

115TH CONGRESS
2D SESSION

H. R. 5365

To amend the Community Services Block Grant Act to reauthorize and modernize the Act.

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 2018

Mr. THOMPSON of Pennsylvania (for himself, Ms. MCCOLLUM, and Mr. STIVERS) introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To amend the Community Services Block Grant Act to reauthorize and modernize the Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Community Services
5 Block Grant Reauthorization Act of 2018”.

6 **SEC. 2. REAUTHORIZATION.**

7 The Community Services Block Grant Act (42 U.S.C.
8 9901 et seq.) is amended to read as follows:

1 **“Subtitle B—Community Services**
2 **Block Grant Program**

3 **“SEC. 671. SHORT TITLE.**

4 “This subtitle may be cited as the ‘Community Serv-
5 ices Block Grant Act’.

6 **“SEC. 672. PURPOSES.**

7 “The purposes of this subtitle are—

8 “(1) to reduce poverty in the United States by
9 supporting the activities of community action agen-
10 cies that improve the economic security of low-in-
11 come individuals and families and create new eco-
12 nomic opportunities in the communities where they
13 live; and

14 “(2) to accomplish the objectives described in
15 paragraph (1) by—

16 “(A) strengthening community capabilities
17 for identifying poverty conditions and opportu-
18 nities to alleviate such conditions;

19 “(B) empowering low-income individuals
20 and families to respond to the unique problems
21 and needs within their communities through
22 their maximum feasible participation in advis-
23 ing and assessing eligible entities and in design-
24 ing the programs, projects, and services funded
25 under this subtitle;

1 “(C) using innovative community-based ap-
2 proaches that produce a measurable impact on
3 the causes and effects of poverty, including two-
4 generation approaches that create opportunities
5 for, and address the needs of, parents and chil-
6 dren together;

7 “(D) coordinating Federal, State, local,
8 and other assistance, including private re-
9 sources, related to the reduction of poverty so
10 that resources can be used in a manner respon-
11 sive to local needs and conditions; and

12 “(E) broadening the resources directed to
13 the elimination of poverty, so as to promote
14 partnerships that include—

15 “(i) private, religious, charitable, and
16 neighborhood-based organizations;

17 “(ii) individuals, businesses, labor or-
18 ganizations, professional organizations,
19 and other organizations engaged in ex-
20 panding opportunities for all individuals;
21 and

22 “(iii) local government leaders.

23 **“SEC. 673. DEFINITIONS.**

24 “In this subtitle:

1 “(1) COMMUNITY ACTION AGENCY.—The term
2 ‘community action agency’ means an eligible entity
3 (which meets the requirements of paragraph (1) or
4 (2), as appropriate, of section 680(c)) that is a pub-
5 lic charity and that delivers multiple programs,
6 projects, or services to a variety of low-income indi-
7 viduals and families.

8 “(2) COMMUNITY ACTION PROGRAM PLAN.—
9 The term ‘community action program plan’ means a
10 detailed plan, including a budget, that is adopted by
11 an eligible entity, for expenditures of funds appro-
12 priated for a fiscal year under this subtitle for the
13 activities supported directly or indirectly by such
14 funds.

15 “(3) COMMUNITY ACTION STRATEGIC PLAN.—
16 The term ‘community action strategic plan’ means a
17 plan that is adopted as the policy of an eligible enti-
18 ty and that—

19 “(A) establishes goals for a period of not
20 more than 5 years that are based on meeting
21 needs identified by the entity in consultation
22 with the residents of the community through a
23 process of comprehensive community needs as-
24 sessment;

1 “(B) provides detail on how all activities of
2 an eligible entity under this subtitle will con-
3 tribute to meeting such goals; and

4 “(C) specifies how such activities will be
5 managed, funded, and measured by the per-
6 formance measurement system of such entity.

7 “(4) COMMUNITY SERVICES NETWORK ORGANI-
8 ZATION.—The term ‘community services network or-
9 ganization’ means any of the following organizations
10 funded under this subtitle:

11 “(A) A grantee.

12 “(B) An eligible entity.

13 “(C) An association of grantees or eligible
14 entities.

15 “(D) An association—

16 “(i) with a membership composed of
17 grantees, eligible entities, or associations of
18 grantees or eligible entities; and

19 “(ii) that is governed by a board of di-
20 rectors composed so that $\frac{3}{4}$ of the direc-
21 tors are employees or designees of such
22 grantees, such eligible entities, or such as-
23 sociations.

1 “(5) DEPARTMENT.—The term ‘Department’
2 means the Department of Health and Human Serv-
3 ices.

4 “(6) ELIGIBLE ENTITY.—The term ‘eligible en-
5 tity’ means an entity—

6 “(A) that is an eligible entity described in
7 section 673(1) (as in effect on the day before
8 the date of enactment of the Community Serv-
9 ices Block Grant Reauthorization Act of 2018)
10 as of the day before such date of enactment, or
11 has been designated by the process described in
12 section 680(a) (including an organization serv-
13 ing migrant or seasonal farmworkers that is so
14 described or designated); and

15 “(B) that has a tripartite board or other
16 mechanism described in paragraph (1) or (2),
17 as appropriate, of section 680(c).

18 “(7) GRANTEE.—The term ‘grantee’ means a
19 recipient of a grant under section 675 or 676 of this
20 subtitle or the recipient of a grant under section
21 675A or 675B of this subtitle (as in effect on the
22 day before the date of enactment of the Community
23 Services Block Grant Reauthorization Act of 2018).

24 “(8) PERFORMANCE BENCHMARK.—The term
25 ‘performance benchmark’ means a measurable objec-

1 tive for the operations and activities set out in a
2 community action program plan or a State plan
3 under this subtitle.

4 “(9) PERFORMANCE MEASUREMENT SYSTEM.—
5 The term ‘performance measurement system’ means
6 a management information system that—

7 “(A) collects and reports information about
8 the outcomes of activities and investments fund-
9 ed in whole or in part with funds appropriated
10 under this subtitle, including annual perform-
11 ance benchmarks;

12 “(B) compares the actual outcomes with
13 the intended outcomes; and

14 “(C) is used as a basis for management
15 decisions regarding future use of resources pro-
16 vided under this subtitle.

17 “(10) POVERTY LINE.—

18 “(A) IN GENERAL.—The term ‘poverty
19 line’ means the official poverty line defined by
20 the Office of Management and Budget, based
21 on the most recent data available from the Bu-
22 reau of the Census, subject to subparagraphs
23 (C) and (D). The Secretary shall revise the pov-
24 erty line annually (or at any shorter interval
25 the Secretary determines to be feasible and de-

1 sirable). The required revision shall be accom-
2 plished by multiplying the official poverty line
3 by the percentage change in the Consumer
4 Price Index for All Urban Consumers during
5 the annual or other interval immediately pre-
6 ceding the time at which the revision is made.

7 “(B) COMMUNITY SERVICES BLOCK GRANT
8 ELIGIBILITY CRITERION.—Subject to subpara-
9 graphs (C), (D), and (E), the poverty line, as
10 defined in subparagraph (A), shall be used as
11 a criterion of eligibility for services or assist-
12 ance provided to individuals or families through
13 the community services block grant program es-
14 tablished under this subtitle.

15 “(C) STATE REVISION OF POVERTY
16 LINE.—Whenever a State determines that it
17 serves the objectives of the block grant program
18 established under this subtitle, the State may
19 revise the poverty line not to exceed 125 per-
20 cent of the official poverty line otherwise appli-
21 cable under subparagraph (A).

22 “(D) WAIVERS FOR STATE USE OF HIGHER
23 ELIGIBILITY LEVEL.—Whenever a community
24 action program plan provides that a program,
25 project, or service funded under this subtitle re-

1 quires use of a higher eligibility standard than
2 the standard otherwise applicable under this
3 paragraph for the purpose of ensuring coordina-
4 tion of activities carried out under this subtitle
5 with other programs or activities of eligible en-
6 tities, the State shall, as part of the application
7 described in section 678, apply such standard
8 with respect to that program, project, or service
9 and provide documentation regarding the ben-
10 efit of and need for such adjustment.

11 “(E) PROCEDURES FOR CONTINUED ELIGI-
12 BILITY.—A State may establish procedures to
13 ensure that a participant in a program, project,
14 or service funded under this subtitle remains el-
15 igible to participate as long as the participant
16 is successfully progressing towards achievement
17 of the goals of the program, project, or service,
18 regardless of any income eligibility criteria used
19 to determine the participant’s initial eligibility.

20 “(11) PRIVATE, NONPROFIT ORGANIZATION.—
21 The term ‘private, nonprofit organization’ includes a
22 religious organization.

23 “(12) PUBLIC CHARITY.—The term ‘public
24 charity’ means a domestic organization that is—

1 “(A) described in section 501(c)(3) of the
2 Internal Revenue Code of 1986 and exempt
3 from taxation under section 501(a) of such
4 Code; and

5 “(B) described in paragraph (1) or (2) of
6 section 509(a) of the Internal Revenue Code of
7 1986.

8 “(13) SECRETARY.—The term ‘Secretary’
9 means the Secretary of Health and Human Services.

10 “(14) SERVICE AREA.—The term ‘service area’
11 means the unique geographic area which the State
12 has designated as the area to be served by an eligi-
13 ble entity with funding under section 679(a)(1)(B).

14 “(15) STATE.—The term ‘State’ means any of
15 the several States, the District of Columbia, the
16 Commonwealth of Puerto Rico, Guam, the United
17 States Virgin Islands, American Samoa, or the Com-
18 monwealth of the Northern Mariana Islands.

19 **“SEC. 674. ESTABLISHMENT OF COMMUNITY SERVICES**
20 **BLOCK GRANT PROGRAM.**

21 “(a) ESTABLISHMENT OF PROGRAM.—The Secretary
22 is authorized to establish a community services block
23 grant program and to make grants through the program,
24 under sections 675 and 676, to States to support local
25 community action program plans carried out by eligible

1 entities to reduce poverty in the communities served by
2 such entities.

3 “(b) AUTHORITY OF SECRETARY.—The Secretary is
4 authorized to carry out other community programs de-
5 scribed in section 691.

