

114TH CONGRESS
1ST SESSION

H. R. 1655

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

IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 2015

Mr. FITZPATRICK (for himself, Ms. MCCOLLUM, Mr. GOODLATTE, Mr. COSTA, Mr. HANNA, Mr. THOMPSON of Pennsylvania, Mr. DENT, and Mr. BARLETTA) 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 Economic
5 Opportunity Act of 2015”.

6 **SEC. 2. PREAUTHORIZATION.**

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 United States commu-
9 nities by supporting the activities of community ac-
10 tion agencies that reduce the causes and conditions
11 of poverty and persistent economic insecurity by—

12 “(A) providing individuals and families
13 with opportunities to become economically se-
14 cure; and

15 “(B) developing new economic opportuni-
16 ties in the communities in which low- and mod-
17 erate-income individuals live; and

18 “(2) to accomplish the objectives described in
19 paragraph (1) by—

20 “(A) strengthening community capabilities
21 for identifying poverty conditions and opportu-
22 nities to alleviate such conditions and planning
23 Federal, State, local, and other assistance, in-
24 cluding private resources, related to the reduc-
25 tion of poverty so that resources can be used in

1 a manner responsive to local needs and condi-
2 tions;

3 “(B) organizing and coordinating multiple
4 services and resources so as to have a measur-
5 able and significant impact on the causes of
6 poverty in the community and to help families
7 and individuals find and utilize opportunities to
8 become economically secure;

9 “(C) using innovative community-based ap-
10 proaches to attack the causes and effects of
11 poverty and to build community social and eco-
12 nomic assets;

13 “(D) empowering residents to respond to
14 the unique problems and needs within their
15 communities through civic participation and
16 partnerships;

17 “(E) broadening the sources and number
18 of resources directed to the elimination of pov-
19 erty, so as to promote statewide, regional, and
20 local partnerships that—

21 “(i) achieve the purposes of this sub-
22 title; and

23 “(ii) include—

24 “(I) private, religious, charitable,
25 and neighborhood-based organizations;

1 “(II) individuals, businesses,
2 labor organizations, professional orga-
3 nizations, and other organizations en-
4 gaged in expanding opportunities for
5 all individuals; and

6 “(III) local government leaders;
7 and

8 “(F) ensuring the maximum feasible par-
9 ticipation of residents of low-income commu-
10 nities and of members of the groups served by
11 programs, projects, and services under this sub-
12 title, in advising and assessing the eligible enti-
13 ties and in designing their programs, projects,
14 and services funded under this subtitle.

15 **“SEC. 673. DEFINITIONS.**

16 “In this subtitle:

17 “(1) COMMUNITY ACTION AGENCY; COMMUNITY
18 SERVICES NETWORK ORGANIZATION; ELIGIBLE ENTI-
19 TY.—

20 “(A) COMMUNITY ACTION AGENCY.—The
21 term ‘community action agency’ means an eligi-
22 ble entity (which meets the requirements of
23 paragraph (1) or (2), as appropriate, of section
24 681(c)) that is a public charity and that deliv-

1 ers multiple programs, projects, or services to a
2 variety of low-income groups.

3 “(B) COMMUNITY SERVICES NETWORK OR-
4 GANIZATION.—The term ‘community services
5 network organization’ means any of the fol-
6 lowing organizations funded under this sub-
7 title—

8 “(i) a grantee;

9 “(ii) an eligible entity;

10 “(iii) an association of grantees or eli-
11 gible entities; or

12 “(iv) an association—

13 “(I) with a membership com-
14 posed of grantees, eligible entities, or
15 associations of grantees or eligible en-
16 tities; and

17 “(II) that is governed by a Board
18 of Directors composed so that $\frac{3}{4}$ of
19 the Directors are employees or des-
20 ignees of such grantees, such eligible
21 entities, or such associations, or are
22 employees or other designees of such
23 grantees such eligible entities, or such
24 associations.

1 “(C) ELIGIBLE ENTITY.—The term ‘eligi-
2 ble entity’ means an entity—

3 “(i) that is an eligible entity described
4 in section 673(1) as in effect on October
5 26, 1998, or has been designated by the
6 process described in section 681(a) (includ-
7 ing an organization serving migrant or sea-
8 sonal farmworkers that is so described or
9 designated); and

10 “(ii) that has a tripartite board or
11 other mechanism described in paragraph
12 (1) or (2), as appropriate, of section
13 681(c).

14 “(2) COMMUNITY ACTION PROGRAM PLAN.—
15 community action program plan means a detailed
16 plan, including a budget, for expenditures of funds
17 appropriated for a fiscal year under this subtitle for
18 the activities supported directly or indirectly by such
19 funds.

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

24 “(A) establishes goals for a period of not
25 less than 4 years that are based on meeting

1 needs identified by the entity in consultation
2 with the residents of the community through a
3 process of comprehensive community needs as-
4 sessment;

5 “(B) provides detail on how all activities of
6 an eligible entity under this subtitle will con-
7 tribute to meeting such goals including, but not
8 limited to, how such entity will use funding re-
9 ceived under this subtitle to reduce the impact
10 of the causes of poverty in the community; and

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

14 “(4) GRANTEE.—The term ‘grantee’ means a
15 recipient of a grant under section 677 or 678 or a
16 corresponding provision of this subtitle (as in effect
17 on the day before the date of enactment of the Com-
18 munity Economic Opportunity Act of 2015).

19 “(5) PERFORMANCE BENCHMARK.—The term
20 ‘performance benchmark’ means a measurable objec-
21 tive for the operations and activities set out in a
22 community action program plan or a State plan
23 under this subtitle. Such annual objectives may be
24 part of, but not the entirety of, the outcomes identi-
25 fied by the performance measurement system in

1 which a community services network organization
2 participates.

3 “(6) PERFORMANCE MEASUREMENT SYSTEM.—

4 The term ‘performance measurement system’ means
5 a management information system that collects and
6 reports information about the outcomes of activities
7 and investments funded in whole or in part with
8 funds appropriated under this subtitle, including but
9 not limited to annual performance benchmarks, com-
10 pares the actual outcomes with the intended out-
11 comes, and is used as a basis for management deci-
12 sions regarding future use of resources provided
13 under this subtitle.

14 “(7) POVERTY LINE.—

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

1 Price Index for All Urban Consumers during
2 the annual or other interval immediately pre-
3 ceding the time at which the revision is made.

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

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

19 “(D) WAIVERS FOR STATE USE OF HIGHER
20 ELIGIBILITY LEVEL.—Whenever a community
21 action program plan provides that a program,
22 project, or service funded under this subtitle re-
23 quires use of a higher eligibility standard than
24 the standard otherwise applicable under this
25 paragraph, for the purpose of ensuring (for the

1 purposes of this subtitle) coordination of activi-
2 ties carried out under with other programs or
3 activities of eligible entities. The State shall, as
4 part of the annual application described in sec-
5 tion 680, apply such standard with respect to
6 that program, or activity and provide docu-
7 mentation regarding the benefit of and need for
8 such adjustment.

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

17 “(8) PRIVATE, NONPROFIT ORGANIZATION.—
18 The term ‘private nonprofit organization’ includes a
19 religious organization to which the provisions of sec-
20 tion 690 shall apply.

21 “(9) PUBLIC CHARITY.—The term ‘public char-
22 ity’ means a domestic organization that is—

23 “(A) described in section 501(c)(3) of the
24 Internal Revenue Code of 1986 and exempt

1 from taxation under section 501(a) of such
2 Code; and

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

6 “(10) SECRETARY.—The term ‘Secretary’
7 means the Secretary of Health and Human Services.

8 “(11) SERVICE AREA.—The term service area
9 means the unique geographic area which the State
10 has designated as the area to be served by an eligi-
11 ble entity.

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

17 **“SEC. 676. ESTABLISHMENT OF COMMUNITY SERVICES**
18 **BLOCK GRANT PROGRAM.**

19 “(a) ESTABLISHMENT OF PROGRAM.—The Secretary
20 is authorized to establish a community services block
21 grant program and to make grants through the program,
22 under sections 677 and 678 to States to support local
23 community action program plans carried out by eligible
24 entities to ameliorate the conditions that cause poverty in
25 the communities served by such entities.

1 “(b) AUTHORITY OF SECRETARY.—The Secretary is
2 authorized to carry out other community programs de-
3 scribed in section 693 of this subtitle.

4 “(c) UNIFORM ADMINISTRATIVE REQUIREMENTS;
5 COST PRINCIPLES AND AUDIT REQUIREMENTS.—Not-
6 withstanding any other provision of the Omnibus Budget
7 Reconciliation Act of 1981 (Public Law 97–35), funds au-
8 thorized to be appropriated under this subtitle shall be
9 subject to the Uniform Administrative Requirements, Cost
10 Principles and Audit Requirements for Federal Awards as
11 adopted in regulations promulgated by the Secretary to
12 implement the Uniform Administrative Requirements Cost
13 Principles and Audit Requirements at part 200, title 2,
14 code of Federal Regulations or any corresponding similar
15 regulation (part 75 of title 45, Code of Federal Regula-
16 tions or any corresponding similar regulation), as well as
17 all other Federal laws and regulations related to intergov-
18 ernmental financial transactions and to administration of
19 federally funded grants and cooperative agreements be-
20 tween States and nonprofit organizations, or local govern-
21 ments, as applicable.

