged @ more than 10 percent of the same salary/fringe compensation package that was used for Contracts A & B.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

B. FRINGE BENEFITS

DEFINITION: Funds allocated to cover allowances, costs and services provided by the grantee to or on behalf of its employees and not included as compensation of salaries and wages. The CSBG's percentage of the cost of each fringe benefit cannot exceed the percentage of total CSBG salaries to total program salaries.

REQUIRED COSTS:

1. All fringe benefits required by law are mandatory. If salaries are included in the budget, the following fringe benefit costs are required.
 - a) FICA (Social Security and Medicare, typically calculated at 7.65%)
 - b) Unemployment Compensation
 - c) Worker's Compensation
2. If Unemployment compensation is not included in the budget:
 - The Grantee must supply documentation that it is a "Reimbursing Employer" with the Bureau of Worker's & Unemployment Compensation, or
 - Make a note of any other fund source that will be covering the cost of unemployment

ALLOWABLE COSTS:

1. Typical fringes include:
 - a) Social Security (Maximum 6.20%) (Employer's share) (** See below)
 - b) Medicare (Maximum 1.45%)
 - c) Unemployment (***)See below)
 - d) Worker's Compensation
 - e) Retirement
 - f) Health Insurance
 - g) Life Insurance
 - h) Disability Insurance
 - i) Any other services costs or allowances paid by the employer as required by law, agreement, or established in policy
2. Fringe benefits not required by law (e.g. health insurance, retirement and disability) must meet the following criteria to be allowable:
 - a) Fringe benefits must be established in policy, labor agreements, etc. prior to the time the contract is awarded.
 - b) Fringe benefits charged to the contract must be calculated in the same manner as fringes not charged to the contract for employees in similar classifications.

** The Social Security maximum base wage is \$132,900 per employee or the entire wage if under \$132,900.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

*** The unemployment maximum is the base wage per employee or the entire wage if under the maximum base wage. Do not charge unemployment for the employee if this is a shared position and the base wage limit is included in another Cost Reimbursement Agreement or payment rate. *Your agency base wage should be listed on the letter you receive from the Michigan Unemployment Insurance Agency.*

UNALLOWABLE COSTS:

1. Any costs associated with an employee's personal expenditures during the course of normal employment, such as parking, clothing, meals, etc.
2. Personal use of organization vehicles (including transportation to and from work) even if reported on a W-2.
3. Costs or allowance paid by the grantee but not required by law, agreement, or established policy.
4. Severance Pay.
5. Costs in excess of the pro-rated portion attributable to partial (less than full-time FTE's.)
6. Costs for staff not listed on the salary page.
7. Self-insured worker's compensation and unemployment compensation costs are not allowable if costs exceed rates and premiums that would have been allowed if insurance premiums or taxes would have been paid.
8. Costs already funded through a separate contract and/or another funding source.

C. OCCUPANCY

DEFINITION: Costs arising from occupancy and use of owned or leased buildings and offices

ALLOWABLE COSTS:

1. Depreciation of that portion of the organization's building and improvements used for the program as figured on a straight-line basis on grantee facilities with a 40 year life, based on computation of valuation of property as filed with the IRS, by a generally accepted accounting procedure, with adequate property records.
2. Depreciation on assets donated by third parties is allowable. The value of the donated asset used to calculate these charges shall be the market value at the time of the donation.
3. The actual payment of rental costs to a third party for use of the facility and property. Rates must be reasonable in light of such factors as rental costs of comparable facilities and

500 SERIES COMMUNITY SERVICE BLOCK GRANT

personal property market conditions in the area, the type, life expectancy, condition and value of the facilities leased, options available, and other provisions of the rental agreement.

4. Insurance to cover loss of assets.
5. Normal maintenance and repair costs: costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment which neither add to the permanent value of the property nor appreciably prolong its intended life.
6. Costs incurred for rearrangement and alteration of facilities required to specifically meet conditions of the agreement that do not increase the value of the property. (See Unallowable Costs.)
7. Operation costs, such as cost of utilities, security, janitorial service, elevator service to the extent they are not otherwise included in rental or other charges for space.
8. Costs necessary to comply with security requirements, including wages and equipment of personnel engaged in plant protection.
9. Depreciation on plant protection capital assets, such as security systems, shall be included with the building as stated above.