6 “(c) UNIFORM ADMINISTRATIVE REQUIREMENTS,
7 COST PRINCIPLES, AND AUDIT REQUIREMENTS.—Not-
8 withstanding any other provision of the Omnibus Budget
9 Reconciliation Act of 1981 (Public Law 97–35) or of sec-
10 tion 75.101(d)(1), part 75 of title 45, Code of Federal
11 Regulations, funds authorized to be appropriated under
12 this subtitle shall be subject to all subparts of the uniform
13 administrative requirements, cost principles, and audit re-
14 quirements for Federal awards as adopted in regulations
15 promulgated by the Secretary to implement the Uniform
16 Administrative Requirements, Cost Principles, and Audit
17 Requirements under part 200 of title 2, Code of Federal
18 Regulations, or any corresponding similar regulation (in-
19 cluding part 75 of title 45, Code of Federal Regulations,
20 or any corresponding similar regulation), as well as all
21 other Federal laws and regulations related to intergovern-
22 mental financial transactions and to administration of fed-
23 erally funded grants and cooperative agreements between
24 States and nonprofit organizations, or local governments,
25 as applicable.

1 **“SEC. 675. GRANTS TO TERRITORIES.**

2 “(a) APPORTIONMENT.—The Secretary shall appor-
3 tion the amount reserved under section 692(c)(1) for each
4 fiscal year on the basis of need to eligible jurisdictions,
5 among Guam, American Samoa, the United States Virgin
6 Islands, and the Commonwealth of the Northern Mariana
7 Islands.

8 “(b) GRANTS.—The Secretary shall make a grant to
9 each eligible jurisdiction to which subsection (a) applies
10 for the amount apportioned under subsection (a).

11 **“SEC. 676. ALLOTMENTS AND GRANTS TO STATES.**

12 “(a) ALLOTMENTS IN GENERAL.—From the amount
13 appropriated under section 692(a) for each fiscal year and
14 remaining after the Secretary makes the reservations re-
15 quired by section 692(c), the Secretary shall allot to each
16 eligible State, subject to section 677, an amount that
17 bears the same ratio to such remaining amount as the
18 amount received by the State for fiscal year 1981 under
19 section 221 of the Economic Opportunity Act of 1964 bore
20 to the total amount received by all States for fiscal year
21 1981 under such section, except as provided in subsection
22 (b).

23 “(b) MINIMUM ALLOTMENTS.—

24 “(1) IN GENERAL.—The Secretary shall allot to
25 each State not less than $\frac{1}{2}$ of 1 percent of the
26 amount appropriated under section 692(a) for such

1 fiscal year and remaining after the Secretary makes
2 the reservations required by section 692(c).

3 “(2) YEARS WITH GREATER AVAILABLE
4 FUNDS.—Notwithstanding paragraph (1), if the
5 amount appropriated under section 692(a) for a fis-
6 cal year and remaining after the Secretary makes
7 the reservations required by section 692(c) exceeds
8 \$850,000,000, no State shall receive under this sec-
9 tion less than $\frac{3}{4}$ of 1 percent of the remaining
10 amount.

11 “(c) GRANTS AND PAYMENTS.—Subject to section
12 677, the Secretary shall make grants to eligible States for
13 the allotments described in subsections (a) and (b). The
14 Secretary shall make payments for the grants in accord-
15 ance with section 6503(a) of title 31, United States Code.
16 The Secretary shall allocate the amounts allotted under
17 subsections (a) and (b) quarterly, notify the States of their
18 respective allocations and make each State’s quarterly al-
19 location amount available for expenditure by the State no
20 later than 30 days after the start of the fiscal quarter for
21 which the Secretary is allocating the funds.

22 “(d) DEFINITION.—In this section, the term ‘State’
23 does not include Guam, American Samoa, the United
24 States Virgin Islands, and the Commonwealth of the
25 Northern Mariana Islands.

1 **“SEC. 677. PAYMENTS TO INDIAN TRIBES.**

2 “(a) DEFINITIONS.—In this section:

3 “(1) INDIAN.—The term ‘Indian’ means a
4 member of an Indian tribe or tribal organization.

5 “(2) INDIAN TRIBE OR TRIBAL ORGANIZA-
6 TION.—The term ‘Indian tribe or tribal organiza-
7 tion’ means a tribe, band, or other organized group
8 recognized in the State in which the tribe, band, or
9 group resides, or considered by the Secretary of the
10 Interior, to be an Indian tribe or an Indian organi-
11 zation for any purpose.

12 “(b) RESERVATION.—

13 “(1) APPLICATION.—Paragraph (2) shall apply
14 only if, with respect to any State, the Secretary—

15 “(A) receives a request from the governing
16 body of an Indian tribe or tribal organization
17 within such State that assistance under this
18 subtitle be made available directly to such tribe
19 or organization; and

20 “(B) determines that the members of such
21 Indian tribe or tribal organization would be bet-
22 ter served by means of grants made directly to
23 such tribe or organization to provide benefits
24 under this subtitle.

25 “(2) AMOUNT.—The Secretary shall reserve
26 from amounts allotted to a State under section 676

1 for a fiscal year, not less than the amount that bears
2 the same ratio to the State allotment for the fiscal
3 year as the population of all eligible Indians for
4 whom a determination has been made under para-
5 graph (1)(B) bears to the population of all individ-
6 uals eligible for assistance through a grant made
7 under section 676 to such State.

8 “(c) AWARDS.—The amount reserved by the Sec-
9 retary on the basis of a determination made under sub-
10 section (b)(1)(B) shall be made available by grant to the
11 Indian tribe or tribal organization serving the Indians for
12 whom the determination has been made under subsection
13 (b)(1)(B).

14 “(d) PLAN.—In order for an Indian tribe or tribal
15 organization to be eligible for a grant award for a fiscal
16 year under this section, the tribe or organization shall sub-
17 mit to the Secretary a plan for such fiscal year that meets
18 such criteria as the Secretary may prescribe by regulation.

19 “(e) ALTERNATIVE PERFORMANCE MEASUREMENT
20 SYSTEM.—The Secretary may implement alternative re-
21 quirements for tribal implementation of the requirements
22 of section 678(c).

1 **“SEC. 678. STATE PLANS AND APPLICATIONS; COMMUNITY**
2 **ACTION PROGRAM PLANS AND APPLICA-**
3 **TIONS.**

4 “(a) STATE LEAD AGENCY.—

5 “(1) DESIGNATION.—The chief executive officer
6 of a State desiring to receive a grant under section
7 675 or 676 shall designate, in an application sub-
8 mitted to the Secretary under subsection (b), an ap-
9 propriate State agency that agrees to comply with
10 the requirements of paragraph (2), to act as a lead
11 agency for purposes of carrying out State activities
12 under this subtitle.

13 “(2) DUTIES OF STATE LEAD AGENCIES.—The
14 State lead agency—

15 “(A) shall be authorized by the chief execu-
16 tive officer to convene State agencies and co-
17 ordinate information and activities funded
18 under this subtitle;

19 “(B) shall develop the State plan to be
20 submitted to the Secretary under subsection
21 (b), which shall be based primarily on the com-
22 munity action program plans of eligible entities,
23 submitted to the State as a condition of receiv-
24 ing funding under this subtitle for approval by
25 the State;

26 “(C) shall assist eligible entities—

1 “(i) in conducting periodic comprehen-
2 sive community needs assessments, not less
3 often than every 3 years;

4 “(ii) in developing community action
5 program plans; and

6 “(iii) in developing community action
7 strategic plans;

8 “(D) in conjunction with the development
9 or revision of the State plan as required under
10 subsection (b)—

11 “(i) shall hold at least one hearing in
12 the State on the proposed plan or proposed
13 revised plan, to provide to the public an
14 opportunity to comment on the public
15 record on the proposed use and distribu-
16 tion of funds under the plan; and

17 “(ii) not less than 15 days prior to
18 the hearing, shall distribute notice of the
19 hearing and a copy of the proposed plan or
20 plan revision statewide to the public and
21 directly to the chief executive officer and
22 the chairperson of the board of each of the
23 eligible entities (or designees) and other
24 community services network organizations;
25 and

1 “(E) not less often than every 3 years, in
2 conjunction with the development of the State
3 plan, shall hold at least 1 legislative hearing.

4 “(b) STATE APPLICATION FOR STATE PROGRAM AND
5 STATE PLAN.—Beginning with the first fiscal year fol-
6 lowing the transition period described in section 3 of the
7 Community Services Block Grant Reauthorization Act of
8 2018, to be eligible to receive a grant under section 675
9 or 676, a State shall prepare and submit to the Secretary
10 an application containing a State plan covering a period
11 of not more than 2 fiscal years. The application shall be
12 submitted not later than 30 days prior to the beginning
13 of the first fiscal year covered by the plan, and shall con-
14 tain such information as the Secretary shall require, in-
15 cluding—

16 “(1) a description of the manner in which funds
17 made available through the grant under section 675
18 or 676 will be used to carry out the State activities
19 described in section 679(b) and the State’s commu-
20 nity action program plans;

21 “(2) a summary of the community action pro-
22 gram plans of the eligible entities serving the State;

23 “(3) a description of the performance measure-
24 ment system in which the State and eligible entities
25 participate under section 686(a)(1)(A);

1 “(4) a plan for the State’s oversight of eligible
2 entities;

3 “(5) an assurance that no eligible entity in the
4 State that received, in the previous fiscal year, fund-
5 ing through a grant made under section 675 or 676
6 will have such funding withheld, nor reduced below
7 the proportional share of funding the entity received
8 from the State in the previous fiscal year, nor elimi-
9 nated, nor its designation as an eligible entity termi-
10 nated, unless, after providing the affected entity (or
11 entities, as applicable) with notice and an oppor-
12 tunity for a hearing on the record, the State deter-
13 mines that cause exists for such withholding, reduc-
14 tion or elimination of funding or for termination of
15 designation, subject to review by the Secretary as
16 provided in subsection (c) of section 684—

17 “(A) for purposes of this subsection, the
18 term “cause” means:

19 “(i) the failure of an eligible entity to
20 comply with the terms of a corrective ac-
21 tion plan relating to correction of a serious
22 deficiency as described in subsection
23 684(b); or

24 “(ii) a statewide proportional distribu-
25 tion of funds provided through a commu-

1 nity services block grant under this subtitle
2 to respond to—

3 “(I) the results of the most re-
4 cently available census or other appro-
5 priate demographic data;

6 “(II) severe economic dislocation;
7 or

8 “(III) the designation of an eligi-
9 ble entity to serve a geographic area
10 that has been unserved for at least
11 the previous 5 years; and

12 “(B) in the case of failure of an eligible
13 entity to comply with the terms of a corrective
14 action plan relating to correction of a serious
15 deficiency, a State shall not withhold, reduce, or
16 eliminate funding or terminate the eligible enti-
17 ty’s designation, except according to the proce-
18 dures set forth in subsections (b) and (c) of sec-
19 tion 684.

