



ADMINISTRATION FOR
CHILDREN & FAMILIES

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Community Services Block Grant Information Memorandum

IM#: CSBG-IM-2020-156

DATE: November 19, 2019

TO: State, Territory, and Tribal CSBG Lead Agencies That Received a Presidential Disaster Declaration in 2018 and 2019

SUBJECT: Community Services Block Grant Disaster Relief Supplemental Funds

ATTACHMENT(S): Preliminary Allocation Formula

PURPOSE: To provide information to states, territories, and tribes regarding the distribution of the Community Services Block Grant (CSBG) Disaster Relief Supplemental Funds and provide guidance on eligibility, distribution, allowable activities, reporting requirements, construction waivers, obligating and expending funds, and grantee monitoring.

RELATED REFERENCES: Community Services Block Grant Act, 42 U.S.C. 9901 *et seq.*; Additional Supplemental Appropriations for Disaster Relief Act, 2019, Public Law 116-20; Department of Health and Human Services Block Grant Regulations, 45 CFR Part 96; and Current Poverty Income Guidelines, 84 FR 1167.

BACKGROUND:

The Additional Supplemental Appropriations for Disaster Relief Act, 2019 [Public Law 116-20] was signed into law on June 6, 2019, providing \$25 million in additional funds to the CSBG program. The funds to states, territories, and tribes authorized under the CSBG Act are to address the consequences of Hurricanes Florence and Michael, Typhoon Mangkhut, Super Typhoon Yutu, and wildfires and earthquakes occurring in calendar year 2018, and tornadoes and floods occurring in calendar year 2019, in those areas for which a Presidential disaster has been declared. The Office of Community Services (OCS) will allocate the funds to states, territories, and tribes based on assessment of need. States, in turn, will issue grants to CSBG-eligible entities to support disaster recovery activities for individuals and families with low incomes. Consistent with the general purposes of CSBG and the specific appropriation instructions, this funding will support a range of locally identified services and strategies

focused on the needs of people with low-income and disaster-related needs. These funds will support ongoing community recovery after the conclusion of emergency response efforts.

APPLICANT ELIGIBILITY CRITERIA

To be eligible for the CSBG Disaster Relief Supplemental Funds, states, territories, and tribes must meet the following conditions:

- **Presidential Disaster Declaration** – As noted in the Additional Supplemental Appropriations for Disaster Relief Act, 2019 funds are only available to those states, territories, and tribes directly affected by Hurricanes Florence and Michael, Typhoon Mangkhut, Super Typhoon Yutu, and wildfires and earthquakes occurring in calendar year 2018, and tornados and floods occurring in calendar year 2019, that have been declared by the President as a major disaster under section 401 or 501 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 & 5191).
- **Individual Assistance Authorized** – As part of its assessment of need, OCS has determined that in order to receive funds, states, territories, and tribes must have received a Presidential disaster declaration for the previously mentioned disasters for which FEMA Individual Assistance (IA) was authorized and for which households have registered for IA assistance. IA is money or direct assistance from FEMA for individuals, families, and businesses in an area whose property has been damaged or destroyed, and whose losses are not covered by insurance. Although CSBG services may be provided to individuals and households that have not registered for IA assistance, the registration numbers for IA assistance will be used by OCS in creating a formula for distribution of CSBG supplemental funds to states.
- **Designated Authority from Governor or Chief Executive** – Consistent with Section 676(a) of the CSBG Act (42 U.S.C. 9908(a)), applicants for CSBG Disaster Relief Supplemental Funds must be designated by the governor or chief executive with the authority to apply for CSBG. This agency is referred to by OCS as the “CSBG Lead Agency” for the state, territory, or tribe and must be the same agency that administers the regular CSBG grant.

CSBG supplemental grant funding will only be provided to CSBG Lead Agencies. States must in-turn award funds to eligible entities already designated by the state for CSBG funding. OCS will not accept direct applications for funding that do not come from the CSBG Lead Agency for the state, territory, or tribe covered by a Presidential disaster declaration. OCS strongly encourages CSBG Lead Agencies to work in close partnership and consultation with other community stakeholders in the design and delivery of disaster recovery services to address the most significant community needs.

ELIGIBLE SERVICE RECIPIENTS

In accordance with Section 673(2) of the CSBG Act (42 U.S.C. 9902(2)), the federal poverty line is a criterion for eligibility, and states, territories, and tribes may define eligibility up to 125 percent of the poverty line. As OCS outlined in [Information Memorandum 154](#) – although no federal waiver authority exists for this requirement – states, territories, and tribes have substantial discretion in defining the procedures for determining if an individual or family meets the requirements. This discretion includes the necessary documentation appropriate to the implemented services or strategies and reviewing timeframes. In a disaster, states, territories, and tribes may consider circumstances where individuals may have been made low-income by the disaster, including disaster-related unemployment, and may establish appropriate procedures based on individual and family needs.