22 **“SEC. 677. GRANTS TO TERRITORIES.**

23 “(a) APPORTIONMENT.—The Secretary shall appor-
24 tion the amount reserved under section 692(c)(1) for each
25 fiscal year on the basis of need to eligible jurisdictions,

1 among Guam, American Samoa, the United States Virgin
2 Islands, and the Commonwealth of the Northern Mariana
3 Islands.

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

7 **“SEC. 678. ALLOTMENTS AND GRANTS TO STATES.**

8 “(a) ALLOTMENTS IN GENERAL.—From the amount
9 appropriated under section 692(a) for each fiscal year and
10 remaining after the Secretary makes the reservations re-
11 quired by section 692(c), the Secretary shall allot to each
12 eligible State (subject to section 679), an amount that
13 bears the same ratio to such remaining amount as the
14 amount received by the State for fiscal year 1981 under
15 section 221 of the Economic Opportunity Act of 1964 bore
16 to the total amount received by all States for fiscal year
17 1981 under such section, except as provided in subsection
18 (b).

19 “(b) MINIMUM ALLOTMENTS.—

20 “(1) IN GENERAL.—The Secretary shall allot to
21 each State not less than $\frac{1}{2}$ of 1 percent of the
22 amount appropriated under section 692(a) for such
23 fiscal year except as provided in section 692(c)(1).

24 “(2) YEARS WITH GREATER AVAILABLE
25 FUNDS.—If the amount appropriated under section

1 692(a) for a fiscal year and remaining after the Sec-
2 retary makes the reservations required by section
3 692(b) exceeds \$850,000,000, no State shall receive
4 under this section less than $\frac{3}{4}$ of 1 percent of the
5 remaining amount.

6 “(c) GRANTS AND PAYMENTS.—Subject to section
7 679, the Secretary shall make grants to eligible States for
8 the allotments described in subsections (a) and (b). The
9 Secretary shall make payments for the grants in accord-
10 ance with section 6503(a) of title 31, United States Code.

11 “(d) DEFINITION.—In this section, the term ‘State’
12 does not include Guam, American Samoa, the United
13 States Virgin Islands, and the Commonwealth of the
14 Northern Mariana Islands.

15 **“SEC. 679. PAYMENTS TO INDIAN TRIBES.**

16 “(a) DEFINITIONS.—In this section:

17 “(1) INDIAN.—The term ‘Indian’ means a
18 member of an Indian tribe or of a tribal organiza-
19 tion.

20 “(2) INDIAN TRIBE; TRIBAL ORGANIZATION.—
21 The terms ‘Indian tribe’ and ‘tribal organization’
22 mean a tribe, band, or other organized group recog-
23 nized in the State in which the tribe, band, or group
24 resides, or considered by the Secretary of the Inte-

1 rior, to be an Indian tribe or an Indian organization
2 for any purpose.

3 “(b) RESERVATION.—

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

6 “(A) receives a request from the governing
7 body of an Indian tribe or tribal organization
8 within such State that assistance under this
9 subtitle be made available directly to such tribe
10 or organization; and

11 “(B) determines that the members of such
12 Indian tribe or tribal organization would be bet-
13 ter served by means of grants made directly to
14 such tribe or organization to provide benefits
15 under this subtitle.

16 “(2) AMOUNT.—The Secretary shall reserve
17 from amounts allotted to a State under section 678
18 for a fiscal year, not less than the amount that bears
19 the same ratio to the State allotment for the fiscal
20 year as the population of all eligible Indians for
21 whom a determination has been made under para-
22 graph (1)(B) bears to the population of all individ-
23 uals eligible for assistance through a grant made
24 under section 678 to such State.

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

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

12 “(e) ALTERNATIVE PERFORMANCE MEASUREMENT
13 SYSTEM.—The Secretary may promulgate alternative re-
14 quirements for tribal implementation of the requirements
15 of section 680(c).

16 **“SEC. 680. STATE PLANS AND APPLICATIONS; COMMUNITY**
17 **ACTION PROGRAM PLANS AND APPLICA-**
18 **TIONS.**

19 “(a) STATE LEAD AGENCY.—

20 “(1) DESIGNATION.—The chief executive officer
21 of a State desiring to receive a grant under section
22 677 or 678 shall designate, in an application sub-
23 mitted to the Secretary under subsection (b), an ap-
24 propriate State agency that agrees to comply with
25 the requirements of paragraph (2), to act as a lead

1 agency for purposes of carrying out State activities
2 under this subtitle.

3 “(2) DUTIES OF LEAD STATE AGENCIES.—The
4 lead agency shall—

5 “(A) be authorized by the chief executive
6 officer to convene State agencies and coordi-
7 nate—

8 “(i) information and activities funded
9 under this subtitle; and

10 “(ii) information and activities of any
11 State agencies whose State programs are
12 intended to reduce poverty, including agen-
13 cies administering resources that support
14 development of jobs and housing in com-
15 munities;

16 “(B) develop the State plan to be sub-
17 mitted to the Secretary under subsection (b),
18 which shall be based primarily on the commu-
19 nity action program plans of eligible entities,
20 submitted to the State as a condition of receiv-
21 ing funding under this subtitle for approval by
22 the State;

23 “(C) assist eligible entities—

1 “(i) in conducting periodic comprehen-
2 sive community needs assessments, not less
3 often than every 4 years;

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

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

8 “(D) coordinate plans for the activities of
9 the State and other organizations under this
10 subtitle, and activities of recipients of training
11 or technical assistance with the community ac-
12 tion program plans;

13 “(E) in conjunction with the development
14 of the State plan as required under subsection
15 (b)—

16 “(i) hold at least one hearing in the
17 State on the proposed plan, to provide to
18 the public an opportunity to comment on
19 the public record on the proposed use and
20 distribution of funds under the plan; and

21 “(ii) not less than 15 days prior to
22 the hearing, distribute notice of the hear-
23 ing and a copy of the proposed plan or
24 plan revision statewide to the public and
25 directly to the chief executive officer and

1 the chairperson of the Board of Directors
2 of the eligible entities (or designees) and
3 any subgrantees (or designees) and other
4 interested parties;

5 “(F) not less often than every 3 years, in
6 conjunction with the development of the State
7 plan, hold at least 1 legislative hearing;

8 “(G) conduct reviews of eligible entities as
9 required under section 684;

10 “(H) adopt and report on State perform-
11 ance benchmarks, as described in section
12 680(c); and

13 “(I) provided further that, in the event a
14 lead agency chooses to exercise its option to del-
15 egate one or more of its duties to another orga-
16 nization by contract, grant, or cooperative
17 agreement, such delegation shall not include its
18 duties under subparagraph (G).

19 “(b) STATE APPLICATION FOR STATE PROGRAM AND
20 STATE PLAN.—Beginning with the first fiscal year fol-
21 lowing the transition year, to be eligible to receive a grant
22 under section 677 or 678, a State shall prepare and sub-
23 mit to the Secretary for approval an application containing
24 a State plan covering a period of not more than two fiscal
25 years. The application shall be submitted not later than

1 30 days prior to the beginning of the first fiscal year cov-
2 ered by the plan, and shall contain such information as
3 the Secretary shall require, including—

4 “(1) a description of the manner in which funds
5 made available through the grant under section 677
6 or 678 will be used to carry out the State activities
7 described in section 680A(b) and the State’s commu-
8 nity action program plans;

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

11 “(3) an assurance that each plan responds to
12 needs identified in the comprehensive community
13 needs assessment for the service area assigned to the
14 entity and is consistent with one or more purposes
15 described in section 672 and that the plan has been
16 adopted by the governing body of each eligible enti-
17 ty;

18 “(4) an assurance that the State has approved
19 all such community action program plans that are
20 consistent with the purposes and requirements of
21 this subtitle;

22 “(5) at the State’s option, a statewide strategic
23 plan that—

1 “(A) includes the State’s strategy for im-
2 plementing its responsibilities under section
3 680(a); and

4 “(B) may include the community action
5 strategic plans of the eligible entities and such
6 other matters as the State shall determine to be
7 necessary to complete its strategic plan;

8 “(6) a description of the State’s performance
9 measurement system;

10 “(7) a plan for the State’s oversight of eligible
11 entities, including, but not limited to—

12 “(A) the training provided to State over-
13 sight personnel regarding Federal law, regula-
14 tions and policy, and applicable State practices;

15 “(B) the policies and procedures adopted
16 for the State’s monitoring:

17 “(C) the State’s system for implementing
18 the training and, when necessary, requiring a
19 corrective action plan for eligible entities;

20 “(D) the management training and tech-
21 nical assistance made available to eligible enti-
22 ties; and

23 “(E) the method used for assessing the
24 quality of such training;

1 “(8) an assurance that any eligible entity in the
2 State that received, in the previous fiscal year, fund-
3 ing through a grant made under section 677 or 678
4 will not have such funding withheld, nor reduced
5 below the proportional share of funding the entity
6 received from the State in the previous fiscal year,
7 nor eliminated—

8 “(A) except according to the procedures
9 set forth in subsection (b), (c), (d), or (e) of
10 section 685; or

11 “(B) unless the Secretary, in approving an
12 application under this section, approves a
13 change in the statewide proportional distribu-
14 tion of funds under section 680(A)(a)(1) when
15 such change is included as part of a State’s ap-
16 plication submitted under section 680(e)(1) to
17 respond to—

18 “(i) the results of the most recently
19 available census or other appropriate de-
20 mographic data;

21 “(ii) severe economic dislocation; or

22 “(iii) the designation of a new eligible
23 entity in an unserved geographic area.