20 “(6) an assurance that each eligible entity serv-
21 ing the State has established procedures that permit
22 a low-income individual, or a community organiza-
23 tion or religious organization, that considers low-in-
24 come individuals or the organization, respectively, to
25 be inadequately represented on the board of the eli-

1 gible entity, to petition for adequate representation
2 of such individuals or organization, respectively, on
3 the board;

4 “(7) a description of the State’s requirements,
5 and financial or other support, for each community
6 action program plan and community action strategic
7 plan of an eligible entity in the State and for the
8 comprehensive community needs assessment de-
9 scribed in subsection (a)(2)(C)(i) on which the com-
10 munity action program plans are based, which as-
11 sessment may be coordinated with community needs
12 assessments conducted for programs other than the
13 program carried out under this subtitle; and

14 “(8) a description of how the State will meas-
15 ure State and eligible entity performance in achiev-
16 ing the goals of the State plan and the community
17 action program plans, respectively.

18 “(c) STATE PERFORMANCE REQUIREMENTS AND
19 BENCHMARKS.—

20 “(1) PERFORMANCE REQUIREMENTS.—Con-
21 sistent with the requirements of section 686, fol-
22 lowing the transition period described in section 3 of
23 the Community Services Block Grant Reauthoriza-
24 tion Act of 2018, in order to be eligible for a grant
25 under section 675 or 676, each State shall adopt

1 performance requirements and the performance
2 benchmarks described in paragraph (2), to be in-
3 cluded as part of the performance measurement sys-
4 tem described in section 686.

5 “(2) ANNUAL STATE PERFORMANCE BENCH-
6 MARKS.—Each State shall include in the State plan
7 submitted under subsection (b), for each fiscal year
8 after that transition period—

9 “(A) performance measurements for lead
10 agency management quality;

11 “(B) the State annual performance bench-
12 marks regarding programmatic activities de-
13 scribed in section 679(b); and

14 “(C) other performance measures, which
15 shall include—

16 “(i) indicators of timely distribution
17 and effective management of Federal funds
18 by the State lead agency and of the com-
19 pliance with the requirements for State
20 personnel and for management of activities
21 funded under this subtitle (other than this
22 subsection); and

23 “(ii) indicators concerning the results
24 of activities carried out by the State under
25 this subtitle.

1 “(d) PUBLIC INSPECTION.—Each plan and revision
2 to a State plan prepared under this section shall be dis-
3 tributed for public inspection and comment. A hearing on
4 such plan or revision shall be held as required under sub-
5 paragraphs (D) and (E) of subsection (a)(2), but a State
6 application for merger, combination, or privatization of
7 funds under section 680(b) shall not be considered a revi-
8 sion.

9 “(e) APPLICATION FOR COMMUNITY ACTION PRO-
10 GRAM AND COMMUNITY ACTION PROGRAM PLAN.—Begin-
11 ning with the first fiscal year following the transition pe-
12 riod described in section 3 of the Community Services
13 Block Grant Reauthorization Act of 2018, to be eligible
14 to receive a subgrant under section 679(a), each eligible
15 entity shall prepare and submit to the State for approval
16 an application containing a community action program
17 plan or plans covering a period of not more than 2 fiscal
18 years. Such application shall be submitted no later than
19 90 days before the date for submission of the State appli-
20 cation to the Secretary. The application shall contain in-
21 formation on the intended implementation of the eligible
22 entity’s activities, including demonstrating how the pro-
23 gram—

24 “(1) meets needs identified in the most recent
25 comprehensive community needs assessment, and is

1 consistent with the entity’s community action stra-
2 tegic plan for that period; and

3 “(2) achieves the purposes of this subtitle
4 through programs, projects, and services, which may
5 include the activities described in section 682.

6 “(f) ELIGIBLE ENTITY PERFORMANCE REQUIRE-
7 MENTS AND BENCHMARKS.—Not later than the end of the
8 transition period described in section 3 of the Community
9 Services Block Grant Reauthorization Act of 2018, each
10 eligible entity participating in a program funded under
11 this subtitle shall—

12 “(1) adopt performance benchmarks that in-
13 clude—

14 “(A) indicators concerning attainment of
15 the goals of the entity’s annual community ac-
16 tion program plans; and

17 “(B) indicators of timely and effective
18 management of Federal and other funds; and

19 “(2) participate in a statewide performance
20 measurement system under section 686.

21 **“SEC. 679. STATE AND LOCAL USES OF FUNDS.**

22 “(a) STATE SUBGRANTS TO ELIGIBLE ENTITIES AND
23 OTHER ORGANIZATIONS.—

24 “(1) IN GENERAL.—A State that receives a
25 grant under section 675 or 676 shall—

1 “(A) reserve 2 percent of the funds made
2 available through the grant for the Community
3 Action Innovations Program described in sub-
4 section (b)(1)(C)(i); and

5 “(B) of the remainder, use not less than
6 90 percent to make subgrants to eligible enti-
7 ties to enable the entities to implement pro-
8 grams, projects, or services for a purpose de-
9 scribed in section 672.

10 “(2) OBLIGATIONAL REQUIREMENTS.—

11 “(A) DATE OF OBLIGATION.—The State
12 shall obligate the funds for subgrants described
13 in paragraph (1)(B) not later than the later
14 of—

15 “(i) the 30th day after the date on
16 which the State receives from the Sec-
17 retary a notice of funding availability for
18 the State’s application under section 678;
19 or

20 “(ii) the first day of the State pro-
21 gram year for which such funds are to be
22 expended under the State application.

23 “(B) AVAILABILITY.—The State shall
24 make available to eligible entities for expendi-
25 ture the funds for subgrants described in para-

1 graph (1)(B) not later than 10 days after re-
2 ceiving notice from the Secretary of the State’s
3 quarterly allocation under section 676(e).
4 Funds allocated to eligible entities through sub-
5 grants made under paragraph (1)(B) for a fis-
6 cal year shall be available for obligation by the
7 eligible entity during that fiscal year and the
8 succeeding fiscal year.

9 “(b) STATEWIDE ACTIVITIES.—

10 “(1) USE OF REMAINDER.—

11 “(A) IN GENERAL.—A State that receives
12 a grant under section 675 or 676 shall, after
13 carrying out subsection (a), use the remainder
14 of the grant funds for activities described in the
15 State’s application under section 678(b) as de-
16 scribed in subparagraphs (B) and (C) and for
17 administrative expenses subject to the limita-
18 tions in paragraph (2).

19 “(B) TRAINING AND TECHNICAL ASSIST-
20 ANCE.—After applying subsection (a) and sub-
21 paragraph (C), the State may use the remain-
22 ing grant funds for the purposes of providing to
23 eligible entities training and technical assistance
24 and resources.

1 “(C) INNOVATIVE PROJECTS TO REDUCE
2 POVERTY.—

3 “(i) IN GENERAL.—The State shall
4 use amounts reserved under section
5 679(a)(1)(A) for a Community Action In-
6 novations Program to award subgrants,
7 contracts, or cooperative agreements to eli-
8 gible entities, or their associations, to—

9 “(I) carry out innovative projects
10 to test or replicate promising new
11 practices designed to reduce poverty
12 conditions, including two-generation
13 approaches that create opportunities
14 for, and address the needs of, parents
15 and children together; and

16 “(II) disseminate the results of
17 such projects for public use.

18 “(ii) EXPENSES.—The funds reserved
19 for projects under this subparagraph may
20 be used for reasonable expenses, of States
21 and subgrantees, associated with adminis-
22 tration of such projects and dissemination
23 of their results.

24 “(iii) AWARDS AND OBLIGATION.—A
25 State shall award and obligate funds re-

1 served for projects under this subpara-
2 graph during the first program year for
3 which the funds are appropriated. Funds
4 provided under this subparagraph shall re-
5 main available until expended.

6 “(iv) MATCHING REQUIREMENTS.—In
7 the case of innovative projects that are
8 funded in part by funds authorized under
9 a Federal law (other than this subtitle),
10 that includes requirements for matching
11 the Federal funds with non-Federal funds,
12 funds made available under this subpara-
13 graph may be deemed to be non-Federal
14 funds for purposes of the requirements of
15 such law.

16 “(v) REAL PROPERTY.—Land or fa-
17 cilities improved through a project receiv-
18 ing an award under this subparagraph, for
19 which the amount of the award is less than
20 50 percent of the total project cost, shall
21 not be subject to the provisions of section
22 687(a).

23 “(vi) ELIGIBILITY.—Activities funded
24 under this subparagraph may include par-

1 participants with incomes not exceeding 80
2 percent of the area median income.

3 “(2) ADMINISTRATIVE CAP.—

4 “(A) LIMITATION.—Of the amounts re-
5 maining after the reservation for the State
6 Community Action Innovation Program under
7 subsection (a)(1)(A) and the required funding
8 for subgrants described under subsection
9 (a)(1)(B), a State shall not spend more than 5
10 percent of such remainder for administrative
11 expenses.

12 “(B) DEFINITION.—In this paragraph, the
13 term ‘administrative expenses’—

14 “(i) means the costs incurred by the
15 State’s lead agency for carrying out plan-
16 ning and management activities, including
17 monitoring, oversight, and reporting as re-
18 quired by this Act; and

19 “(ii) does not include the cost of ac-
20 tivities conducted under paragraph (1)(B)
21 other than monitoring.