DISTRIBUTION OF FUNDS TO STATES, TERRITORIES, AND TRIBES

OCS will distribute funds to eligible states, territories, and tribes based on demonstrated need in accordance with objective criteria that are made available to the public. After due consideration of the demonstrated needs of states, territories, and tribes directly affected by disasters, OCS will apply an allocation methodology that provides funding to states, territories, and tribes using routinely available disaster assistance information from the Federal Emergency Management Agency (FEMA).

The formula for distribution under Sections 675A and Section 675B of the CSBG Act (42 U.S.C. 9905 & 9906) does not apply to the CSBG Disaster Relief Supplemental. Instead, the supplemental appropriation instructs that funds will be distributed based on assessed need. OCS has determined that in order to receive funds, states, territories, and tribes must have received a Presidential disaster declaration for the previously mentioned disasters for which FEMA Individual Assistance (IA) was authorized. IA is money or direct assistance from FEMA for individuals, families, and businesses in an area whose property has been damaged or destroyed and whose losses are not covered by insurance.

The FEMA IA data is collected consistently nationwide; it is tied to specific declared disasters by state, territory, or tribe and is aggregated using individual households that have declared a loss associated with the disaster and who have registered for assistance. OCS determined that the FEMA IA data resource served as the most consistent and directly relevant information resource for determining allotments for disaster assistance to the states.

Preliminary Allocation Formula

A table outlining the planned allocation to each state, territory, and tribe through Stage 2 is included with this Information Memorandum as **Attachment A**. This allocation is provided for planning purposes, but does not guarantee that each grantee will receive the full amount

included. ACF/OCS will issue award amounts through an application process that will include a process for needs assessment and budget justification.

Amounts included in Attachment A will be used by OCS and by grantees for planning purposes and may be adjusted as necessary based on the following potential factors:

- If additional states, territories, or tribes receive a FEMA major disaster declaration prior to December 31, 2019, that qualify for assistance under the Supplemental Appropriation, these states will be eligible for funding and OCS will adjust the overall formula to include FEMA IA registrant data from these states.
- If a state, territory, or tribe elects not to apply for the CSBG disaster supplemental, or if the applicant is unable to provide an acceptable needs assessment and/or budget justification (based on criteria outlined in an OCS action transmittal and reviewed by an objective federal review process), OCS will make such funds available to other eligible states according to the funding formula.

Distribution Timeline

OCS will release funds to states, territories, and tribes in three stages: 1) initial planning, needs assessment, and cost documentation; 2) interim recovery efforts; and 3) longer term recovery efforts. This three stage process will allow for adjustments as necessary during the implementation and will also allow for funds to be expended by eligible entities through the end of Fiscal Year 2022.

- **Stage 1: Initial Planning, Needs Assessment, and Cost Documentation**
OCS will support an initial release of up to \$100,000 per state with a Presidential disaster declaration that includes IA in 2018 or 2019. Potential planning grants will be available to tribes with an applicable FEMA IA declaration and will be determined based on federal needs assessment. States, territories, and tribes that would receive less than \$100,000 over the full project period according to the disaster supplemental formula will receive the lower amount.

States may use up to \$55,000 for direct expenses at the state level to assess needs and conduct administrative and planning activities. This is the maximum amount that a state may spend directly on administrative expenses during Stage 1, consistent with Section 675C(b)(2)) of the CSBG Act (42 U.S.C. 9907(b)(2)), which specifies that no state may spend more than the greater of \$55,000 or 5 percent of the grant received. States may use these funds for any necessary administrative expenses to develop an allocation plan for interim and longer term disaster recovery activities. Consistent with Section 675(b)(2), any state that receives a cumulative total allocation of more than \$1,100,000

during Stage 2 or Stage 3 may devote up to 5 percent of the total award amount to administration.

States may also use funds to document and reimburse any immediate costs incurred by eligible entities that were directly related to the Presidentially-declared disaster. This reimbursement may take place using Stage 1 funds, or funds awarded during subsequent Stage 2 or Stage 3 if funds are available within the total award amount. CSBG supplemental resources may be used to reimburse prior costs provided within available grant resources if states can verify the costs were not previously reimbursed through FEMA or private insurance.