24 “(9) a description of the State’s requirements
25 that ensure that each eligible entity serving the

1 State establishes procedures that permit low-income
2 individuals, or a community organization or religious
3 organization, that considers low-income individuals
4 or the organization, respectively, to be inadequately
5 represented on the Board of Directors of the eligible
6 entity, to petition for adequate representation of
7 such individuals or organization, respectively, on the
8 Board;

9 “(10) a description of the State’s requirements,
10 and financial or other support, for each community
11 action program plan and community action strategic
12 plan of an eligible entity in the State and for the
13 comprehensive community needs assessment de-
14 scribed in subsection (a)(2)(C) on which the commu-
15 nity action program plans are based, which assess-
16 ment may be coordinated with community needs as-
17 sessments conducted for programs other than the
18 program carried out under this subtitle;

19 “(11) an assurance that the State and all eligi-
20 ble entities in the State will participate in a perform-
21 ance measurement system that meets the require-
22 ments of this subtitle, and a description of the man-
23 agement and program information that will be used
24 to measure State and eligible entity performance in

1 achieving the goals of the State plan and the com-
2 munity action program plans, respectively; and

3 “(12) an assurance that the State’s perform-
4 ance measurement system for eligible entities is
5 based, for each eligible entity, upon the results of
6 implementing the entity’s own community action
7 program plan and the achievement of the goals of
8 the plan and performance benchmarks described in
9 subsection (c) as adjusted, if necessary, for changes
10 in available funding.

11 “(c) STATE PERFORMANCE REQUIREMENTS AND
12 BENCHMARKS.—

13 “(1) PERFORMANCE REQUIREMENTS.—Con-
14 sistent with the requirements of section 687, fol-
15 lowing the transition period described in section
16 691(a), in order to be eligible for a grant under sec-
17 tion 677 or 678, each State shall adopt performance
18 requirements and the performance benchmarks de-
19 scribed in paragraph (2), to be included as part of
20 the performance measurement system described in
21 section 687 and shall provide related training for
22 State personnel carrying out a State program under
23 this subtitle.

24 “(2) ANNUAL STATE PERFORMANCE BENCH-
25 MARKS.—Each State shall include in the State plan

1 submitted under subsection (b), for each fiscal year
2 after the transition period, performance measure-
3 ments for lead agency management quality including
4 those promulgated by the Secretary, and the State
5 annual performance benchmarks regarding pro-
6 grammatic activities described in section 680A(b)
7 and other performance measures which shall in-
8 clude—

9 “(A) indicators of timely distribution and
10 effective management of Federal funds by the
11 lead agency and of the compliance with the re-
12 quirements for State personnel and for manage-
13 ment of activities funded under this subtitle
14 (other than this subsection); and

15 “(B) indicators concerning the results of
16 activities funded by the State under this sub-
17 section.

18 “(d) APPROVAL.—The Secretary shall notify the chief
19 executive officer of each State submitting an application
20 containing a State plan under this section, of the approval,
21 disapproval, or approval in part, of the application, within
22 30 days after receiving the application.

23 “(1) In the event of a partial approval, the Sec-
24 retary’s notification shall include a description of
25 changes necessary for final approval but the Sec-

1 retary shall not require submission of the State stra-
2 tegic plan described in subsection (b)(4). In the
3 event of such partial approval, the Secretary may
4 allow grantee use of funds for activities included in
5 the portions of the plan which the Secretary has ap-
6 proved.

7 “(2) In the event a State application fails to be
8 approved in whole or in part before the end of the
9 third month of the State program covered by such
10 plan the Secretary may allocate funds as provided in
11 section 685(b)(3)(C).

12 “(e) REVISION AND INSPECTION.—

13 “(1) REVISIONS.—The chief executive officer of
14 a State may revise a State plan submitted under
15 this section and shall submit an application con-
16 taining the revised plan to the Secretary for ap-
17 proval according to the procedures described in sub-
18 sections (b) and (c).

19 “(2) PUBLIC INSPECTION.—Each plan and revi-
20 sion to a State plan prepared under this section
21 shall be distributed for public inspection and com-
22 ment. A hearing on such plan or revision shall be
23 held as required under subsection (a)(2)(E), but a
24 State application for merger incentive funds shall
25 not be considered a revision.

1 “(f) APPLICATION FOR COMMUNITY ACTION PRO-
2 GRAM AND COMMUNITY ACTION PROGRAM PLAN.—Begin-
3 ning with the first fiscal year following the transition year,
4 to be eligible to receive a subgrant under section 680A(a),
5 each eligible entity shall prepare and submit to the State
6 for approval an application containing a community action
7 program plan or plans covering a period of not more than
8 two fiscal years. Such application shall be submitted no
9 later than 90 days before the date for submission of the
10 State application to the Secretary. The application shall
11 contain information on the intended implementation of the
12 eligible entity’s activities, including demonstrating—

13 “(1) how the program—

14 “(A) meets needs identified in the most re-
15 cent comprehensive community needs assess-
16 ment, and is consistent with the entity’s com-
17 munity action strategic plan for that period;
18 and

19 “(B) achieves the purposes of this subtitle
20 through programs, projects, and services, which
21 may include the activities described in section
22 683.

23 “(2) ELIGIBLE ENTITY PERFORMANCE RE-
24 QUIREMENTS AND BENCHMARKS.—Not later than
25 the end of the period described in section 691(a),

1 each eligible entity participating in a program fund-
2 ed under this subtitle shall—

3 “(A) adopt performance benchmarks that
4 include indicators concerning attainment of the
5 goals of the entity’s annual community action
6 program plans described in section 673(2), indi-
7 cators of timely and effective management of
8 Federal and other funds, and indicators of com-
9 pliance with the requirements of this subtitle;

10 “(B) participate in a statewide perform-
11 ance measurement system under section 687,
12 including—

13 “(i) contributing to reports on indica-
14 tors of results as measured by the state-
15 wide system;

16 “(ii) establishing and tracking per-
17 formance on indicators concerning attain-
18 ment of the goals of the entity’s commu-
19 nity action strategic plan and community
20 action program plan;

21 “(iii) measuring the entity’s perform-
22 ance regarding governance, organizational
23 development, and professional development
24 of agency personnel; and

1 “(iv) establishing an internal manage-
2 ment system that incorporates information
3 regarding results into subsequent plans,
4 procedures, and budgets; and

5 “(C) conduct community-wide comprehen-
6 sive community needs assessments including as-
7 sessments of local opportunities to reduce pov-
8 erty and use the results as a basis for commu-
9 nity action strategic plans, for programs,
10 projects, and services provided by the entity, for
11 public engagement in addressing the causes of
12 poverty and the expansion of local economic op-
13 portunities, and for the development of linkages
14 among partners that will reinforce initiatives
15 funded under this subtitle, except that funds
16 used for such activities shall not be considered
17 administrative funds.

18 **“SEC. 680A. STATE AND LOCAL USES OF FUNDS.**

19 “(a) STATE SUBGRANTS TO ELIGIBLE ENTITIES AND
20 OTHER ORGANIZATIONS.—

21 “(1) IN GENERAL.—A State that receives a
22 grant under section 677 or 678 shall reserve 2 per-
23 cent of the funds made available through the grant
24 for the Community Action Innovations Program de-
25 scribed in subsection (c) and, of the remainder, use

1 not less than 90 percent to make subgrants to eligi-
2 ble entities to enable the entities to implement pro-
3 grams, projects, or services for a purpose described
4 in section 672.

5 “(2) OBLIGATIONAL REQUIREMENTS.—

6 “(A) DATE OF OBLIGATION.—The State
7 shall obligate the funds from the portion de-
8 scribed in paragraph (1) to make subgrants
9 under paragraph (1) not later than the later
10 of—

11 “(i) the 30th day after the date on
12 which the State receives from the Sec-
13 retary a Notice of Funding Availability for
14 the State’s approved State application
15 under section 680; or

16 “(ii) the first day of the State pro-
17 gram year for which such funds are ap-
18 proved to be expended under the State ap-
19 plication.

20 “(B) AVAILABILITY.—Funds allocated to
21 eligible entities through subgrants made in ac-
22 cordance with paragraph (1) for a fiscal year
23 shall be available for obligation by the eligible
24 entity during that fiscal year and the suc-
25 ceeding fiscal year, subject to paragraph (3).