22 “(c) ELIGIBLE ENTITY USE OF FUNDS.—An eligible
23 entity that receives a subgrant under subsection (a)(1)(B)
24 shall use the subgrant funds to carry out a community
25 action program plan that shall include—

1 “(1) programs, projects, and services that pro-
2 vide low-income individuals and families with oppor-
3 tunities—

4 “(A) to secure and retain meaningful em-
5 ployment at a family supporting wage;

6 “(B) to secure an adequate education, im-
7 prove literacy and language ability, and obtain
8 job-related skills;

9 “(C) to make better use of available in-
10 come and build assets;

11 “(D) to obtain and maintain adequate
12 housing and a healthy living environment, in-
13 cluding addressing the health care needs of indi-
14 viduals and families with services and through
15 changes in local institutions and workplaces (in-
16 cluding institutions and workplaces managed by
17 the eligible entity); or

18 “(E) to obtain emergency materials or
19 other assistance to meet immediate individual
20 or community urgent needs and prevent greater
21 or more prolonged economic instability; and

22 “(2) activities that develop and maintain—

23 “(A) partnerships for the purpose of
24 changing community, economic, and social con-

1 ditions of poverty, between the eligible entity
2 and—

3 “(i) State and local public entities
4 (such as schools, institutions of higher edu-
5 cation, housing authorities, and law en-
6 forcement agencies); and

7 “(ii) private partners, including state-
8 wide and local businesses, associations of
9 private employers, and private charitable
10 and civic organizations;

11 “(B) linkages among organizations for co-
12 ordinating initiatives, services, and investments
13 so as to avoid duplication, and maximize the ef-
14 fective use of community resources for creating
15 economic opportunity, including developing last-
16 ing social and economic assets; or

17 “(C) new investments in the community to
18 reduce the incidence of poverty, including devel-
19 oping lasting social and economic assets.

20 **“SEC. 680. ELIGIBLE ENTITIES AND TRIPARTITE BOARDS.**

21 “(a) DESIGNATION AND REDESIGNATION OF ELIGI-
22 BLE ENTITIES IN UNSERVED AREAS.—

23 “(1) IN GENERAL.—If any geographic area of a
24 State is not, or ceases to be, served by an eligible
25 entity, the lead agency may, in consultation with

1 local officials and organizations representing the
2 area, solicit one or more applications and designate
3 a new community action agency to provide pro-
4 grams, projects, or services to the area, that is—

5 “(A) a community action agency that is a
6 private, nonprofit organization and that is geo-
7 graphically located in an area within reasonable
8 proximity of, or contiguous to, the unserved
9 area that is already providing similar programs,
10 projects, or services, and that has demonstrated
11 financial capacity to manage and account for
12 Federal funds; or

13 “(B) if no community action agency de-
14 scribed in subparagraph (A) is available, a pri-
15 vate, nonprofit organization (which may include
16 an eligible entity) that is geographically located
17 in, or is in reasonable proximity to, the
18 unserved area and that is capable of providing
19 a broad range of programs, projects, or services
20 designed to achieve the purposes of this subtitle
21 as stated in section 672.

22 “(2) REQUIREMENT.—In order to serve as the
23 eligible entity for the service area, an entity de-
24 scribed in paragraph (1) shall agree to ensure that

1 the governing board of directors of the entity will
2 meet the requirements of subsection (c).

3 “(3) COMMUNITY.—A service area referred to
4 in this subsection or a portion thereof shall be treat-
5 ed as a community for purposes of this subtitle.

6 “(b) MERGER, COMBINATION, OR PRIVATIZATION OF
7 ELIGIBLE ENTITIES.—

8 “(1) IN GENERAL.—If an eligible entity receiv-
9 ing subgrant funds makes a determination described
10 in paragraph (2) and notifies the State, the State—

11 “(A) shall assist in developing a plan for
12 implementing such merger, combination, or pri-
13 vatization, including a budget for transitional
14 costs not to exceed 2 years in duration; and

15 “(B) upon approving such plans, may no-
16 tify the Secretary that the entities are in need
17 of and eligible for funds from the merger incen-
18 tive fund established under section 682(a)(2).

19 “(2) COVERED MERGER, COMBINATION, OR PRI-
20 VATIZATION.—This subsection applies when—

21 “(A) 2 or more eligible entities determine
22 that the geographic areas of a State that they
23 serve can be more effectively served under com-
24 mon control or shared management; or

1 “(B) a public organization that is an eligi-
2 ble entity determines that the area it serves can
3 be more effectively served if it becomes a pri-
4 vate, nonprofit organization that is a public
5 charity.

6 “(3) PLANS.—A State may establish require-
7 ments for merger, combination, or privatization
8 plans and for a determination that the merged, com-
9 bined, or privatized entity, or entities, will be capa-
10 ble of conducting a program consistent with the
11 comprehensive needs assessments for the areas
12 served.

13 “(c) TRIPARTITE BOARDS.—

14 “(1) PRIVATE, NONPROFIT ORGANIZATIONS.—

15 “(A) BOARD.—In order for a private, non-
16 profit organization to be considered to be an eli-
17 gible entity for purposes of section 673(6), the
18 entity shall be governed by a tripartite board of
19 directors described in subparagraph (C) that
20 fully participates in the development, planning,
21 implementation, oversight, and evaluation of the
22 program, project, or service carried out or pro-
23 vided through the subgrant made under section
24 679(a)(1)(B) and all activities of the entity.

1 “(B) SELECTION.—The members of the
2 board referred to in subparagraph (A) shall be
3 selected by the private, nonprofit organization.

4 “(C) COMPOSITION OF BOARD.—The board
5 shall be composed so as to assure that—

6 “(i) $\frac{1}{3}$ of the members of the board
7 are elected public officials holding office on
8 the date of selection, or their representa-
9 tives (but if an elected public official
10 chooses not to serve, such official may des-
11 ignate a representative to serve as the vot-
12 ing board member);

13 “(ii)(I) not fewer than $\frac{1}{3}$ of the mem-
14 bers are persons chosen in accordance with
15 democratic selection procedures adequate
16 to assure that the members referred to in
17 this clause are representative of low-income
18 individuals and families in the service area;
19 and

20 “(II) each member who is a represent-
21 ative of low-income individuals and families
22 and is also selected to represent a specific
23 geographic area under subclause (I) resides
24 in such area; and

1 “(iii) the remainder of the members
2 are representatives of business, industry,
3 labor, religious, educational, charitable, or
4 other significant private groups in the
5 community.

6 “(D) EXPERTISE.—The eligible entity
7 shall ensure that the members of the board in-
8 clude, or have direct access to, individuals with
9 expertise in financial management, accounting,
10 and law.

11 “(E) COMPLIANCE WITH TAX-EXEMPT AND
12 OTHER REQUIREMENTS.—The board of a pri-
13 vate, nonprofit organization shall ensure that
14 the board operates and conducts activities
15 under the subgrant made under section
16 679(a)(1)(B) in a manner that complies with—

17 “(i) the requirements for maintaining
18 tax-exempt status under section 501(a) of
19 the Internal Revenue Code of 1986 (26
20 U.S.C. 501(a)) regarding the governance
21 of charities under section 501(c)(3) of the
22 Internal Revenue Code of 1986 (26 U.S.C.
23 501(c)(3)); and

1 “(ii) applicable requirements of State
2 nonprofit corporation and public charities
3 law.

4 “(2) PUBLIC ORGANIZATIONS.—

5 “(A) BOARD.—In order for a local public
6 (governmental) entity to be considered to be an
7 eligible entity for purposes of section 673(6),
8 the entity shall administer a program, project,
9 or service under the supervision of a tripartite
10 board described in subparagraph (C).

11 “(B) SELECTION.—The members of the
12 board referred to in subparagraph (A) shall be
13 selected by the local public entity.

14 “(C) COMPOSITION OF BOARD.—The board
15 shall be composed so as to assure that—

16 “(i) not more than $\frac{1}{3}$ of the members
17 of the board are employees or officials, in-
18 cluding elected officials, of the unit of gov-
19 ernment in which the organization is lo-
20 cated;

21 “(ii)(I) not fewer than $\frac{1}{3}$ of the mem-
22 bers are persons chosen in accordance with
23 democratic selection procedures adequate
24 to assure that the members referred to in
25 this clause are representative of low-income

1 individuals and families in the service area;
2 and

3 “(II) each member who is a represent-
4 ative of low-income individuals and families
5 and is also selected to represent a specific
6 geographic area under subclause (I) resides
7 in such area; and

8 “(iii) the remainder of the members
9 are representatives of business, industry,
10 labor, religious, educational, charitable, or
11 other significant private groups in the
12 community.

13 “(D) EXPERTISE.—The organization shall
14 ensure that the members of the board include
15 or have direct access to individuals with exper-
16 tise in financial management, accounting, and
17 law.

18 “(E) COMPLIANCE WITH STATE REQUIRE-
19 MENTS AND POLICY.—The board of a public or-
20 ganization shall ensure that the board operates
21 in a manner that complies with State require-
22 ments for open meetings, financial trans-
23 parency, and State open records policy.

1 “(d) OPERATIONS AND DUTIES OF THE BOARD.—
2 The duties of a board described in paragraph (1) or (2)
3 of subsection (c) shall include—

4 “(1) in the case of a board for a private, non-
5 profit organization that is an eligible entity, having
6 legal and financial responsibility for administering
7 and overseeing the eligible entity, including making
8 proper use of Federal funds;

9 “(2) establishing terms for officers and adopt-
10 ing a code of ethical conduct, including a conflict of
11 interest policy for board members;

12 “(3) participating in each comprehensive com-
13 munity needs assessment, developing and adopting
14 as a policy for the corresponding eligible entity a
15 community action strategic plan, including provi-
16 sions for the use of funds under this subtitle, and
17 preparing the community action program plan for
18 the use of funds under this subtitle;

19 “(4) approving the eligible entity’s operating
20 budget;

21 “(5) reviewing all major policies of the eligible
22 entity, including conducting (for private, nonprofit
23 organizations that are eligible entities) and partici-
24 pating in (for local public entities that are eligible
25 entities) annual performance reviews of the eligible

1 entity's chief executive officer (or individual holding
2 an equivalent position);

3 “(6) conducting assessments of the eligible enti-
4 ty's progress in carrying out programmatic and fis-
5 cal provisions in the community action program
6 plan, and in taking any corrective action; and

7 “(7) adopting (for private, nonprofit organiza-
8 tions that are eligible entities) and reviewing (for
9 local public entities that are eligible entities) per-
10 sonnel policies and procedures, including policies and
11 procedures for hiring, annual evaluation, compensa-
12 tion, and termination, of the eligible entity's chief
13 executive officer (or individual holding a similar po-
14 sition).

15 **“SEC. 681. OFFICE OF COMMUNITY SERVICES.**

16 “(a) OFFICE.—

17 “(1) ESTABLISHMENT.—The Secretary shall es-
18 tablish an Office of Community Services in the De-
19 partment to carry out the functions of this subtitle.

20 “(2) DIRECTOR.—The Office shall be headed by
21 a Director (referred to in this section as the ‘Direc-
22 tor’).