UNALLOWABLE COSTS:

1. Cost of rent or lease of items between plants, divisions, or organizations under common control or ownership, or any less than arms-length transaction cannot exceed allowable cost of the same asset(s).
2. Special assessments on land that represent capital improvement, such as sewer and sidewalk assessments.
3. Depreciation for assets fully depreciated by the grantee.
4. Depreciation on assets that have outlived their useful lives.
5. Use Allowance. **Note:** If use allowance was taken on an asset not fully depreciated, you may convert to depreciation but total of both depreciation and use allowance may not exceed cost of the asset.
6. Building depreciation expense greater than the amount calculated using straight-line method and a 40-year useful life.
7. Costs related to idle facilities.
8. The purchase or improvement of land or the purchase, construction, or permanent improvement of any building or other facility.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

D. COMMUNICATION

DEFINITION: Costs for written or verbal communication.

ALLOWABLE COSTS:

1. Costs incurred for telephone calls or service, pagers, fax service, cellular phone service, wide area telephone services (WATS), centrex, postage, messenger service and similar expenses related to grantee operations. Telephones, pagers and other communication devices should be charged to this item.
2. Printing, reproduction and publication costs required by the agreement.
3. Costs of informing or instructing groups, individuals, or the general public about grantee services provided, as required by the agreement.
4. Costs of gaining the interest of groups or individuals to participate in a service program, including recruitment of volunteers.
5. State and Federal excise taxes.
6. Advertising for: 1) recruitment of personnel and 2) solicitation of bids for the procurement of goods and services, program announcements, etc., and 3) other purposes specifically provided for in the agreement.

UNALLOWABLE COSTS:

1. Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions.
2. Advertising and public relations designed solely to promote the entity.

E. SUPPLIES

DEFINITION: Consumable or non-consumable items with a unit cost of less than \$5,000. Consumable supplies are those that are consumed as they are used (pencils, paper, etc.). Non-Consumable supplies are those that are not consumed as they are used (file cabinets, chairs, computers, and other durable goods).

ALLOWABLE COSTS:

1. Costs associated with delivery of supplies.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

2. Purchase cost of consumable and non-consumable supplies relevant to the grantee's operation and allowable under the CSBG program.
3. State sales taxes.

UNALLOWABLE COSTS:

1. Consumable and non-consumable supplies for program activities not allowed under the CSBG program.
2. Consumable supplies that will not be consumed during this agreement period.

F. EQUIPMENT

DEFINITION: Any non-consumable item with an acquisition cost of \$5,000 or more (including program software or intangible items) that is not attached to or included as part of the cost of a facility.

ALLOWABLE COSTS:

1. Equipment purchases cannot be expensed directly to the CSBG grant; the costs must be capitalized and budgeted as depreciation. Exception: Costs (or shared costs) for purchased equipment may be charged to CSBG if an Equipment Waiver Request has been approved by the BCAEO.

Waiver Process: As part of the grantee's application process, the BCAEO will accept formal waiver requests to purchase "equipment" that will benefit the agency's programs or clients. Agencies submitting a request must do so by utilizing the Equipment Waiver Request form (DHS-4328) and by providing the required documentation with the CSBG application. Purchases cannot occur unless and until a waiver has been granted.

2. Depreciation costs due to the normal depreciation as figured on straight line basis over five (5) years on the valuation of property as filed with the IRS, by a generally accepted accounting procedure, with adequate property records and depreciation schedules.
3. Rental costs for equipment paid to a third party in an arms length transaction must be reasonable, using factors such as: rental costs for comparable equipment and personal property; market conditions in the area; the type, life expectancy, condition and value of the equipment leased; options available and other provisions of the rental agreement. Include such items as computers, phone systems, copiers and office furniture if the unit cost equals or exceeds \$5,000.
4. Insurance to cover loss of equipment.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

5. Normal equipment maintenance and repair costs.
6. Cost of transportation or freight in delivering equipment to the Grantee.

UNALLOWABLE COSTS:

1. Rental of equipment between plants, divisions or organizations under common control or ownership.
2. The amount that rental costs under any type of "option to buy" arrangement exceed rental costs without an "option to buy".
3. Any portion of the purchase price of equipment over \$5,000. See "allowable costs" for proper method of charging equipment.
4. Use allowance

G. TRANSPORTATION

DEFINITION: Transportation costs include the costs of travel, lodging, meals and incidental expenses incurred by personnel or grantee board members in a travel status while on official business. Travel rates established by the State of Michigan will be used as a guideline in determining reasonableness of rates charged to the CSBG grant.