1 “(3) RECAPTURE AND REDISTRIBUTION OF UN-
2 OBLIGATED FUNDS.—

3 “(A) RECAPTURING FUNDS.—A State may
4 recapture and redistribute funds distributed to
5 an eligible entity for a fiscal year through a
6 subgrant made under paragraph (1) that are
7 unobligated at the end of the fiscal year if such
8 unobligated funds exceed 20 percent of the
9 amount of funds so distributed to such eligible
10 entity for such fiscal year unless the community
11 action program plan approved by the State in-
12 cluded a higher percentage of unobligated
13 funds.

14 “(B) REDISTRIBUTING FUNDS.—In redis-
15 tributing funds recaptured in accordance with
16 this paragraph, a State shall redistribute such
17 funds to another eligible entity that is a com-
18 munity action agency and is capable of pro-
19 viding services similar to the services provided
20 by the original recipient of funds in the area
21 served. If no such community action agency is
22 available, the State may redistribute the funds
23 to a private, nonprofit organization that has
24 demonstrated capacity to deliver similar services
25 to residents of the community and that is lo-

1 cated in that service area, for activities con-
2 sistent with the objectives of this subtitle.

3 “(b) STATEWIDE ACTIVITIES.—

4 “(1) USE OF REMAINDER.—

5 “(A) IN GENERAL.—A State that receives
6 a grant under section 677 or 678 shall, after
7 carrying out subsection (a), use the remainder
8 of the grant funds for activities described in the
9 State’s application approved by the Secretary
10 under section 680(b) as described in subpara-
11 graphs (B) and (C) and for administrative ex-
12 penses subject to the limitations in paragraph
13 (2).

14 “(B) TRAINING AND TECHNICAL ASSIST-
15 ANCE.—After applying subsection (a) and sub-
16 paragraph (C), the State may use the remain-
17 ing grant funds for the purposes of—

18 “(i) providing to eligible entities train-
19 ing and technical assistance and resources
20 to respond to specific statewide or regional
21 conditions that create economic insecurity,
22 including, but not limited to, emergency
23 conditions;

24 “(ii) supporting professional develop-
25 ment activities for eligible entities that en-

1 hance the skills of their local personnel (in-
2 cluding skills of members of the board of
3 directors of such entities) that such per-
4 sonnel need to manage private, nonprofit
5 organizations, including skills for designing
6 and delivering effective support to individ-
7 uals seeking opportunities for economic se-
8 curity, and skills for designing and man-
9 aging programs, projects, or services that
10 lead to change in the economic and social
11 assets and opportunities of the community,
12 giving priority to activities carried out
13 through partnerships of the organizations
14 with institutions of higher education;

15 “(iii) supporting information and com-
16 munication resources for the comprehen-
17 sive community needs assessments de-
18 scribed in section 680(a)(2)(C);

19 “(iv) supporting performance meas-
20 urement systems consistent with the re-
21 quirements of sections 680(c) and 682(b),
22 including establishing systems to measure
23 the effectiveness of training delivered
24 under clause (i), and publishing the results
25 of measurements taken under the systems;

1 “(v) promoting coordination and co-
2 operation among eligible entities in the
3 State including supporting activities of a
4 statewide association of community serv-
5 ices network organizations; and

6 “(vi) supporting the activities of pri-
7 vate non-profit organizations which meet
8 the purposes of this subtitle and which co-
9 ordinate such activities with community
10 services network organizations in the
11 State.

12 “(C) INNOVATIVE PROJECTS TO REDUCE
13 POVERTY.—

14 “(i) IN GENERAL.—The State shall
15 use amounts reserved under section
16 680A(a)(1) for a Community Action Inno-
17 vations Program to award subgrants, con-
18 tracts, or cooperative agreements to eligi-
19 ble entities, or their associations, to carry
20 out innovative projects to test or replicate
21 promising new practices designed to reduce
22 poverty conditions and to disseminate the
23 results of such projects for public use.

24 “(ii) EXPENSES.—The funds reserved
25 for projects under this subparagraph may

1 be used for reasonable expenses, of States
2 and subgrantees, associated with adminis-
3 tration of such projects and dissemination
4 of their results.

5 “(iii) AWARDS AND OBLIGATION.—A
6 State shall award and obligate funds re-
7 served for projects under this subpara-
8 graph during the first program year for
9 which the funds are appropriated. Funds
10 provided under this subparagraph shall re-
11 main available until expended for an inno-
12 vative project if the period for that expend-
13 iture is specified in an approved plan de-
14 scribed in subparagraph (D) for that inno-
15 vative project.

16 “(iv) MATCHING REQUIREMENTS.—In
17 the case of innovative projects that are
18 funded in part by funds authorized under
19 a Federal law other than this subtitle, that
20 includes requirements for matching the
21 Federal funds with non-Federal funds,
22 funds made available under this subsection
23 may be deemed to be local funding for pur-
24 poses of requirements of such law.

1 “(v) REAL PROPERTY.—Land or fa-
2 cilities improved through a project receiv-
3 ing an award under this subparagraph, for
4 which the amount of the award is less than
5 50 percent of the total project cost, shall
6 not be subject to the provisions of section
7 688(a).

8 “(vi) ELIGIBILITY.—Activities funded
9 under this section may include participants
10 with incomes not exceeding 80 percent of
11 the area median income.

12 “(D) PLAN FOR STATE USE OF TRAINING,
13 TECHNICAL ASSISTANCE, AND INNOVATION
14 FUNDS.—To be eligible to use grant funds as
15 described in subparagraph (B) or (C), each
16 State shall submit, not later than the end of the
17 transition period described in section 691(a), as
18 part of the annual State plan submitted under
19 section 680(b), a training, technical assistance,
20 and innovation plan, developed in consultation
21 with the community service network organiza-
22 tions in the State, that—

23 “(i) shall cover up to 2 years; and

24 “(ii) shall set forth information de-
25 scribing the way the requirements of that

1 subparagraph will be implemented and a
2 quality assurance system for providers of
3 the training, technical assistance, or inno-
4 vation project involved.

5 “(2) ADMINISTRATIVE CAP.—

6 “(A) LIMITATION.—No State may spend
7 more than 5 percent of the remainder of the
8 funds after the reservation for the State com-
9 munity action innovations fund as described in
10 section 680A(a)(1) for administrative expenses.

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

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

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

21 “(c) ELIGIBLE ENTITY USE OF FUNDS.—An eligible
22 entity that receives a subgrant under section 680A(a) shall
23 use the subgrant funds to carry out a community action
24 program plan with programs, projects, and services that
25 shall include—

1 “(1) the activities described in section
2 680(a)(2)(C) regarding periodic assessment of pov-
3 erty conditions and opportunities to alleviate such
4 conditions in connection with convening community-
5 wide planning activities; and activities that achieve
6 greater participation of the residents of the commu-
7 nities served in the affairs of the community and the
8 organization and one of more of the activities in
9 paragraph (2) or (3);

10 “(2) programs, projects, or services that are de-
11 signed to assist low-income individuals and families
12 by providing access to local opportunities for achiev-
13 ing and maintaining economic security, which may
14 include opportunities for the individuals and fami-
15 lies—

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

18 “(B) to secure an adequate education, im-
19 prove literacy and language ability, and obtain
20 job-related skills;

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

23 “(D) to obtain and maintain adequate
24 housing and a healthy living environment, in-
25 cluding addressing the health care needs of indi-

1 viduals and families with services and through
2 changes in local institutions and workplaces (in-
3 cluding institutions and workplaces managed by
4 the eligible entity); and

5 “(E) to obtain emergency materials or
6 other assistance to meet immediate individual
7 or community urgent needs and prevent greater
8 or more prolonged economic instability; and

9 “(3) programs, projects, or services that im-
10 prove living conditions, increase employment, and ex-
11 pand other economic opportunities in the community
12 served, which may include—

13 “(A) activities that develop and maintain
14 partnerships for the purpose of changing com-
15 munity, economic, and social conditions of pov-
16 erty, between the eligible entity and—

17 “(i) State and local public entities
18 (such as schools, institutions of higher edu-
19 cation, housing authorities, and law en-
20 forcement agencies); and

21 “(ii) private partners, including state-
22 wide and local businesses, associations of
23 private employers, and private charitable
24 and civic organizations;

1 “(B) activities that establish linkages
2 among organizations for coordinating initia-
3 tives, services, and investments so as to avoid
4 duplication, and maximize the effective use of
5 community resources for creating economic op-
6 portunity, including developing lasting social
7 and economic assets; and

8 “(C) activities that mobilize new invest-
9 ments in the community to reduce the incidence
10 of poverty, including developing lasting social
11 and economic assets.

12 **“SEC. 681. ELIGIBLE ENTITIES AND TRIPARTITE BOARDS.**

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

15 “(1) IN GENERAL.—If any geographic area of a
16 State is not, or ceases to be, served by an eligible
17 entity the lead agency shall, in consultation with
18 local officials and organizations representing the
19 area, solicit one or more applications and designate
20 a new community action agency to provide pro-
21 grams, projects, or services to the area that is—

22 “(A) a community action agency that is
23 geographically located in an area within reason-
24 able proximity of or contiguous to the unserved
25 area that is already providing similar programs,

1 projects, or services, and that has demonstrated
2 financial capacity to manage and account for
3 Federal funds; or

4 “(B) if no community action agency de-
5 scribed in subparagraph (A) is available, a pri-
6 vate, nonprofit organization (which may include
7 an eligible entity) that is geographically located
8 in, or in reasonable proximity to, the unserved
9 area and that is capable of providing a broad
10 range of programs, projects, or services de-
11 signed to achieve the purposes of this subtitle
12 as stated in section 672.