23 “(b) GRANTS, CONTRACTS, AND COOPERATIVE
24 AGREEMENTS.—The Secretary, acting through the Direc-

1 tor, shall carry out the functions of this subtitle through
2 grants, contracts, or cooperative agreements.

3 “(c) FEDERAL PERFORMANCE BENCHMARKS.—The
4 Secretary shall, prior to the beginning of each fiscal year,
5 publish Federal performance benchmarks for the Office of
6 Community Services for such year, which shall include tar-
7 gets for—

8 “(1) the timeliness of—

9 “(A) apportionments and allotments of ap-
10 propriated funds to States; and

11 “(B) the use of funds appropriated under
12 section 691(b); and

13 “(2) the implementation of the requirements of
14 the uniform administrative requirements, cost prin-
15 ciples, and audit requirements described in section
16 674(c) with respect to funds appropriated and activi-
17 ties conducted under this subtitle by the Depart-
18 ment, the States, and other grantees.

19 **“SEC. 682. TRAINING, TECHNICAL ASSISTANCE, AND RE-**
20 **LATED ACTIVITIES.**

21 “(a) ACTIVITIES.—

22 “(1) IN GENERAL.—The Secretary shall—

23 “(A) use amounts reserved under section
24 692(c)(2)(A) for training, technical assistance,

1 planning, evaluation, and performance measure-
2 ment, to assist in—

3 “(i) development or replication of in-
4 novative initiatives;

5 “(ii) carrying out professional develop-
6 ment activities that expand the capacity of
7 eligible entities;

8 “(iii) carrying out performance meas-
9 urement, reporting, and data collection ac-
10 tivities related to programs, projects, and
11 services carried out under this subtitle; and

12 “(iv) correcting programmatic defi-
13 ciencies, including such deficiencies of eli-
14 gible entities; and

15 “(B) subject to paragraph (2), distribute
16 the amounts reserved under section
17 692(c)(2)(B) directly to States, eligible entities,
18 or other community services network organiza-
19 tions and their partners, including institutions
20 of higher education, for—

21 “(i) professional development for key
22 community services network organization
23 personnel;

24 “(ii) activities to improve community
25 services network organization program, fi-

1 nancial management, compliance and gov-
2 ernance practices (including practices re-
3 lated to performance management informa-
4 tion systems); and

5 “(iii) activities that train community
6 services network organizations and their
7 staff and board members to effectively ad-
8 dress the needs of low-income families and
9 communities through place-based strategies
10 for coordinated investment and integrated
11 service delivery.

12 “(2) SPECIAL RULE.—

13 “(A) IN GENERAL.—In distributing the re-
14 served amounts under paragraph (1)(B), the
15 Secretary shall ensure that 7.5 percent of such
16 reserved amounts remain available until the end
17 of the second quarter of the year for which
18 funds are appropriated to be used by the Sec-
19 retary to award grants to States for funds—

20 “(i) to support the one-time costs in-
21 curred by 2 or more eligible entities for
22 legal, financial, and other activities re-
23 quired to effect a merger or other combina-
24 tion of operations and/or programs that
25 achieves greater efficiency and impact for

1 the use of funds appropriated under this
2 subtitle; or

3 “(ii) for a public organization that is
4 an eligible entity to become a private, non-
5 profit organization that is a public charity.

6 “(B) AVAILABILITY AFTER SECOND QUAR-
7 TER.—Any funds not obligated for merger,
8 combination, or privatization incentives de-
9 scribed in subparagraph (A) by the end of the
10 second quarter of the fiscal year shall be avail-
11 able for other authorized purposes described in
12 this subsection.

13 “(b) LIMITATION.—None of the funds allocated
14 under subsection (a) may be used for expenses or salaries
15 of Federal employees or of Federal contractors performing
16 services that would otherwise be performed by Federal em-
17 ployees.

18 “(c) GRANTS, CONTRACTS, AND COOPERATIVE
19 AGREEMENTS.—The activities described in subsection
20 (a)(1)(A) shall be carried out annually by the Secretary
21 through grants, contracts, or cooperative agreements with
22 appropriate entities, which shall include all statewide asso-
23 ciations of eligible entities that meet the requirements for
24 receipt of Federal funds.

1 **“SEC. 683. STATE MONITORING OF ELIGIBLE ENTITIES.**

2 “In order to determine whether eligible entities re-
3 ceiving subgrants under this subtitle meet performance
4 benchmarks described in section 678(f)(1), administrative
5 standards, financial management requirements, and other
6 requirements under this subtitle, the State shall conduct
7 the following reviews of eligible entities:

8 “(1) A full onsite review of each eligible entity
9 at least once during each 3-year period.

10 “(2) An onsite review of each newly designated
11 eligible entity immediately after the completion of
12 the first year in which such entity receives funds
13 through the community services block grant program
14 under this subtitle.

15 “(3) Followup reviews, including onsite reviews
16 scheduled in a corrective action plan (including re-
17 turn visits), within a calendar quarter for eligible en-
18 tities with programs, projects, or services that fail to
19 meet the State’s performance criteria, standards, fi-
20 nancial management requirements, and other signifi-
21 cant requirements established under this subtitle.

22 “(4) Other reviews as appropriate, including re-
23 views of eligible entities with programs, projects, and
24 services that have had other Federal, State, or local
25 grants (other than assistance provided under this
26 subtitle) terminated for cause.

1 **“SEC. 684. EVALUATIONS; CORRECTIVE ACTION; WITH-**
2 **HOLDING, REDUCTION, OR ELIMINATION OF**
3 **FUNDING.**

4 “(a) EVALUATIONS OF STATES BY THE SEC-
5 RETARY.—

6 “(1) IN GENERAL.—The Secretary shall con-
7 duct, in not fewer than $\frac{1}{3}$ of the States in each fis-
8 cal year, evaluations (including investigations) of
9 State compliance with this subtitle, including re-
10 quirements relating to the use of funds received
11 under this subtitle, and especially with respect to
12 compliance with the requirements of State plans
13 submitted under section 678(b) and the uniform ad-
14 ministrative requirements, cost principles, and audit
15 requirements described in section 674(c) as applied
16 to funds received under this subtitle.

17 “(2) REPORT TO STATES.—The Secretary shall
18 submit, to each State evaluated, a report con-
19 taining—

20 “(A) the results of such evaluation; and

21 “(B)(i) recommendations for improvements
22 designed to enhance the benefit and impact of
23 the activities carried out with such funds; and

24 “(ii) in the event a serious deficiency is
25 found regarding a State’s compliance with this
26 subtitle, including requirements relating to the

1 use of funds received under this subtitle, a pro-
2 posed corrective action plan.

3 “(3) STATE RESPONSE.—Not later than 45
4 days after receiving a report under paragraph (2)—

5 “(A) a State that received recommenda-
6 tions under paragraph (2)(B)(i) shall submit to
7 the Secretary a plan of action in response to
8 the recommendations; and

9 “(B) a State that received a proposed cor-
10 rective action plan under paragraph (2)(B)(ii)
11 shall agree to implement the corrective action
12 plan proposed by the Secretary or propose to
13 the Secretary a different corrective action plan,
14 developed by the State in a timely manner that
15 the State will implement upon approval by the
16 Secretary.

17 “(4) REPORT TO CONGRESS.—The Secretary
18 shall submit the results of the evaluations annually,
19 as part of the report submitted by the Secretary in
20 accordance with section 686(b)(2).

21 “(5) ENFORCEMENT.—

22 “(A) WITHHOLDING OF FUNDING.—If the
23 Secretary determines under the procedures set
24 forth in this subsection that a State fails to
25 meet the requirements of this subtitle, the Sec-

1 retary may withhold all or a portion of the
2 amount of funding that may be used for admin-
3 istrative expenses, as described in section
4 679(b)(2)(A), and prohibit the State from using
5 other funds awarded under this subtitle to carry
6 out the activities described in section
7 679(b)(2)(B), until the Secretary determines
8 that the State has complied with the require-
9 ments of paragraph (3) and section 685(b).

10 “(B) REDUCTION OR ELIMINATION OF
11 FUNDING.—If the Secretary determines, on the
12 basis of a final decision in an evaluation con-
13 ducted under this section, that a State fails to
14 meet the requirements of this subsection, the
15 Secretary may, after providing adequate notice
16 and an opportunity for a hearing, initiate pro-
17 ceedings to reduce or eliminate the amount of
18 funding apportioned and allocated to the State
19 as described in section 675 or 676, as applica-
20 ble. To the extent that all or a portion of the
21 amount of funding that may be used for admin-
22 istrative expenses, as described in section
23 679(b)(2)(A), is reduced or eliminated under
24 this paragraph, the Secretary is authorized to
25 prohibit the State from using other funds

1 awarded under this subtitle to carry out the ac-
2 tivities described in section 679(b)(2)(B), unless
3 the State corrects the failure to meet the re-
4 quirements.

5 “(C) DIRECT AWARDS TO OTHER ENTI-
6 TIES.—

7 “(i) REDUCTION OR ELIMINATION OF
8 STATE FUNDING.—If the Secretary reduces
9 or eliminates funding to a State under sub-
10 paragraph (B), the Secretary shall award
11 funding, in the amount by which funding
12 to the State was reduced or eliminated, di-
13 rectly to eligible entities or community
14 services network organizations in the
15 State, as applicable.

16 “(ii) DIRECT FUNDING TO ELIGIBLE
17 ENTITIES.—Eligible entities that are
18 grantees receiving funds directly from the
19 Secretary, as described in clause (i), shall
20 carry out the activities described in section
21 679(c) in the same manner as those eligi-
22 ble entities would be required to carry out
23 such activities as subgrantees under that
24 section.

1 “(iii) STATEWIDE FUNDS.—If funds
2 described in section 679(b) are reduced or
3 eliminated, amounts equal to the amounts
4 of such reduced or eliminated funds shall
5 be awarded to an association of eligible en-
6 tities in the State (or if there is no such
7 association, to one or more eligible entities)
8 for the purposes specified in section
9 679(b)(1)(B).

10 “(iv) STATE DECISION TO NOT PAR-
11 TICIPATE.—In the event a State elects not
12 to receive funding under this subtitle, in-
13 cluding a refusal to submit a plan meeting
14 the Secretary’s requirements, the Secretary
15 shall provide funding directly by grant or
16 cooperative agreement to eligible entities in
17 good standing at the end of the last fiscal
18 year for which the State received an alloca-
19 tion under this subtitle.