ALLOWABLE COSTS:

1. Actual expenses controlled by maximum reimbursement rate for meals and lodging.
2. Per diem or mileage in lieu of actual costs if a standard reimbursement schedule exists for all employees.
3. Mileage, lodging, and meal costs in excess of State of Michigan rate (As long as agency is following internal agency Travel policy).
4. Actual cost of a grantee owned or leased vehicle, including insurance, gasoline, oil, depreciation and all normal maintenance when the vehicle is used for an allowable CSBG activity. When depreciating a vehicle, the depreciation must be based on acquisition cost less salvage value of vehicle to be replaced. Use straight-line and five (5) year useful life.
5. Leased or rental vehicles at a mileage or fixed rate that includes vehicle maintenance, inspection and repair services.
6. Air travel, less than first class, when attending conferences/training.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

NOTE: The grantee must identify the potential conference or trainer sponsor(s) for such travel when itemizing this cost. Example of sponsors include: NASCSP, CAP, NCAF, CAPLAW, etc.

7. Transportation of clients as part of grantee services.

NOTE: Documentation must justify that 1) Participation is necessary for the federal award; and 2) Costs are reasonable and consistent with entity policy.

UNALLOWABLE COSTS:

1. Mileage reimbursement when grantee vehicle is used.
2. Mileage, lodging, and meal costs in excess of prevailing Grantee rate.
3. Costs related to conferences/meetings that are not held for an allowable CSBG activity.

H. CONSULTANT/PROFESSIONAL SERVICES

DEFINITION: Compensation paid by the grantee to a third party under a subcontract for a consultant or professional service such as for: CPA or Accounting/Payroll services, Software Consultants and Software Trainers, Legal Advice, Community Needs Assessment, Strategic Planning, Employee Training; Fiduciary Financial Services, etc. (Note: These instructions may differ from those provided in other non-CSBG Agreement requirements.)

When a professional service will cost \$25,000 or greater, a copy of the service agreement and budget, must be submitted with the expenditure plan. (A separate budget is not required if the service agreement identifies and includes the costs.)

ALLOWABLE COSTS:

1. Professional services costs rendered by members of a particular profession who are not employees of the grantee and who provide services relevant to the grantee's operation. Subcontracts are subject to review based on their relevancy to the purposes of CSBG. The following criteria are considered:
 - a) The costs are reasonable in relation to the service rendered. If reasonableness is questioned, the Grantee must document how the price or cost was determined.
 - b) The nature and scope of the subcontracted services are in support of the grantee's operation and program services.
 - c) The service can be performed more economically by subcontracting.
 - d) The subcontractor's fees are consistent and competitive with other providers.
 - e) The subcontract agreement for the service to be provided is adequate in description of the service and/or deliverables, estimate of time required, rate of compensation and termination provisions.

**500 SERIES
COMMUNITY SERVICE BLOCK GRANT**

- f) The subcontract is awarded through a competitive process if, in the opinion of MDHHS, the dollar value and other factors would require bidding to assure reasonable cost and quality of service. Grantee must adhere to their own internal procurement policies.
 - g) The subcontract agreement adequately conforms to the Agreement between the Grantee and MDHHS/BCAEO.
2. Management studies/consultants to improve the stability, effectiveness and efficiency of the Grantee by persons not employees of the Grantee.

UNALLOWABLE COSTS:

- 1. Retainer fees.
- 2. Subcontracts with persons who meet the legal definition of an employee for the purpose of avoiding mandatory fringe benefits.
- 3. Subcontracts with agencies or individuals that have common ownership/relationship or contracts with the Grantee.

I. SPECIFIC ASSISTANCE TO INDIVIDUALS

DEFINITION: Specific services provided to and for eligible clients, or items of value purchased for and given to eligible clients as part of service delivery (such as the purchase of household supplies or furniture, payment of utility bills, or the provision of training, meals, shelter, transportation, etc.) Itemize each type of specific assistance.

Examples:

Automotive Repairs	13,000
Rent and Rent Deposits	15,000
Mortgage or Property Tax Assistance	19,000
Utility Assistance	20,000
Transportation (Contractor: Blue Cab)	12,000
Overnight Shelter (Contractor: Women's Mission)	14,000

ALLOWABLE COSTS:

Items purchased for a specific eligible client and given to that client as allowable under the CSBG Program.

NOTE: If the agency plans to subcontract **with another provider or vendor to provide specific services for eligible clients** (see examples above), the agency must identify both the service and the contractor's/vendor's name.