13 “(2) REQUIREMENT.—In order to serve as the
14 eligible entity for the service area, an entity de-
15 scribed in paragraph (1) shall agree to ensure that
16 the governing board of directors of the entity will
17 meet the requirements of subsection (b)(1)(C).

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

21 “(b) MERGERS OR PRIVATIZATION OF ELIGIBLE EN-
22 TITIES.—

23 “(1) IN GENERAL.—If

24 “(A) two or more eligible entities deter-
25 mine that the geographic areas of a State which

1 they serve can be more effectively served under
2 a single corporate structure; or

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

7 a State shall assist in developing a plan for implementing
8 such merger or privatization, including a budget for tran-
9 sitional costs not to exceed two years duration, and, upon
10 approving such plans, may notify the Secretary that the
11 entities are in need of and eligible for funds from the
12 merger incentive fund established in section
13 683(a)(1)(B)(iv).

14 “

15 “(2) PLANS.—States may establish require-
16 ments for merger or privatization plans and for a
17 determination that the merged or privatized entity,
18 or entities, will be capable of conducting a program
19 consistent with the comprehensive needs assessments
20 for the areas served.

21 “(c) TRIPARTITE BOARDS.—

22 “(1) PRIVATE, NONPROFIT ORGANIZATIONS.—

23 “(A) BOARD.—In order for a private, non-
24 profit organization to be considered to be an eli-
25 gible entity for purposes of section 673(1), the

1 entity shall be governed by a tripartite board of
2 directors described in subparagraph (C) that
3 fully participates in the development, planning,
4 implementation, oversight, and evaluation of the
5 program, project, or service carried out or pro-
6 vided through the subgrant made under section
7 680A(a) and all activities of the entity.

8 “(B) SELECTION.—The members of the
9 board referred to in subparagraph (A) shall be
10 selected by the entity.

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

13 “(i) $\frac{1}{3}$ of the members of the board
14 are elected public officials holding office on
15 the date of selection, or their representa-
16 tives (but if an elected public official
17 chooses not to serve, such official may des-
18 ignate a representative to serve as the vot-
19 ing board member);

20 “(ii)(I) not fewer than $\frac{1}{3}$ of the mem-
21 bers are persons chosen in accordance with
22 democratic selection procedures adequate
23 to assure that the members referred to in
24 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 eligible entity
14 shall ensure that the members of the board in-
15 clude, or have direct access to, individuals with
16 expertise in financial management, accounting,
17 and law.

18 “(E) COMPLIANCE WITH TAX-EXEMPT AND
19 OTHER REQUIREMENTS.—The board of a pri-
20 vate, nonprofit organization shall ensure that
21 the board operates and conducts activities
22 under the subgrant made under section
23 680A(a) in a manner that complies with—

24 “(i) the requirements for maintaining
25 tax-exempt status under section 501(a) of

1 the Internal Revenue Code of 1986 (26
2 U.S.C. 501(a)) regarding the governance
3 of charities under section 501(c)(3) of the
4 Internal Revenue Code of 1986 (26 U.S.C.
5 501(c)(3)); and

6 “(ii) applicable requirements of State
7 law.

8 “(2) PUBLIC ORGANIZATIONS.—

9 “(A) BOARD.—In order for a public orga-
10 nization to be considered to be an eligible entity
11 for purposes of section 673(1), the organization
12 shall administer a program, project, or service
13 under the supervision of a tripartite board de-
14 scribed in subparagraph (C).

15 “(B) SELECTION.—The members of the
16 board referred to in subparagraph (A) shall be
17 selected by the organization.

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

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

1 “(ii)(I) not fewer than $\frac{1}{3}$ of the mem-
2 bers are persons chosen in accordance with
3 democratic selection procedures adequate
4 to assure that the members referred to in
5 this clause are representative of low-income
6 individuals and families in the service area;
7 and

8 “(II) each member who is a represent-
9 ative of low-income individuals and families
10 and is also selected to represent a specific
11 geographic area under subclause (I) resides
12 in such area; and

13 “(iii) the remainder of the members
14 are representatives of business, industry,
15 labor, religious, educational, charitable, or
16 other significant private groups in the
17 community.

18 “(D) EXPERTISE.—The organization shall
19 ensure that the members of the board include
20 or have direct access to individuals with exper-
21 tise in financial management, accounting, and
22 law.

23 “(E) COMPLIANCE WITH STATE REQUIRE-
24 MENTS AND POLICY.—The board of a public or-
25 ganization shall ensure that the board operates

1 in a manner that complies with State require-
2 ments for open meetings, financial trans-
3 parency, and State open records policy.

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

7 “(1) in the case of a board for a private, non-
8 profit organization that is an eligible entity, having
9 and legal and financial responsibility for admin-
10 istering overseeing the eligible entity, including mak-
11 ing proper use of Federal funds;

12 “(2) ensuring that the guidance regarding orga-
13 nizational performance disseminated by the Sec-
14 retary under section 682(e)(8) is implemented;

15 “(3) adopting practices that assure active, inde-
16 pendent, and informed governance of the eligible en-
17 tity, including establishing terms for officers and
18 adopting a code of ethical conduct, including a con-
19 flict of interest policy for board members;

20 “(4) participating in each comprehensive com-
21 munity needs assessment, developing and adopting
22 as a policy for the corresponding eligible entity a
23 community action strategic plan, including provi-
24 sions for the use of funds under this subtitle, and

1 preparing the community action program plan for
2 the use of funds under this subtitle;

3 “(5) ensuring that the eligible entity manages
4 its activities based on a system of performance
5 measurement;

6 “(6) ensuring compliance by the eligible entity
7 with Federal, and applicable State and local, laws,
8 including regulations;

9 “(7) overseeing financial management, account-
10 ing, and reporting policies, and complying with laws
11 regarding financial statements, including—

12 “(A) selecting an auditor; and

13 “(B) monitoring corrective action required
14 by audit findings and taking other necessary
15 actions to enable the eligible entity to comply
16 with accounting policies and laws about finan-
17 cial statements;

18 “(8) reviewing all major financial expenditures
19 of the eligible entity, including annually approving
20 the eligible entity’s operating budget;

21 “(9) reviewing all major policies of the eligible
22 entity, including—

23 “(A) conducting annual performance re-
24 views of the eligible entity’s chief executive offi-

1 cer (or individual holding an equivalent posi-
2 tion); and

3 “(B) conducting assessments of the eligible
4 entity’s progress in carrying out programmatic
5 and fiscal provisions in the community action
6 program plan, and in taking any corrective ac-
7 tion;

8 “(10) adopting personnel policies and proce-
9 dures, including policies and procedures for hiring,
10 annual evaluation, compensation, and termination,
11 of eligible entity’s chief executive officer (or indi-
12 vidual holding a similar position); and

13 “(11) adopting and periodically updating writ-
14 ten conflict of interest policies for members of the
15 board.

16 **“SEC. 682. OFFICE OF COMMUNITY SERVICES.**

17 “(a) OFFICE.—

18 “(1) The Secretary shall establish an Office of
19 Community Services in the Department of Health
20 and Human Services (referred to in this subtitle as
21 the ‘Department’) to carry out the functions of this
22 subtitle.

23 “(2) The Office shall be headed by a Director
24 (referred to in this subtitle as the ‘Director’).

1 “(b) GRANTS, CONTRACTS, AND COOPERATIVE
2 AGREEMENTS.—The Secretary, acting through the Direc-
3 tor, shall carry out the functions of this subtitle through
4 grants, contracts, or cooperative agreements.

5 “(c) DUTIES, MANAGEMENT, AND INTEGRATION.—
6 The Secretary shall—

7 “(1) coordinate the activities of all personnel
8 and contractors of the Department, concerning mon-
9 itoring (including inspecting) eligible entities that re-
10 ceive subgrants under this subtitle and are funded
11 or monitored by an office of the Department other
12 than the Office of Community Services, in order to
13 efficiently organize oversight visits, inspections, and
14 audits of such entities by conducting joint oversight
15 operations, as practicable;

16 “(2) promulgate skill requirements, for Depart-
17 ment officials with responsibility for monitoring and
18 approving State programs under this subtitle, re-
19 garding the knowledge, skills, and abilities required
20 to assess and provide technical assistance regarding
21 the operations of private, nonprofit organizations re-
22 sponsible for implementing multiple Federal and
23 other community-based initiatives;

24 “(3) ensure that personnel and contractors of
25 the Department with responsibility for State pro-

1 grams under this subtitle acquire the knowledge,
2 skills, and abilities described in paragraph (2);

3 “(4) establish minimum requirements for the
4 knowledge and skills of State personnel responsible
5 for overseeing the activities authorized by this sub-
6 title;

7 “(5) promulgate performance indicators for
8 State management of the funds, operations and pro-
9 grammatic requirements of this subtitle;

10 “(6) establish and publish uniform procedures
11 for use by Federal and State monitors of the activi-
12 ties authorized by this subtitle;

13 “(7) promulgate regulations with respect to the
14 procedures for State and local corrective action
15 plans described in section 687 (including promul-
16 gating a definition of a serious deficiency for pur-
17 poses of that section) to ensure prompt resolution of
18 deficiencies and adherence to the uniform adminis-
19 trative requirements, cost principles, and audit re-
20 quirements described in section 676(b); and

21 “(8) disseminate or cause to be disseminated
22 guidance regarding the organizational practices and
23 performance of eligible entities developed jointly by
24 the Director and the community services network or-
25 ganizations.