20 “(6) TRAINING AND TECHNICAL ASSISTANCE.—
21 The Secretary, through the Department’s own em-
22 ployees or contractors (rather than under grants,
23 contracts or cooperative agreements issued under
24 section 682), shall provide training and technical as-
25 sistance to States with respect to the development or

1 implementation of the States' corrective action
2 plans.

3 “(7) PROHIBITIONS.—Nothing in this Act shall
4 be construed to permit the Secretary (through regu-
5 lation, guidance, grant criteria, or otherwise) to ex-
6 pand the authority of the Secretary beyond that ex-
7 pressly provided to the Secretary in this Act.

8 “(b) DETERMINATION OF LOCAL AGENCY FAILURE
9 TO COMPLY.—

10 “(1) CORRECTIVE ACTION BY LOCAL AGEN-
11 CIES.—If the State determines, on the basis of a re-
12 view pursuant to section 683 or section 685, that
13 there is a serious deficiency regarding an eligible en-
14 tity's compliance with this subtitle, the State shall
15 inform the entity of the serious deficiencies that
16 shall be corrected and provide technical assistance
17 for the corrective action.

18 “(2) LOCAL CORRECTIVE ACTION PLANS.—An
19 eligible entity that is found to have a serious defi-
20 ciency under paragraph (1) shall develop, in a timely
21 manner, a corrective action plan that shall be sub-
22 ject to the approval of the State, and that shall
23 specify—

24 “(A) the deficiencies to be corrected;

1 “(B) the actions to be taken to correct
2 such deficiencies; and

3 “(C) the timetable for accomplishment of
4 the corrective actions specified.

5 “(3) FINAL DECISION.—If the State deter-
6 mines, on the basis of a final decision in a review
7 conducted under section 683, that an eligible entity
8 fails to comply with the terms of a corrective action
9 plan under paragraph (2) relating to correction of a
10 serious deficiency for the eligible entity, the State
11 may, after providing adequate notice and an oppor-
12 tunity for a hearing, initiate proceedings to withhold,
13 reduce, or eliminate the funding provided under sec-
14 tion 679(a)(1)(B) to the eligible entity (including, in
15 the case of elimination of funding, terminating the
16 designation under this subtitle of the eligible entity)
17 unless the entity corrects the serious deficiency.

18 “(c) REVIEW.—

19 “(1) IN GENERAL.—A State’s determination
20 under subsection (b) to withhold, reduce, or elimi-
21 nate funding, or to terminate the designation of an
22 eligible entity (eligible entities, as applicable) may be
23 reviewed by the Secretary. Upon request by a com-
24 munity services network organization, the Secretary
25 shall review such a determination. The review shall

1 be completed not later than 60 days after the Sec-
2 retary receives from the State all necessary docu-
3 mentation relating to the determination except as
4 provided in paragraph (2).

5 “(2) FAILURE TO PROVIDE DOCUMENTATION.—
6 If the State fails to provide such documentation
7 within 30 days after the Secretary’s request, the
8 State may not expend funds for the purposes de-
9 scribed in section 679(b)(2) until the State provides
10 such documentation. The Secretary shall respond to
11 the State with a decision not later than 30 days
12 after receiving the documentation.

13 “(d) DIRECT ASSISTANCE.—Whenever the Secretary
14 determines that a State has violated the State plan de-
15 scribed in section 678(b) (including, but not limited to,
16 the assurance described in section 678(b)(5)) and the
17 State has withheld, reduced, or eliminated the funding
18 provided under section 679(a) to any eligible entity or en-
19 tities or terminated the eligible entity designation of any
20 eligible entity or entities prior to the completion of the
21 State proceedings described in section 678(b)(5) (includ-
22 ing, where applicable, the proceedings required by sub-
23 section (b) of this section 684) and the Secretary’s review
24 as required by subsection (c) of this section 684, the Sec-
25 retary shall provide financial assistance under this subtitle

1 to the affected eligible entity or entities directly until the
2 violation is corrected by the State. In such a case, the
3 grant for the State under section 675 or 676 for the ear-
4 liest appropriate fiscal year shall be reduced by an amount
5 equal to the financial assistance provided under this sub-
6 section to such eligible entity or entities.

7 **“SEC. 685. STATE AND LOCAL FISCAL CONTROLS, AUDITS,**
8 **AND WITHHOLDING.**

9 “(a) FISCAL CONTROLS, PROCEDURES, AUDITS, AND
10 INSPECTIONS.—

11 “(1) IN GENERAL.—A State that receives funds
12 under this subtitle shall—

13 “(A) establish fiscal control and fund ac-
14 counting procedures necessary to assure the
15 proper disbursement of, and accounting for, Federal
16 funds paid to the State under this subtitle, in-
17 cluding procedures for monitoring the funds
18 provided under this subtitle;

19 “(B) in accordance with paragraphs (2)
20 and (3), prepare, not less than once each year,
21 an audit of the expenditures of the State of
22 amounts received under this subtitle; and

23 “(C) make appropriate books, documents,
24 papers, and records available to the Secretary
25 and the Comptroller General of the United

1 States, or any of their duly authorized rep-
2 resentatives, for examination, copying, or me-
3 chanical reproduction on or off the premises of
4 the appropriate entity upon a reasonable re-
5 quest for the items.

6 “(2) INDEPENDENT ENTITY.—Subject to para-
7 graph (3), each audit required by paragraph (1)(B)
8 shall be conducted by an entity independent of any
9 agency administering activities or services under this
10 subtitle and shall be conducted in accordance with
11 generally accepted accounting principles.

12 “(3) SINGLE AUDIT REQUIREMENTS.—

13 “(A) IN GENERAL.—Any audit under this
14 subsection shall be conducted in the manner
15 and to the extent provided in chapter 75 of title
16 31, United States Code (commonly known as
17 the ‘Single Audit Act Amendments of 1984’)
18 except in the event a serious financial deficiency
19 is identified.

20 “(B) SERIOUS FINANCIAL DEFICIENCY.—

21 In the event that such a deficiency is identified,
22 the Secretary shall order—

23 “(i) an audit conducted as described
24 in subparagraph (A); or

1 “(ii) an audit of each of the accounts
2 involved, in accordance with paragraphs
3 (2) and (4).

4 “(4) SUBMISSION OF COPIES.—Not later than
5 30 days after the completion of each such audit in
6 a State, the chief executive officer of the State shall
7 submit copies of such audit, at no charge, to any eli-
8 gible entity that was the subject of the audit, to the
9 legislature of the State, and to the Secretary.

10 “(5) REPAYMENTS.—If the Secretary, after re-
11 view of the audit, finds that a State has not ex-
12 pended an amount of funds in accordance with this
13 subtitle, the State shall immediately use an amount
14 of State funds equal to the amount of improperly ex-
15 pended funds for the original purposes for which the
16 grant funds were intended.

17 “(6) RESPONSE TO COMPLAINTS.—The Sec-
18 retary shall respond in an expeditious and speedy
19 manner to complaints of a substantial or serious na-
20 ture that a State has failed to use grant funds re-
21 ceived under section 675 or 676 or to carry out
22 State activities under this subtitle in accordance
23 with the provisions of this subtitle.

24 “(7) INVESTIGATIONS.—Whenever the Sec-
25 retary determines that there is a pattern of com-

1 plaints regarding failures described in paragraph (6)
2 or a complaint of a serious deficiency concerning any
3 State, the Secretary shall conduct an investigation of
4 the use of the funds received under this subtitle by
5 such State in order to ensure compliance with the
6 provisions of this subtitle.

7 “(b) STATE FUNDS.—

8 “(1) CORRECTIVE ACTION PLAN.—In the event
9 the Secretary withholds funding pursuant to section
10 684(a)(5)(A), the Secretary shall subsequently make
11 the withheld funding available to the State not later
12 than 90 days after the date of correction of the seri-
13 ous deficiency specified in the corrective action plan
14 described in section 684(a)(2)(B)(ii), provided that
15 the State complies with the corrective action plan
16 approved by the Secretary and corrects the serious
17 deficiency by the date specified in such corrective ac-
18 tion plan.

19 “(2) APPLICATION.—For purposes of para-
20 graph (1), failures described in subsection (a)(6)
21 shall be considered to be serious deficiencies.

22 **“SEC. 686. ACCOUNTABILITY AND REPORTING REQUIRE-**
23 **MENTS.**

24 “(a) STATE ACCOUNTABILITY AND REPORTING RE-
25 QUIREMENTS.—

1 “(1) PERFORMANCE MEASUREMENT.—

2 “(A) IN GENERAL.—By October 1, 2018,
3 each State that receives funds under this sub-
4 title shall participate, and shall ensure that all
5 eligible entities in the State participate, in a
6 performance measurement system that the Sec-
7 retary is satisfied meets the requirements of
8 paragraph (8) of section 678(b).

9 “(B) LOCAL ORGANIZATIONS.—The State
10 may elect to have local organizations that are
11 subgrantees of the eligible entities under this
12 subtitle participate in the performance measure-
13 ment system. If the State makes that election,
14 references in this section to eligible entities
15 shall be considered to include the local organi-
16 zations.

17 “(C) ELIGIBLE ENTITY REPORTS.—Eligi-
18 ble entities shall provide the results measured
19 by their performance measurement system, re-
20 ports on the achievement of their annual per-
21 formance benchmarks, and such other reports
22 as the State may require.

23 “(2) ANNUAL REPORT.—Each State receiving
24 funds under this subtitle shall annually prepare, and
25 submit to the Secretary by March 31 of each year,

1 a report on the performance of the State and eligible
2 entities in the State, including achievement with re-
3 spect to the State lead agency performance bench-
4 marks and the local performance benchmarks re-
5 spectively and to other performance measurements
6 that were used by community service network orga-
7 nizations in the State for the prior year. Each State
8 shall also include in the report—

9 “(A) an accounting of the expenditure of
10 funds received by the State through the com-
11 munity services block grant program, including
12 an accounting of funds spent on administrative
13 or indirect costs by the State and the eligible
14 entities and funds spent by the eligible entities
15 on local programs, projects, and services;

16 “(B) information on the number and char-
17 acteristics of participants served under this sub-
18 title in the State, based on data collected from
19 the eligible entities;

20 “(C) a summary describing the training
21 and technical assistance offered by the State
22 under subparagraph (B) of section 679(b)(1)
23 during the year covered by the report;

24 “(D) the State’s management performance
25 benchmark results;

1 “(E) information on the total budget and
2 activities of the eligible entities receiving sub-
3 grants from the State under this subtitle, in-
4 cluding local and private resources available for
5 a purpose described in section 672;

6 “(F) a report on the Community Action
7 Innovations Program in the State; and

8 “(G) a report on the manner in which the
9 State and eligible entities and other recipients
10 of funds under this subtitle have implemented
11 results-oriented management practices based on
12 their performance measurement systems.