UNALLOWABLE COSTS:

500 SERIES COMMUNITY SERVICE BLOCK GRANT

1. Activities that are not allowable under the CSBG program. Note: Contact your BCAEO grant manager if you have questions.
2. Items or services not identified or included in the agreement or expenditure plan.

J. MISCELLANEOUS

DEFINITION: Expenses related to the agreement which are not chargeable to other line items.

ALLOWABLE COSTS:

1. The cost of establishing and maintaining all accounting and other information systems required for grantee central administration, not included in other line items. This includes costs incurred by a central administration for those purposes.
2. Direct costs assessed by a governmental unit (similar to indirect costs) when the grantee is a public organization; such costs are to be included in the ADMIN **Category** under the “**Miscellaneous**” Line Item.

The following terminology shall be used by Grantees when such costs are included in a budget.

Examples:

- “Direct Costs Assessed by the City” (*..include calculation method or explanation of how costs are determined on the budget page, or the agency may note “see comment page” and then provide the specific details on that page...*)
 - “Direct Costs Assessed by the County” (*..include calculation method or explanation of how costs are determined on the budget page, or the agency may note “see comment page” and then provide the specific details on that page.*)
3. Audit services for the administration and management of functions related to services provided under the agreement, unless federal awards expended are less than \$750,000.
 4. Professional liability insurance.
 5. Premiums on bonds covering employees who handle contract funds.
 6. Data processing for grantee management, such as payrolls, personnel records, etc.
 7. Services to cover processing of checks or warrants from preparation to redemption, including the necessary records of accountability and reconciliation of such records with related cash accounts.
 8. Health and first aid supplies.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

9. Employee counseling services, as generally covered by health insurance providers, including outpatient mental health services, family and marriage counseling and substance abuse counseling.
10. Meeting and conference expenses, **as required in the agreement**, such as facilities, speaker fees, meals and refreshments, local transportation, cost of identifying but not providing dependent care resources. (*Example – Board meetings*)
Note: Must follow state rates.
11. Food and refreshments for youth (clients) involved in activities.
12. Professional memberships if not covered in an agency's indirect cost rate and for memberships which have a direct relationship to the goals of the CSBG. May include costs of memberships in trade, business, technical and professional organizations, as required for affiliation with the parent body.
NOTE: This needs an approved exception from MDHHS.
13. Preparing payrolls and maintaining necessary related wage records.
14. Recruitment, examination, certification, classification, establishment of pay standards and related activities for provisions of services under the agreement.
15. Costs associated with the recruitment, training and retention of volunteers for agency programs and activities. This includes recognition awards and mileage/meal reimbursement for volunteers. Volunteer recognition events should not exceed one per year.
16. Staff training and education for employee development if there is a benefit to the program.
17. Subscriptions, if not covered in the agency's indirect cost rate, and the subscriptions:
 - a) are considered necessary to the administration of the agency's program(s),
 - b) provide a training component that increases the knowledge and skill of the agency staff,
 - c) have a direct relationship to the agency's specific objectives,
 - d) are specifically job and staff performance related, and/or
 - e) are not readily available in a library.**NOTE:** This needs an approved exception from MDHHS.
18. Grantees may charge the cost of training conferences and employee training if it 1) is specifically identified training for the services administered in the agreement, 2) is not applicable to other services provided by the agency, and 3) would not normally be considered a part of general professional development.
19. Costs associated with the support or development of members of the governing board or policy advisory councils, agency annual meetings and annual reports. Board members may be reimbursed for expenses associated with board service, such as incidental costs of supplies, or mileage, per diem, and lodging expenses incurred while attending out of town conferences or training approved by the entire board. **Stipends are not recommended**

500 SERIES COMMUNITY SERVICE BLOCK GRANT

because the IRS is mandating that board members receiving stipends should be considered employees, which is unallowable.

Note: Board members and their families should not enjoy any financial gain from their position, including receipt of salary, goods or special services for their board participation. If a Board member is also on the Head Start board, the Head Start policy supersedes this policy.

20. .FACSPRO annual maintenance with DBA.

21. Costs incurred in accordance with the CAA's documented policies for the improvement of working conditions, employer-employee relations, employee health, and employee performance. **NOTE:** Grantee must follow Uniform Guidance §200.404 *Reasonable Costs*.