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

6 “(1) the timeliness of—

7 “(A) apportionments and allotments of ap-
8 propriated funds to States; and

9 “(B) the use of funds reserved pursuant to
10 section 692(b);

11 “(2) the timeliness of approvals or notifications
12 concerning State plans and plan revisions described
13 in section 680;

14 “(3) the timeliness of scheduled monitoring of
15 States and implementation of State corrective action
16 plans described in section 687;

17 “(4) the implementation of the requirements of
18 the uniform administrative requirements, cost prin-
19 ciples, and audit requirements described in section
20 676(b) by the Department, the States, and other
21 grantees;

22 “(5) the implementation of the requirements for
23 coordinated audits and monitoring by multiple of-
24 fices of the Department;

1 “(6) the improvement achieved by Federal per-
2 sonnel in acquiring the knowledge, skills, and abili-
3 ties described in subsection (c)(2) and needed to ef-
4 fectively carry out subsection (c)(1);

5 “(7) the progress made by the Office of Com-
6 munity Services in achieving each of the require-
7 ments of this subtitle; and

8 “(8) the timeliness of reports required by this
9 subtitle.

10 **“SEC. 683. TRAINING, TECHNICAL ASSISTANCE, AND RE-**
11 **LATED ACTIVITIES.**

12 “(a) ACTIVITIES.—

13 “(1) The Secretary shall, in accordance with
14 the plan described in subsection (d)(2)—

15 “(A) use amounts reserved under section
16 692(c)(2)(A) for training, technical assistance,
17 planning, evaluation, and performance measure-
18 ment, through States and other community
19 services network organizations to assist in—

20 “(i) development or replication of in-
21 novative initiatives;

22 “(ii) carrying out professional develop-
23 ment activities that expand the capacity of
24 eligible entities;

1 “(iii) carrying out performance meas-
2 urement, reporting, and data collection ac-
3 tivities related to programs carried out
4 under this subtitle; and

5 “(iv) correcting programmatic defi-
6 ciencies, including such deficiencies of eli-
7 gible entities; and

8 “(B) the Secretary shall distribute the
9 amounts reserved under section 692(c)(2)(B)
10 directly to States, eligible entities, or other com-
11 munity services network organizations and their
12 partners, including institutions of higher edu-
13 cation, that carry out activities to achieve the
14 goals of the plan described in subsection (b)(2)
15 for—

16 “(i) professional development for key
17 personnel;

18 “(ii) activities to improve program
19 and financial management practices (in-
20 cluding practices related to performance
21 management information systems);

22 “(iii) activities that train individuals
23 and organizations to effectively address the
24 needs of low-income families and commu-
25 nities through place-based strategies for

1 coordinated investment and integrated
2 service delivery; and

3 “(iv) provided that 7.5 percent of
4 such reserved amount remain available
5 until the end of the second quarter of the
6 year for which funds are appropriated for
7 grants by the Secretary which shall be
8 awarded to States upon approval of an ap-
9 plication by the State as described in sec-
10 tion 680(b) for funds to support the one-
11 time costs incurred by two or more eligible
12 entities for legal, financial and other activi-
13 ties required to effect a merger of oper-
14 ations and programs that achieves greater
15 efficiency and impact for the use of funds
16 appropriated under this subtitle. Any funds
17 not designated for such merger incentives
18 by the end of the second quarter of the fis-
19 cal year shall be available for other author-
20 ized purposes of this subsection.

21 “(b) LIMITATION.—None of the funds allocated
22 under subsection (a) may be used for expenses or salaries
23 of Federal employees.

24 “(c) GRANTS, CONTRACTS, AND COOPERATIVE
25 AGREEMENTS.—The activities described in paragraph

1 (1)(A) shall be carried out by the Secretary through
2 grants, contracts, or cooperative agreements with appro-
3 priate entities, which shall include all statewide associa-
4 tions of eligible entities that meet the requirements for
5 receipt of Federal funds.

6 “(d) TRAINING AND TECHNICAL ASSISTANCE PROC-
7 ESS.—

8 “(1) IN GENERAL.—In order to determine the
9 training, technical assistance, and other activities to
10 be provided or supported under subsection (a), the
11 Secretary, acting through the Director, shall develop
12 and carry out the strategic plan described in para-
13 graph (2), and the activities described in paragraph
14 (3).

15 “(2) OFFICE OF COMMUNITY SERVICES STRA-
16 TEGIC TRAINING PLAN.—

17 “(A) IN GENERAL.—Not less often than
18 every fourth year the Secretary, acting through
19 the Director and in consultation with commu-
20 nity service network organizations, shall de-
21 velop, publish, and carry out a strategic plan
22 for the use of funds reserved for use under sec-
23 tion 692(c)(2).

24 “(B) CONTENTS.—Such a plan shall de-
25 scribe—

1 “(i) the activities that will be sup-
2 ported (including their goals), the partner-
3 ships, if any, required to conduct such ac-
4 tivities, the role of each partner partici-
5 pating, the system for delivering the in-
6 tended results, and the timing of such ac-
7 tivities;

8 “(ii) the manner in which the plan en-
9 sures that the Secretary complies with
10 each requirement of this subtitle related to
11 training and technical assistance;

12 “(iii) the manner in which the plan
13 reflects coordination of activities funded
14 under this section with related training
15 and technical assistance provided by the
16 Department, especially for programs,
17 projects, and services other than those
18 funded under this subtitle operated by eli-
19 gible entities;

20 “(iv) the manner in which the results
21 of such activities will be measured;

22 “(v) quality standards for training
23 and trainers to ensure that only effective
24 training is funded under this section; and

1 “(vi) to the maximum extent feasible,
2 how the activities funded under this section
3 address—

4 “(I) the needs of eligible entities
5 and State lead agencies relating to
6 skills and techniques to ensure the
7 quality (including quality of financial
8 management practices) of programs,
9 projects, and services supported under
10 this subtitle; and

11 “(II) other professional develop-
12 ment needs of the eligible entities re-
13 lated to carrying out this subtitle.

14 “(3) EVALUATION OF TRAINING AND TECH-
15 NICAL ASSISTANCE.—The Secretary, acting through
16 the Director—

17 “(A) shall establish a procedure for evalu-
18 ating the quality and effectiveness of training
19 and technical assistance provided under this
20 section related to professional development,
21 local organizational development and manage-
22 ment including, but not limited to financial
23 management, and State government manage-
24 ment; and

1 “(B) shall use the results of the evalua-
2 tions as significant criteria for selecting recipi-
3 ents of funds under this section.

4 **“SEC. 684. STATE MONITORING OF ELIGIBLE ENTITIES.**

5 “(a) MONITORING BY STATES.—In order to deter-
6 mine whether eligible entities receiving subgrants under
7 this subtitle meet performance benchmarks described in
8 section 680(f)(2), administrative standards, financial
9 management requirements, and other requirements under
10 this subtitle, the State shall conduct the following reviews
11 of eligible entities:

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

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

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

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

6 “(b) TRAINING AND TECHNICAL ASSISTANCE FOR
7 MONITORING.—The State may request training and tech-
8 nical assistance from the Secretary as needed to comply
9 with the requirements of this section.

10 **“SEC. 685. EVALUATIONS; CORRECTIVE ACTION; WITH-**
11 **HOLDING, REDUCTION, OR ELIMINATION OF**
12 **FUNDING.**

13 “(a) EVALUATIONS OF STATES BY THE SEC-
14 RETARY.—

15 “(1) IN GENERAL.—The Secretary shall con-
16 duct, in not fewer than $\frac{1}{3}$ of the States in each fis-
17 cal year, evaluations (including investigations) of
18 State compliance with this subtitle, including re-
19 quirements relating to the use of funds received
20 under this subtitle, and especially with respect to
21 compliance with the requirements of State plans
22 submitted under section 680(b) and the uniform ad-
23 ministrative requirements, cost principles, and audit
24 requirements described in section 676(b) as applied
25 to funds received under this subtitle.

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

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

5 “(B)(i) recommendations for improvements
6 designed to enhance the benefit and impact of
7 the activities carried out with such funds; and

8 “(ii) in the event a serious deficiency is
9 found regarding a State’s compliance with this
10 subtitle, including requirements relating to the
11 use of funds received under this subtitle, a pro-
12 posed corrective action plan that meets the re-
13 quirements of subsection (b)(2)(B).