13 “(b) REPORTING REQUIREMENTS.—

14 “(1) CONTENTS.—Not later than September 30
15 of each fiscal year, the Secretary shall, directly or by
16 grant or contract, prepare a report including—

17 “(A) the information included in the State
18 annual reports under subsection (a)(2) for the
19 preceding fiscal year;

20 “(B) a report on the performance of the
21 Department in the preceding fiscal year regard-
22 ing the performance benchmarks established
23 under section 681(c); and

24 “(C) a description of the training and tech-
25 nical assistance activities funded by the Sec-

1 retary under section 682 and the results of
2 those activities.

3 “(2) SUBMISSION.—The Secretary shall submit
4 to the Committee on Education and the Workforce
5 of the House of Representatives and to the Com-
6 mittee on Health, Education, Labor, and Pensions
7 of the Senate the report described in paragraph (1)
8 and any recommendations the Secretary may have
9 with respect to such report.

10 “(3) ELECTRONIC DATA SYSTEM FOR REPORTS
11 TO STATES AND ELIGIBLE ENTITIES.—The Sec-
12 retary, through the Department’s own employees or
13 contractors (rather than under grants, contracts, or
14 cooperative agreements issued under section 682),
15 shall provide technical assistance, including support
16 for the development and maintenance of an elec-
17 tronic data system for the reports under this section,
18 to the States and eligible entities to enhance the
19 quality and timeliness of reports submitted under
20 this subtitle. The system shall be coordinated and
21 consistent with the data systems established for
22 other programs of the Department that are managed
23 by eligible entities, including all programs of the Ad-
24 ministration for Children and Families or successor
25 administrative units in which the office is located.

1 **“SEC. 687. LIMITATIONS ON USE OF FUNDS.**

2 “(a) CONSTRUCTION OF FACILITIES.—

3 “(1) LIMITATIONS.—Except as provided in
4 paragraph (2) and in section 679(b)(1)(C), grants or
5 subgrants made under this subtitle may not be used
6 by the State, or by any other person with which the
7 State makes arrangements to carry out a purpose
8 described in section 672, for the purchase or im-
9 provement of land, or the purchase, construction or
10 permanent improvement of any building or other fa-
11 cility.

12 “(2) WAIVER.—The Secretary may waive the
13 limitation contained in paragraph (1) upon a State
14 request for such a waiver if the Secretary finds
15 that—

16 “(A) the request describes extraordinary
17 circumstances to justify the purchase or im-
18 provement of land, or the purchase, construc-
19 tion, or permanent improvement of any building
20 or other facilities; and

21 “(B) permitting the waiver will contribute
22 to the ability of the State and eligible entities
23 to carry out a purpose described in section 672
24 at substantially reduced costs.

25 “(b) POLITICAL ACTIVITIES.—

1 “(1) TREATMENT AS A STATE OR LOCAL AGEN-
2 CY.—For purposes of chapter 15 of title 5, United
3 States Code, any entity that assumes responsibility
4 for planning, developing, and coordinating activities
5 under this subtitle and receives assistance under this
6 subtitle shall be deemed to be a State or local agen-
7 cy. For purposes of paragraphs (1) and (2) of sec-
8 tion 1502(a) of such title, any entity receiving as-
9 sistance under this subtitle shall be deemed to be a
10 State or local agency.

11 “(2) PROHIBITIONS.—An entity carrying out a
12 program, project, or service assisted under this sub-
13 title, and any individual employed by, or assigned to
14 or in, such a program, project, or service (during the
15 hours in which the individual is working on behalf
16 of the program, project, or service) shall not engage
17 in—

18 “(A) any partisan or nonpartisan political
19 activity or any political activity associated with
20 a candidate, or contending faction or group, in
21 an election for public or party office; or

22 “(B) any activity to provide voters or pro-
23 spective voters with transportation to the polls
24 or similar assistance in connection with any
25 such election.

1 “(3) REGISTRATION.—None of the funds appro-
2 priated to carry out this subtitle may be used to con-
3 duct voter registration activities.

4 “(c) NONDISCRIMINATION.—

5 “(1) IN GENERAL.—No person shall, on the
6 basis of race, color, national origin, or sex, be ex-
7 cluded from participation in, be denied the benefits
8 of, or be subjected to discrimination under, any pro-
9 gram, project, or service funded in whole or in part
10 with funds made available under this subtitle. Any
11 prohibition against discrimination on the basis of
12 age under the Age Discrimination Act of 1975 (42
13 U.S.C. 6101 et seq.) or with respect to an otherwise
14 qualified individual with a disability as provided in
15 section 504 of the Rehabilitation Act of 1973 (29
16 U.S.C. 794), or title II of the Americans with Dis-
17 abilities Act of 1990 (42 U.S.C. 12131 et seq.), shall
18 also apply to any such program, project, or service.

19 “(2) ACTION OF SECRETARY.—Whenever the
20 Secretary determines that a State that has received
21 a payment under this subtitle has failed to comply
22 with paragraph (1) or an applicable regulation, the
23 Secretary shall notify the chief executive officer of
24 the State and shall request that the officer secure
25 compliance. If within a reasonable period of time,

1 not to exceed 60 days, the chief executive officer
2 fails or refuses to secure compliance, the Secretary
3 is authorized to—

4 “(A) refer the matter to the Attorney Gen-
5 eral with a recommendation that an appropriate
6 civil action be instituted;

7 “(B) exercise the powers and functions
8 provided by title VI of the Civil Rights Act of
9 1964 (42 U.S.C. 2000d et seq.), the Age Dis-
10 crimination Act of 1975 (42 U.S.C. 6101 et
11 seq.), section 504 of the Rehabilitation Act of
12 1973 (29 U.S.C. 794), or title II of the Ameri-
13 cans with Disabilities Act of 1990 (42 U.S.C.
14 12131 et seq.), as may be applicable; or

15 “(C) take such other action as may be pro-
16 vided by law.

17 “(3) ACTION OF ATTORNEY GENERAL.—When a
18 matter is referred to the Attorney General pursuant
19 to paragraph (2), or whenever the Attorney General
20 has reason to believe that the State is engaged in a
21 pattern or practice of discrimination in violation of
22 the provisions of this subsection, the Attorney Gen-
23 eral may bring a civil action in any appropriate
24 United States district court for such relief as may
25 be appropriate, including injunctive relief.

1 **“SEC. 688. DRUG AND CHILD SUPPORT SERVICES AND RE-**
2 **FERRALS.**

3 “(a) DRUG TESTING AND REHABILITATION.—

4 “(1) IN GENERAL.—Nothing in this subtitle
5 shall be construed to prohibit a State from testing
6 participants in programs, projects, or services car-
7 ried out or provided under this subtitle for controlled
8 substances. A State that conducts such testing shall
9 inform the participants who test positive for any of
10 such substances about the availability of treatment
11 or rehabilitation services and refer such participants
12 for appropriate treatment or rehabilitation services.

13 “(2) ADMINISTRATIVE EXPENSES.—Any funds
14 provided under this subtitle expended for such test-
15 ing shall be considered to be expended for adminis-
16 trative expenses and shall be subject to the limita-
17 tion specified in section 679(b)(2).

18 “(3) DEFINITION.—In this subsection, the term
19 ‘controlled substance’ has the meaning given the
20 term in section 102 of the Controlled Substances
21 Act (21 U.S.C. 802).

22 “(b) CHILD SUPPORT SERVICES AND REFERRALS.—
23 During each fiscal year for which an eligible entity receives
24 a subgrant under section 679(a), such entity shall—

25 “(1) inform custodial parents in single-parent
26 families that participate in programs, projects, or

1 services carried out or provided under this subtitle
2 about the availability of child support services; and
3 “(2) refer eligible parents to the child support
4 offices of State and local governments.

5 **“SEC. 689. OPERATIONAL RULES.**

6 “(a) RELIGIOUS ORGANIZATIONS INCLUDED AS NON-
7 GOVERNMENTAL PROVIDERS.—For any program carried
8 out by the Federal Government, or by a State or local
9 government under this subtitle, the government shall con-
10 sider, on the same basis as other nongovernmental organi-
11 zations, religious organizations to provide assistance under
12 the program, so long as the program is implemented in
13 a manner consistent with the Establishment Clause of the
14 First Amendment to the Constitution. Neither the Federal
15 Government nor a State or local government receiving
16 funds under this subtitle shall discriminate against an or-
17 ganization that provides assistance under, or applies to
18 provide assistance under, this subtitle, on the basis that
19 the organization has a religious character.

20 “(b) RELIGIOUS CHARACTER AND INDEPEND-
21 ENCE.—

22 “(1) IN GENERAL.—A religious organization
23 that provides assistance under a program described
24 in subsection (a) shall retain its religious character

1 and control over the definition, development, prac-
2 tice, and expression of its religious beliefs.

3 “(2) ADDITIONAL SAFEGUARDS.—Neither the
4 Federal Government nor a State or local government
5 shall require a religious organization—

6 “(A) to alter its form of internal govern-
7 ance, except (for purposes of administration of
8 the community services block grant program) as
9 provided in section 681(c); or

10 “(B) to remove religious art, icons, scrip-
11 ture, or other symbols,
12 in order to be eligible to provide assistance under a
13 program described in subsection (a).

14 “(3) EMPLOYMENT PRACTICES.—A religious or-
15 ganization’s exemption provided under section 702
16 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–
17 1) regarding employment practices shall not be af-
18 fected by its participation in, or receipt of funds
19 from, programs described in subsection (a).

20 “(c) LIMITATIONS ON USE OF FUNDS FOR CERTAIN
21 PURPOSES.—No funds provided directly to a religious or-
22 ganization to provide assistance under any program de-
23 scribed in subsection (a) shall be expended for sectarian
24 worship, instruction, or proselytization.

25 “(d) FISCAL ACCOUNTABILITY.—

1 “(1) IN GENERAL.—Except as provided in para-
2 graph (2), any religious organization providing as-
3 sistance under any program described in subsection
4 (a) shall be subject to the same regulations as other
5 nongovernmental organizations to account in accord
6 with generally accepted accounting principles for the
7 use of such funds provided under such program.