Note: A list of eligible states is included as Attachment A. OCS will issue a separate Action Transmittal (AT) with deadlines for an expedited application and award process to allow eligible states to receive this initial funding. At the time of the AT, OCS will provide each state with a preliminary planning amount to be used in developing a plan for an Interim Recovery Grant (see below). Although this amount may change based on additional data and/or new disaster declarations during the remainder of 2019, the planning will provide an expected amount that will be available to each state.

- **Stage 2: Interim Recovery**

Using the preliminary planning amount provided by OCS, each state and territory may develop and submit an application and plan for an Interim Recovery Grant. To receive available supplemental funds, an eligible state must provide a justification of need, an allocation plan for eligible entities based on need, and a budget and budget justification for each eligible entity proposed to receive additional support. States and territories may propose activities at amounts that are higher or lower than the initial planning amount with the understanding that final award amounts will be based on the results of an objective review process.

Approximately 60 percent of the appropriated funds (or approximately \$15 million including the amounts released in stage 1) will be awarded by this stage. OCS will award funds based on a formula that allocates funds to states based on each state's overall percentage of FEMA IA registrations. If a state elects not to apply for funds (or is unable to provide an acceptable needs assessment and budget justification based on criteria included in the application instructions), OCS will provide each state with an opportunity for clarification and may award a reduced amount and reallocate funds to other states based on the funding formula.

Note: Deadlines and application instructions will be provided in a separate action transmittal. It is expected that applications will be due in February 2020, and a first round of awards will be made in March 2020. Because funds are distributed based on need, OCS will conduct an objective federal review of each state's application based on their community needs assessments and budget justifications.

- **Stage 3: Longer Term Recovery**

OCS will release all remaining supplemental appropriation funds (or approximately \$10 million) at this stage, with release anticipated no later than September 30, 2021. Funds will be allocated to states based on a continuation application process in which states provide: 1) a report on use of previously awarded funds; 2) a justification of ongoing needs; and 3) an allocation plan and budget for eligible entities. Funds will be available based on a formula that uses FEMA IA registration data. If a state and its eligible entities have been unable to obligate and expend funds during its stage 2 award (or if the state does not provide a justification of ongoing need and budget justification that is responsive to OCS criteria included in an AT), OCS may reallocate funds to remaining states based on the allocation formula.

Note: Deadlines and application instructions will be provided in a separate action transmittal that is expected to be released no later than March 2021, with applications expected in June 2021. OCS must receive and review a detailed and complete report on the state, tribe, or territory's use of previously released CSBG supplemental funds before additional funds will be released. Grantees that have documented successful service delivery, expenditure of each stage's awards, and ongoing need will receive the remaining next year's funds until the last distribution in September 30, 2021. Consistent with obligation requirements outlined in Section 675C(a)(2) of the CSBG Act (42 U.S.C. 9907(a)(2)) and 45 CFR 96.14, Stage 3 awards funds (and any approved carry-over from Stage 2) will remain available for obligation and expenditure in communities through September 30, 2022.

ALLOWABLE ACTIVITIES

Under the regular CSBG, states, territories, and tribes receive block grants to ameliorate the causes of poverty in communities. States and territories are required to use at least 90 percent of their allocations for grants to "eligible entities" as defined in CSBG Act, as amended.

Consistent with Section 675C(b)(1)) and Section 675(b)(2) of the CSBG Act (42 U.S.C. 9907(b)(1) & (b)(2)), states and territories receiving CSBG Disaster Relief Supplemental Funds may use up to 10 percent of allocated funds for discretionary use, with the additional limitation that no state may spend more than the greater of \$55,000 or 5 percent of the grant received for administrative expenses.

Summary CSBG Act Provisions That *Do Not Apply* to This Appropriation

The supplemental indicates that certain requirements under the CSBG Act will not apply and will become allowable to the \$25 million in appropriated funds as summarized below:

- **1.5% Federal Reservation Does Not Apply** – Provisions outlined in Section 674(b) of the CSBG Act (42 U.S.C. 9903(b)) specifies that set aside funds for federal technical assistance are not included in the supplemental appropriation. Instead, the full \$25 million appropriation is directed to states, territories, and tribes.
- **Standard CSBG State Distribution Formula Does Not Apply** – The supplemental appropriation indicates that the standard federal funding formula specified in Sections 675A and 675B of the CSBG Act (42 U.S.C. 9905 & 9906) do not apply to these disaster supplemental funds. The supplemental appropriation language indicates that the funds must be distributed based on assessed need. As noted above, OCS will be distributing to states with a major disaster declaration that includes IA authorization and will be distributing funds based on each state’s percentage of total nationwide IA registration data.
- **No Requirements that Eligible Entities Receive Standard Proportionate Share** – The supplemental appropriation includes instructions indicating that Section 676(b)(8) of the CSBG Act (42 U.S.C. 9908(b)(8)) will not apply to these funds. Although funds must be allocated to eligible entities as specified in Section 675C(a)(1) of the CSBG Act (42 U.S.C. 9907(a)(1)), states must allocate based on disaster-related needs (rather than giving each eligible entity the same share of the state award they would give under the normal formula). States must allocate funds based on assessed need and are required to use data on community needs directly related to the disaster to support plans for distribution of funds to specific eligible entities. To assist in states’ needs assessment efforts, OCS will provide each eligible state with available federal disaster assessment data for the major disasters. Each state may supplement federal data with other information available on a state and community level to determine the most appropriate distribution plan. States will have discretion in the amounts distributed to each eligible entity, but must provide a detailed explanation of criteria directly related to the disaster that are used in developing a distribution plan. In addition, states will be required to provide a detailed budget justification for each eligible entity that shows how funds will be used for disaster recovery expenses.

PROHIBITION ON CONSTRUCTION ACTIVITIES AND WAIVER PROCESS

CSBG Disaster Supplemental Funds may not be used for any prohibited purpose outlined in Section 678F of the CSBG Act (42 U.S.C. 9918). Consistent with these requirements, funds may not be used for the purchase or improvement of land, or the purchase, construction, or

permanent improvement (other than low cost weatherization and other energy-related home repairs) of any building or other facility.

In accordance with Section 678F(a)(2) of the CSBG Act (42 U.S.C. 9918(a)(2)), states, territories, and tribes may request a waiver under extraordinary circumstances and OCS may consider such requests given the disaster recovery nature of this effort. If the state, territory, or tribe's plans include any property repairs, the intended use plan submitted for Stage 2 must include a waiver request for building renovation, repair, or rebuilding activities not otherwise allowable under the CSBG Act as well as a clear timeline for the execution and completion of such activities. States, territories, and tribes must also certify that the requested costs are not reimbursable through FEMA disaster assistance, under a contract for insurance, or by self-insurance. This certification will be verified through sample monitoring visits and review of documentation. Self-insurance is a formal plan, pursuant to law or regulation, in which amounts are set aside in a fund to cover the losses of specified types and amounts, typically by a commercial insurance company. If, during the award, a claim is paid that provides duplication of benefits by FEMA, insurance, or self-insurance, the grantee will be required to return the funds to OCS.

Approval of waivers for renovation, repair, or rebuilding of properties may be contingent upon additional information or regular implementation updates and may be subject to additional on-site monitoring and review. Recipients who may be involved in awards for construction or renovation, or awards addressing physical or infrastructure damage, must adhere to environmental guidelines, floodplain, and all other relevant requirements dictated by federal, state, and local authorities.

As a reminder, states, territories, and tribes can only use CSBG Disaster Relief Supplemental Funds for community recovery costs directly related to the consequences of Hurricanes Florence and Michael, Typhoon Mangkhut, Super Typhoon Yutu, and wildfires and earthquakes occurring in calendar year 2018, and tornadoes and floods occurring in calendar year 2019, in those areas for which a Presidential disaster has been declared. CSBG Disaster Supplemental Funds used to cover costs incurred prior to the award date will be subject to federal review of documentation to verify the expenses are directly related to the listed presidentially declared disasters response or recovery and have been provided to eligible populations.

NOTICE OF FEDERAL INTEREST

If a state, territory, or tribe receives a waiver to undertake renovations, repairs, or rebuilding to a property, there may be federal interest. States, territories, and tribes that undertake renovations, repairs, or rebuilding to a property that exceed the lesser of \$200,000 or 25 percent must file a Notice of Federal Interest (NFI) in the appropriate property records for the jurisdiction in which the property is located. Renovation, repair, or rebuilding costs that fall below this threshold are not covered by the requirement. If supplemental funds are used for

real property, the recipient will need to comply with ACF Real Property Status reporting (the SF-429).

REPORTING REQUIREMENTS

As outlined in Section 678E(a)(2) of the CSBG Act (42 U.S.C. 9917(a)(2)) (Accountability and Reporting Requirements), states, territories, tribes and eligible entities must submit a separate CSBG Annual Report detailing performance. This provides an accounting for the expenditure of funds received through CSBG, including an accounting of administrative costs by the state, territory, tribe, and the eligible entities, and funds spent by the eligible entities on the direct delivery of local services. The format for this report will be the same as the format for the regular CSBG Annual Report, but OCS will provide separate instructions on how to complete the report for the disaster supplemental.