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

16 “(A) a State that received recommenda-
17 tions under paragraph (2)(B)(i) shall submit to
18 the Secretary a plan of action in response to
19 the recommendations; and

20 “(B) a State that received a proposed cor-
21 rective action plan under paragraph (2)(B)(ii)
22 shall carry out the State’s responsibilities under
23 subsection (b)(2).

24 “(4) REPORT TO CONGRESS.—The Secretary
25 shall submit the results of the evaluations annually,

1 as part of the report submitted by the Secretary in
2 6 accordance with section 689(b)(2).

3 “(b) DETERMINATION OF STATE FAILURE TO COM-
4 PLY.—

5 “(1) DUTIES OF THE SECRETARY.—If the Sec-
6 retary finds, on the basis of an evaluation pursuant
7 to subsection (a), that there is a serious deficiency
8 regarding a State’s compliance with this subtitle, the
9 Secretary shall—

10 “(A) inform the State, through the report
11 described in subsection (a)(2) and any proposed
12 corrective action plan submitted under sub-
13 section (a)(2)(B), of the deficiency;

14 “(B) provide assistance consistent with
15 section 685 and subsection (c);

16 “(C) with respect to each identified serious
17 deficiency, require that the State—

18 “(i) correct the deficiency immediately
19 if the Secretary finds that the deficiency
20 threatens the ability of eligible entities to
21 carry out their community action program
22 plans or threatens the integrity of Federal
23 funds; or

24 “(ii) correct the deficiency not later
25 than 90 days after the identification of the

1 deficiency if the Secretary finds, in the dis-
2 cretion of the Secretary, that such a 90-
3 day period is reasonable, in light of the na-
4 ture and magnitude of the deficiency; and
5 “(D) require that the State carry out—

6 “(i) the corrective action plan pre-
7 pared by the Secretary under subsection
8 (a)(2)(B)(ii); or

9 “(ii) a State-proposed corrective ac-
10 tion plan that is approved under paragraph
11 (2)(C).

12 “(2) CORRECTIVE ACTION PLANS.—

13 “(A) IN GENERAL.—A State that is found
14 under paragraph (1) to have a serious defi-
15 ciency shall—

16 “(i) agree to implement the corrective
17 action plan proposed by the Secretary
18 under subsection (a)(2)(B)(ii); or

19 “(ii) propose to the Secretary a dif-
20 ferent corrective action plan, developed by
21 the State in a timely manner that the
22 State will implement upon approval by the
23 Secretary under subparagraph (C).

1 “(B) CONTENTS.—Any corrective action
2 plan proposed under this paragraph shall speci-
3 fy—

4 “(i) the serious and other deficiencies
5 to be corrected;

6 “(ii) the actions to be taken to correct
7 such deficiencies; and

8 “(iii) the timetable for accomplish-
9 ment of the corrective actions specified,
10 which shall provide that each serious defi-
11 ciency is corrected by not later than 90
12 days after the date the State received no-
13 tice of the finding under subsection (a)
14 and of the specific deficiency to be cor-
15 rected.

16 “(C) APPROVAL PROCESSES.—

17 “(i) IN GENERAL.—Not later than 15
18 days after the Secretary receives a State
19 proposed corrective action plan in accord-
20 ance with subparagraph (A), the Secretary
21 shall act—

22 “(I) by approving the proposed
23 plan; or

24 “(II) by notifying the State that
25 the proposed plan cannot be approved,

1 providing the reasons for the dis-
2 approval, and proposing an alternative
3 corrective action plan.

4 “(ii) STATE RESPONSE.—

5 “(I) IN GENERAL.—A State
6 whose corrective action plan has not
7 been approved under clause (i) shall
8 respond by agreeing to implement the
9 alternative corrective action plan, or
10 by submitting a different proposed
11 corrective action plan not later than
12 15 days after receiving notification
13 from the Secretary under clause (i).

14 “(II) INADEQUATE DIFFERENT
15 PROPOSED PLAN.—If the Secretary
16 determines the different proposed plan
17 to be inadequate, the Secretary shall
18 use the procedures to withhold fund-
19 ing described in paragraph (3)(A)
20 until the State and the Secretary
21 agree on, and the State implements a
22 satisfactory corrective action plan. If
23 the Secretary makes that determina-
24 tion, the Director, pursuant to para-
25 graph (3)(C), shall ensure that the af-

1 fected funds are obligated and made
2 available to eligible entities on the
3 same schedule as the State would
4 have been required to follow if the
5 Secretary had not made the deter-
6 mination.

7 “(3) ENFORCEMENT.—

8 “(A) WITHHOLDING OF FUNDING.—If the
9 Secretary determines that a State fails to meet
10 the requirements of this subsection, including a
11 failure to comply with the terms of a corrective
12 action plan described in subsection (a)(2)(B) or
13 approved under paragraph (2) or a failure to
14 correct a serious deficiency in accordance with
15 the timing requirements of paragraph (1)(C),
16 the Secretary may initiate proceedings to with-
17 hold all or a portion of the amount of the fund-
18 ing described in section 680A(b)(2)(A), includ-
19 ing prohibiting the State from using other
20 funds awarded under this subtitle to carry out
21 the activities described in such section, until the
22 State complies with all requirements of this
23 subsection.

24 “(B) REDUCTION OR ELIMINATION OF
25 FUNDING.—If the Secretary determines, on the

1 basis of a final decision in a review conducted
2 under this section that a State fails to meet the
3 requirements of this subsection, the Secretary
4 may, after providing adequate notice and an op-
5 portunity for a hearing, initiate proceedings to
6 reduce or eliminate the amount of funding de-
7 scribed in section 680A(b)(2)(A), including pro-
8 hibiting the State from using other funds
9 awarded under this subtitle to carry out the ac-
10 tivities described in such section, unless the
11 State corrects the failure to meet the require-
12 ments.

13 “(C) USE OF FUNDS.—

14 “(i) If the Secretary delays, reduces,
15 or eliminates funding to a State under sub-
16 paragraph (B), the Secretary shall award
17 the amount of the funding to eligible enti-
18 ties and/or community services network or-
19 ganizations in the State, to carry out the
20 activities described in section 680A(b).

21 “(ii) In the event a State elects not to
22 receive funding under this subtitle, includ-
23 ing a refusal to submit a plan meeting the
24 Secretary’s requirements, the Secretary
25 shall provide funding directly by grant or

1 cooperative agreement to eligible entities in
2 good standing at the end of the last fiscal
3 year for which the State received an alloca-
4 tion under this subtitle.

5 “(4) TRAINING AND TECHNICAL ASSISTANCE.—
6 The Secretary shall provide training and technical
7 assistance to States with respect to the development
8 or implementation of the States’ corrective action
9 plans.

10 “(c) DETERMINATION OF LOCAL AGENCY FAILURE
11 TO COMPLY.—

12 “(1) CORRECTIVE ACTION BY LOCAL AGEN-
13 CIES.—If the State determines, on the basis of a re-
14 view pursuant to section 684 or section 686, that
15 there is a serious deficiency regarding an eligible en-
16 tity’s compliance with this subtitle, the State shall—

17 “(A) inform the entity of the serious defi-
18 ciencies that shall be corrected and provide
19 technical assistance for the corrective action;

20 “(B) with respect to each identified serious
21 deficiency, require that the eligible entity—

22 “(i) correct the deficiency immediately
23 if the State finds that the deficiency
24 threatens the ability of the eligible entity
25 to carry out the entity’s community action

1 program plan or threatens the integrity of
2 Federal funds;

3 “(ii) correct the deficiency not later
4 than 90 days after the identification of the
5 deficiency if the State finds that such a
6 90-day period is reasonable, in light of the
7 nature and magnitude of the deficiency; or

8 “(iii) in the discretion of the State
9 (taking into consideration the seriousness
10 of the deficiency and the time reasonably
11 required to correct the deficiency), comply
12 with the requirements of paragraph (2)
13 concerning a corrective action plan;

14 “(C) initiate proceedings to withhold, re-
15 duce, or eliminate the funding described in sec-
16 tion 680A(a) including, in the case of elimi-
17 nation of funding, terminating the designation
18 under this subtitle of the eligible entity unless
19 the entity corrects the deficiency as required;
20 and

21 “(D) ensure that the State’s definitions,
22 procedures, and requirements under this section
23 regarding serious deficiencies of eligible entities
24 are in accordance with policies and regulations
25 promulgated by the Secretary to implement the

1 uniform administrative requirements, cost prin-
2 ciples, and audit requirements described in sec-
3 tion 676(b) with respect to this subtitle.

4 “(2) LOCAL CORRECTIVE ACTION PLANS.—

5 “(A) IN GENERAL.—An eligible entity that
6 is found to have a serious deficiency under
7 paragraph (1) shall develop, in a timely man-
8 ner, a corrective action plan that shall be sub-
9 ject to the approval of the State, and that shall
10 specify—

11 “(i) the deficiencies to be corrected;

12 “(ii) the actions to be taken to correct
13 such deficiencies; and

14 “(iii) the timetable for accomplish-
15 ment of the corrective actions specified.