8 “(2) LIMITED AUDIT.—Such organization shall
9 segregate Government funds provided under such
10 program into a separate account. Only the Govern-
11 ment funds shall be subject to audit by the Govern-
12 ment.

13 “(e) TREATMENT OF ELIGIBLE ENTITIES AND
14 OTHER INTERMEDIATE ORGANIZATIONS.—If an eligible
15 entity or other organization (referred to in this subsection
16 as an ‘intermediate organization’), acting under a con-
17 tract, or grant or other agreement, with the Federal Gov-
18 ernment or a State or local government, is given the au-
19 thority under the contract or agreement to select non-
20 governmental organizations to provide assistance under
21 the programs described in subsection (a), the intermediate
22 organization shall have the same duties under this section
23 as the Government.

1 **“SEC. 690. REGULATIONS.**

2 “(a) REGULATIONS.—The Secretary shall promulgate
3 regulations implementing this subtitle, by administrative
4 hearing open to the public, including regulations regard-
5 ing—

6 “(1) State plans and community action pro-
7 gram plans, including the form and information re-
8 quired for State plans submitted to the Secretary
9 and community action program plans submitted to
10 States;

11 “(2) State monitoring of eligible entities; and

12 “(3) reports to the Secretary described in sec-
13 tion 686.

14 **“(b) GUIDANCE.—**

15 “(1) IN GENERAL.—The Secretary shall issue
16 guidance regarding State and local performance
17 measurement systems, including State management
18 performance benchmarks and comprehensive com-
19 munity needs assessments.

20 “(2) STATE MANAGEMENT PERFORMANCE
21 BENCHMARKS.—The Secretary, in consultation with
22 community services network organizations, shall de-
23 velop State management performance benchmarks,
24 which shall include indicators about—

1 “(A) a State’s timely obligation and dis-
2 tribution of Federal funds, and effective State
3 oversight of Federal funds;

4 “(B) a State’s compliance with the uni-
5 form administrative requirements, cost prin-
6 ciples, and audit requirements described in sec-
7 tion 674(e);

8 “(C) a State’s effective management of the
9 activities funded under this subtitle; and

10 “(D) the results of activities funded by the
11 State under section 679(b).

12 “(3) COMPREHENSIVE ANALYSIS OF POVERTY
13 CONDITIONS.—The Secretary shall provide guidance
14 (including models) for comprehensive community
15 needs assessments described in section
16 678(a)(2)(C)(i). The guidance shall include methods
17 for preparing an analysis of all poverty conditions
18 affecting a community and of local and regional as-
19 sets for alleviating such conditions.

20 **“SEC. 691. DISCRETIONARY COMMUNITY PROGRAMS.**

21 “(a) GRANTS, CONTRACTS, ARRANGEMENTS, LOANS,
22 AND GUARANTEES.—

23 “(1) IN GENERAL.—The Secretary shall, from
24 funds appropriated under section 692(b), make
25 grants, loans, or guarantees to States and public

1 agencies and private, nonprofit organizations, or
2 enter into contracts or jointly financed cooperative
3 arrangements with States and public agencies and
4 private, nonprofit organizations (and for-profit orga-
5 nizations, to the extent specified in paragraph
6 (2)(E)) for each of the objectives described in para-
7 graphs (2) through (4).

8 “(2) COMMUNITY ECONOMIC DEVELOPMENT.—

9 “(A) ECONOMIC DEVELOPMENT ACTIVI-
10 TIES.—The Secretary shall make grants de-
11 scribed in paragraph (1) on a competitive basis
12 to private, nonprofit organizations that are
13 community development corporations to provide
14 technical and financial assistance for economic
15 development activities designed to address the
16 economic needs of low-income individuals and
17 families by creating employment and business
18 development opportunities.

19 “(B) CONSULTATION.—The Secretary
20 shall exercise the authority provided under sub-
21 paragraph (A) after consultation with other rel-
22 evant Federal officials.

23 “(C) GOVERNING BOARDS.—For a commu-
24 nity development corporation to receive funds to

1 carry out this paragraph, the corporation shall
2 be governed by a board that shall—

3 “(i) consist of residents of the com-
4 munity and business and civic leaders; and

5 “(ii) have as a principal purpose plan-
6 ning, developing, or managing low-income
7 housing or community development
8 projects.

9 “(D) GEOGRAPHIC DISTRIBUTION.—In
10 making grants to carry out this paragraph, the
11 Secretary shall take into consideration the geo-
12 graphic distribution of funding among States
13 and the relative proportion of funding among
14 rural and urban areas.

15 “(E) RESERVATION.—Of the amounts
16 made available to carry out this paragraph, the
17 Secretary may reserve not more than 1 percent
18 for each fiscal year to make grants to private,
19 nonprofit organizations or to enter into con-
20 tracts with private, nonprofit, or for-profit orga-
21 nizations to provide technical assistance to aid
22 community development corporations in devel-
23 oping or implementing activities funded to carry
24 out this paragraph and to evaluate activities
25 funded to carry out this paragraph.

1 “(3) RURAL COMMUNITY DEVELOPMENT AC-
2 TIVITIES.—The Secretary shall provide the assist-
3 ance described in paragraph (1) for rural community
4 development activities, which shall include pro-
5 viding—

6 “(A) grants to private, nonprofit corpora-
7 tions to enable the corporations to provide as-
8 sistance concerning home repair to rural low-in-
9 come families and concerning planning and de-
10 veloping low-income rural rental housing units;
11 and

12 “(B) grants to multistate, regional, pri-
13 vate, nonprofit organizations to enable the orga-
14 nizations to provide training and technical as-
15 sistance to small, rural communities concerning
16 meeting their community facility needs.

17 “(4) NEIGHBORHOOD INNOVATION
18 PROJECTS.—The Secretary shall provide the assist-
19 ance described in paragraph (1) for neighborhood in-
20 novation projects, which—

21 “(A) shall include providing grants to
22 neighborhood-based, private, nonprofit organi-
23 zations to test or assist in the development of
24 new approaches or methods that will assist in
25 the furthering the purposes of this subtitle, in-

1 including two-generation approaches that create
2 opportunities for, and address the needs of,
3 parents and children together; and

4 “(B) may include providing assistance for
5 projects that are designed to serve low-income
6 individuals and families who are not being ef-
7 fectively served by other programs.

8 “(b) EVALUATION.—The Secretary shall require all
9 activities receiving assistance under this section to be eval-
10 uated for their effectiveness. Funding for such evaluations
11 shall be provided as a stated percentage of the assistance
12 or through a separate grant awarded by the Secretary spe-
13 cifically for the purpose of evaluation of a particular activ-
14 ity or group of activities.

15 “(c) ANNUAL REPORT.—The Secretary shall compile
16 an annual report containing a summary of the evaluations
17 required under subsection (b) and a listing of all activities
18 assisted under this section. The Secretary shall annually
19 submit the report to the chairperson of the Committee on
20 Education and the Workforce of the House of Representa-
21 tives and the chairperson of the Committee on Health,
22 Education, Labor, and Pensions of the Senate.

1 **“SEC. 692. AUTHORIZATION OF APPROPRIATIONS.**

2 “(a) IN GENERAL.—There are authorized to be ap-
3 propriated to carry out this subtitle (not including section
4 691)—

5 “(1) \$850,000,000 for each of fiscal years 2018
6 through 2022; and

7 “(2) such sums as may be necessary for fiscal
8 years 2023 through 2027.

9 “(b) DISCRETIONARY PROGRAMS.—There are au-
10 thorized to be appropriated to carry out section 691 such
11 sums as may be necessary for fiscal years 2018 through
12 2027.

13 “(c) RESERVATIONS BY THE SECRETARY.—Of the
14 amounts appropriated under subsection (a) for each fiscal
15 year, the Secretary shall reserve—

16 “(1) ½ of 1 percent for carrying out section
17 675 (relating to grants to territories); and

18 “(2) 2 percent for activities authorized in sec-
19 tion 682, of which—

20 “(A) not less than 50 percent of the
21 amount reserved by the Secretary under this
22 paragraph shall be awarded through grants,
23 contracts, or cooperative agreements under sec-
24 tion 682(c), to eligible entities, community ac-
25 tion agencies, and State and regional commu-
26 nity service network organizations, for the pur-

1 pose of carrying out activities described in sec-
2 tion 682(a)(1)(A); and

3 “(B) the remainder of the amount reserved
4 under this paragraph shall be distributed under
5 section 682(a)(1)(B) to States, eligible entities,
6 other community services network organiza-
7 tions, or other entities, for the purpose of car-
8 rying out activities described in section
9 682(a)(1)(B).”.

10 **SEC. 3. TRANSITION PERIOD.**

11 (a) **TRANSITION PERIOD.**—The Secretary of Health
12 and Human Services shall expeditiously announce a tran-
13 sition period for the implementation of any changes in reg-
14 ulations, procedures, and reporting requirements of the
15 Community Services Block Grant Act (42 U.S.C. 9901 et
16 seq.), as amended by this Act, from the regulations, proce-
17 dures, and reporting requirements of the Community
18 Services Block Grant Act (42 U.S.C. 9901 et seq.), as in
19 effect on the day before the date of enactment of this Act.

20 (b) **UNIFORM ADMINISTRATIVE REQUIREMENTS,**
21 **COST PRINCIPLES, AND AUDIT REQUIREMENTS; FED-**
22 **ERAL TRAINING.**—The transition period shall include—

23 (1) a schedule for implementation of require-
24 ments relating to adoption of the uniform adminis-
25 trative requirements, cost principles, and audit re-

1 requirements described in section 674(c) of the Com-
2 munity Services Block Grant Act (42 U.S.C. 9901),
3 as amended by this Act; and

4 (2) the availability of Federal training for
5 States and eligible entities regarding compliance
6 with new requirements under the Community Serv-
7 ices Block Grant Act (42 U.S.C. 9901 et seq.), as
8 amended by this Act.

9 (c) TIMING.—The transition period described in this
10 section—

11 (1) may not extend later than the date that is
12 3 months prior to the start of the second fiscal year
13 after the date of enactment of the Community Serv-
14 ices Block Grant Reauthorization Act of 2018; and

15 (2) may require that certain regulations, proce-
16 dures, and reporting requirements be adopted before
17 other regulations, procedures, or reporting require-
18 ments.

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