ACF will monitor state plans and implementation to ensure compliance with all requirements of the CSBG Act, Additional Supplemental Appropriations for Disaster Relief Act, 2019, and additional federal guidance through Information Memoranda, award documents, and applicable Federal Regulations and Executive Orders.

In addition to the expenditure report outlined in Section 678E(a)(2) of the CSBG Act (42 U.S.C. 9917(a)(2)), states, territories, and tribes must submit an annual SF-425 Federal Financial Report.

All grantees will be required to submit a final report outlining accomplishments and lessons learned.

OBLIGATING AND EXPENDING FUNDS

States, territories, and tribes must expend all obligated funds within the fiscal year the funds were awarded or within the subsequent fiscal year. States, territories, and tribes that have not been able to commit funds by the end of a fiscal year will have total planning amounts adjusted downward. Additionally, states, territories, and tribes that have documented successful service delivery, expenditure of prior awards, and ongoing need will receive remaining amounts.

States, territories, and tribes will be notified as the deadline to obligate and expend funds approaches through monitoring calls and letters issued to the states, territories, and tribes.

States, territories, and tribes have 90 days from the end of the grant period to pay for expenditures incurred through September 30, 2021.

Unobligated or unexpended CSBG Supplemental Funds must be reported on the Federal Financial Status Report form, SF-425. In addition to the SF-425, states, territories, and tribes must return the remaining balance of these funds to the ACF Division of Payment Management.

MONITORING

States, territories, and tribes must conduct financial and compliance audits of block grant funds annually in accordance with Section 678B(a) of the CSBG Act (42 U.S.C. 9914(a)).

OCS will conduct onsite monitoring of all states and territories that receive awards in excess of \$500,000. In addition, OCS will conduct a desk review and selected onsite monitoring of smaller grantees based on a risk assessment and prioritization process. OCS will conduct quarterly progress reviews with states focusing on the status of program implementation, expenditures, and implementation.

OCS may issue additional guidance via information memoranda or direct correspondence with states, territories, and tribes regarding additional monitoring requirements, data collection and validation, and financial review and analysis designed to ensure that funds are used for the intended purpose and to mitigate against waste, fraud, and abuse.

OCS and its contractors plan to conduct monitoring and compliance visits for initial review of activities as early as January 2020, and periodically over the full period of project implementation.

STATE CHECKLIST FOR OBTAINING FUNDS

- States, territories, and tribes assess needs for individuals and families in communities directly affected by Hurricanes Florence and Michael, Typhoon Mangkhut, Super Typhoon Yutu, and wildfires and earthquakes occurring in calendar year 2018, and tornadoes and floods occurring in calendar year 2019, in those areas for which a Presidential disaster has been declared.
- States, territories, and tribes submit an application to OCS with a detailed assessment of needs directly related to the Presidentially-declared disaster(s) and a description of an allocation plan for eligible entities based on identified needs, including waiver request if funds are to be expended for the purchase, construction, or improvement of real property.
- States, territories, and tribes submit budget justifications for each eligible entity to justify need for Stage 2 funds.
- States, territories, and tribes submit justification of ongoing needs and a budget justification for additional expenditures for Stage 3 funds.

INFORMATIONAL WEBINARS AND/OR CONSULTATIONS

The OCS will announce dates for informational conference calls/webinar(s) regarding the allowable uses of funds under the CSBG Act and the supplemental appropriation, including waiver processes for any services or activities not allowed under the regular provisions of the CSBG Act. OCS will provide technical assistance and help states, territories, and tribes identify

uses for CSBG to provide a comprehensive array of services to support individuals and families as they recover from the disaster. The conference calls will provide opportunities to discuss allowable uses for critical issues in the aftermath of disasters.

ADDITIONAL INFORMATION

Funds

Questions pertaining to the return of CSBG Supplemental Funds to the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services should be directed to:

Payment Division

Questions regarding the fiscal reporting on the CSBG Disaster Supplemental Funds and the SF-425 should be directed to:

Diane Bragdon

ACF Grants Management Officer

Phone: 202-401-0933

Email: Diane.Bragdon@acf.hhs.gov

Program questions regarding CSBG Disaster Supplemental Funds should be directed to:

Seth Hassett

Senior Advisor, Office of Community Services

Phone: 202-401-2333

Email: Seth.Hassett@acf.hhs.gov

Thank you for your attention and OCS looks forward to continuing to provide high quality services to OCS grantees.

/s/

Clarence H. Carter

Acting Director

Office of Community Services

/s/

J. Janelle George

Acting Deputy Director

Office of Community Services