22. Indirect costs

- Are incurred for a common or joint purpose benefiting more than one cost objective, and
- Are not readily assignable to the cost benefited, without effort disproportionate to the results achieved.
- The indirect cost rate formula may include up to \$25,000 of costs related to a subaward. (Subaward is defined as another entity performing work that the CAA could reasonably accomplish, e.g. a subaward to another CAA for provide food services).
- The indirect cost rate formula may include all amounts related to any subcontract.
- Equipment should not be included in the indirect cost rate formula.
- Should not include lobbying or fundraising activities.

Any request for indirect costs will require prior written approval. To request approval, a complete explanation of the percentage, including all mathematical calculations and supporting documentation, must be submitted with the expenditure plan. A current federally approved indirect rate is acceptable documentation.

A copy of the current approved Indirect Cost Rate Agreement from the cognizant agency must be provided as an attachment to the expenditure plan.

UNALLOWABLE COSTS:

1. Interest on borrowed capital or temporary use of endowment funds.
2. Fund Raising:
 - a) Non-Profit Organizations: Organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests and similar expenses incurred solely to raise capital or obtain contributions.
 - b) Units of Local Government: Organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable, regardless of the purpose for which the funds will be used.
3. Investment and related expenses incurred solely to enhance income from investments.

500 SERIES COMMUNITY SERVICE BLOCK GRANT

4. Staff training not required in the agreement. Charges for employee training are not allowable if the training is basic training that will teach the employees basic skills necessary to perform the duties of the agreement. It is expected that the agency will already have properly trained employees. There may be exceptions to this policy in cases where a service is performed within a copyrighted model where it is not reasonable to expect any grantee to have the basic skills required for the service. These exceptions will require approval of the appropriate administration director.
5. Costs of preparing grants or bid proposals where there is an apparent conflict with the awarding agency. This does not include preparing plans such as CSBG, DOE, and LCA that is allocated through BCAEO. Note: the charges should be reflected in an indirect cost rate pool.

Example of unallowed use of funds:

CAA prepares Intent to Bid Proposal for new BCAEO project with CSBG funds.

6. Individual staff memberships in trade, business, technical and professional organizations unless the agency can sufficiently describe the specific benefits to the agency and its customers.
7. Food and Refreshments for employees including:
 - Food purchased for retirements, diversity events, celebrations, holiday events, or events of an internal nature that are not required to conduct business.
 - Refreshments for meetings for employees, contractors, community partners or other entities, other than FULL DAY meetings (lasting 5 hours or longer).
 - Group meetings with community and other partners which are not full day meetings (lasting 5 hours or longer). These should be scheduled during non-mealtime frames to the greatest extent possible.
 - Meal prices that exceed the state rate when traveling.
 - Alcoholic beverages.
8. Salaries and other expenses of local gov't bodies such as county supervisors, city council, school boards, etc., whether incurred for purposes of legislation or executive direction.
9. Prosecution of claims against the State.
10. Costs related to discharging general responsibilities as legal officer.
11. The costs of amusement, diversion, social activities, ceremonials and incidental costs relating thereto, such as meals, lodging, rentals, transportation and gratuities, unless approved under the grant.
Example: Recreation costs provided for under the line item "Specific Assistance to Individuals."
12. Costs resulting from violations of or failure to comply with Federal/ State/local laws and regulations.

500 SERIES
COMMUNITY SERVICE BLOCK GRANT

13. Contributions and donation costs for free-will offerings to individuals and agencies.
14. Contingency costs related to possible future events or conditions rising from presently known or unknown causes, the outcome of which is indeterminable at the present time (e.g. pending litigation and other general business risks).
15. Bad debt losses (whether actual or estimated) arising from uncollectable customer's accounts and other claims, related costs and related legal costs. Collection costs and legal fees arising from bad debts are also unallowable.
16. The cost of maintaining central accounting records required for overall local government purposes, such as appropriation and fund accounts by treasurer, comptroller, or similar officials.
17. Accreditation fees unless the agency can sufficiently describe the specific benefits to the agency and its customers.
18. Costs of employee recognition "gifts" or awards.
19. Promotional items and memorabilia, such as: a) imprinted products given away as souvenirs from conferences, events or meetings; b) high cost products like pens and commemorative items; c) custom or specialized binders, etc.
20. Any Indirect Cost Rate formula or 10% De Minimus that includes:
 - Subcontractor amounts over \$25,000 as it relates to a subaward. (Subaward is defined as another entity performing work that the CAA could reasonably accomplish, e.g. a subaward to another CAA for provide food services)
 - Equipment
21. Board member Stipends (See #19.under allowable costs)