16 “(B) APPROVAL PROCESS.—

17 “(i) IN GENERAL.—Not later than 15
18 days after the State receives an entity’s
19 proposed corrective action plan in accord-
20 ance with subparagraph (A), the State
21 shall review the proposed plan and act—

22 “(I) by approving the proposed
23 plan; or

24 “(II) by notifying the entity that
25 the proposed plan cannot be approved,

1 providing the reasons for the dis-
2 approval, and proposing an alternative
3 corrective action plan.

4 “(ii) ENTITY’S RESPONSE.—An entity
5 whose corrective action plan has not been
6 approved under clause (i) shall respond by
7 agreeing to implement the alternative cor-
8 rective action plan, or by submitting a dif-
9 ferent proposed corrective action plan, not
10 later than 10 working days after receiving
11 notification from the State under clause
12 (i).

13 “(iii) INADEQUATE DIFFERENT PRO-
14 POSED PLAN.—If the State determines the
15 different proposed plan to be inadequate,
16 the State may withhold funding as de-
17 scribed in paragraph (3) until the entity
18 implements a satisfactory corrective action
19 plan.

20 “(3) FINAL DECISION.—If the State deter-
21 mines, on the basis of a final decision in a review
22 conducted under section 684(a)(3), that an eligible
23 entity fails to comply with the terms of a corrective
24 action plan under paragraph (2) relating to correc-
25 tion of a serious deficiency for the eligible entity, the

1 State may, after providing adequate notice and an
2 opportunity for a hearing, initiate proceedings to
3 withhold, reduce, or eliminate the funding provided
4 under section 680A(a) to the eligible entity (includ-
5 ing, in the case of elimination of funding, termi-
6 nating the designation under this subtitle of the eli-
7 gible entity) unless the entity corrects the serious
8 deficiency.

9 “(4) TRAINING AND TECHNICAL ASSISTANCE.—

10 The State shall provide training and technical assist-
11 ance to eligible entities with respect to the develop-
12 ment or implementation of the entities’ corrective ac-
13 tion plans.

14 “(5) SPECIAL CIRCUMSTANCE.—In the event

15 the State has credible evidence that funds have been
16 expended with fraudulent or other criminal intent,
17 funding may be suspended while the procedures to
18 review such evidence are conducted by appropriate
19 investigative entities or until the State determines
20 funds will not be at risk, whichever is earlier.

21 “(d) REVIEW.—

22 “(1) IN GENERAL.—A State’s determination

23 under subsection (c) to terminate such designation
24 or reduce such funding of an eligible entity may be
25 reviewed by the Secretary. The Secretary shall, upon

1 request, by a community services network organiza-
2 tion, review such a determination. The review shall
3 be completed not later than 60 days after the Sec-
4 retary receives from the State all necessary docu-
5 mentation relating to the determination except as
6 provided in paragraph (2).

7 “(2) FAILURE TO PROVIDE DOCUMENTATION.—
8 If the State fails to provide such documentation
9 within 30 days after the Secretary’s request, the
10 State may not expend funds for the purposes de-
11 scribed in section 680A(b)(2) until the State pro-
12 vides such documentation. The Secretary shall re-
13 spond to the State with a decision not later than 30
14 days after receiving the documentation.

15 “(e) DIRECT ASSISTANCE.—Whenever the Secretary
16 determines that a State has violated the assurances de-
17 scribed in paragraphs (8), (11), or (12) of section 680(b)
18 and has withheld, reduced, or eliminated the funding pro-
19 vided under section 680A(a) to an eligible entity prior to
20 the completion of the State proceedings described in sub-
21 section (c)(3) and the Secretary’s review as required in
22 subsection (d), the Secretary shall provide financial assist-
23 ance under this subtitle to the eligible entity until the vio-
24 lation is corrected by the State. In such a case, the grant
25 for the State under section 677 or 678 for the earliest

1 appropriate fiscal year shall be reduced by an amount
2 equal to the financial assistance provided under this sub-
3 section to such eligible entity.

4 **“SEC. 686. STATE AND LOCAL FISCAL CONTROLS, AUDITS,**
5 **AND WITHHOLDING.**

6 “(a) FISCAL CONTROLS, PROCEDURES, AUDITS, AND
7 INSPECTIONS.—

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

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

16 “(B) subject to paragraphs (2) and (3),
17 prepare, not less than once each year, an audit
18 of the expenditures of the State of amounts re-
19 ceived under this subtitle; and

20 “(C) make appropriate books, documents,
21 papers, and records available to the Secretary
22 and the Comptroller General of the United
23 States, or any of their duly authorized rep-
24 resentatives, for examination, copying, or me-
25 chanical reproduction on or off the premises of

1 the appropriate entity upon a reasonable re-
2 quest for the items.

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

9 “(3) SINGLE AUDIT REQUIREMENTS.—

10 “(A) IN GENERAL.—Any audit under this
11 subsection shall be conducted in the manner
12 and to the extent provided in chapter 75 of title
13 31, United States Code (commonly known as
14 the ‘Single Audit Act Amendments of 1986’)
15 except in the event a serious financial deficiency
16 is identified.

17 “(B) SERIOUS FINANCIAL DEFICIENCY.—
18 In the event that such a deficiency is identified,
19 the Secretary shall order—

20 “(i) an audit conducted as described
21 in subparagraph (A); or

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

1 “(4) SUBMISSION OF COPIES.—Not later than
2 30 days after the completion of each such audit in
3 a State, the chief executive officer of the State shall
4 submit copies of such audit, at no charge, to any eli-
5 gible entity that was the subject of the audit, to the
6 legislature of the State, and to the Secretary.

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

14 “(6) RESPONSE TO COMPLAINTS.—The Sec-
15 retary shall respond in an expeditious and speedy
16 manner to complaints of a substantial or serious na-
17 ture that a State has failed to use grant funds re-
18 ceived under section 677 or 678 or to carry out
19 State activities under this subtitle in accordance
20 with the provisions of this subtitle.

21 “(7) INVESTIGATIONS.—Whenever the Sec-
22 retary determines that there is a pattern of com-
23 plaints regarding failures described in paragraph (6)
24 or a complaint of a serious deficiency concerning any
25 State, the Secretary shall conduct an investigation of

1 the use of the funds received under this subtitle by
2 such State in order to ensure compliance with the
3 provisions of this subtitle.

4 “(b) STATE FUNDS.—

5 “(1) CORRECTIVE ACTION PLAN.—In the event
6 the Secretary withholds, reduces, or eliminates fund-
7 ing pursuant to section 685(b)(3)(A), the Secretary
8 shall subsequently make the withheld, reduced, or
9 eliminated funding available to the State not later
10 than 90 days after the date for correction of the se-
11 rious deficiency specified in such plan if the State
12 complies with a corrective action plan described in
13 section 685(b)(2)(A).

14 “(2) APPLICATION.—For purposes of para-
15 graph (1), failures described in paragraph (1)(a)(6)
16 shall be considered to be serious deficiencies.

17 **“SEC. 687. ACCOUNTABILITY AND REPORTING REQUIRE-**
18 **MENTS.**

19 “(a) STATE ACCOUNTABILITY AND REPORTING RE-
20 QUIREMENTS.—

21 “(1) PERFORMANCE MEASUREMENT.—

22 “(A) IN GENERAL.—By October 1, 2014,
23 each State that receives funds under this sub-
24 title shall participate, and shall ensure that all
25 eligible entities in the State participate, in a

1 performance measurement system that the Sec-
2 retary is satisfied meets the requirements of
3 paragraphs (11) and (12) of section 680(b).

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

12 “(C) ELIGIBLE ENTITY REPORTS.—Eligi-
13 ble entities shall provide the results measured
14 by their performance measurement system, re-
15 ports on the achievement of their annual bench-
16 marks and such other reports as the State may
17 require.

18 “(2) ANNUAL REPORT.—Each State receiving
19 funds under this subtitle shall annually prepare, and
20 submit to the Secretary by March 31 of each year,
21 a report on the performance of the State and eligible
22 entities in the State, including achievement with re-
23 spect to the State lead agency performance bench-
24 marks and the local performance benchmarks re-
25 spectively and to other performance measurements

1 that were used by community service network orga-
2 nizations in the State for the prior year. Each State
3 shall also include in the report—

4 “(A) an accounting of the expenditure of
5 funds received by the State through the com-
6 munity services block grant program, including
7 an accounting of funds spent on administrative
8 or indirect costs by the State and the eligible
9 entities and funds spent by the eligible entities
10 on local programs, projects, and services;

11 “(B) information on the number and char-
12 acteristics of clients served under this subtitle
13 in the State, based on data collected from the
14 eligible entities;

15 “(C) a summary describing the training
16 and technical assistance offered by the State
17 under section 680A(b)(1)(B) and
18 680A(b)(1)(D) during the year covered by the
19 report and the State’s progress toward meeting
20 its training and technical assistance plan goals;

21 “(D) the State’s management performance
22 benchmark results;

23 “(E) information on the total budget and
24 activities of the eligible entities receiving sub-
25 grants from the State under this subtitle, in-

1 including local and private resources available for
2 a purpose described in section 672;

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

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

10 “(b) REPORTING REQUIREMENTS.—

11 “(1) CONTENTS.—Not later than September 30
12 of each fiscal year, the Secretary shall, directly or by
13 grant or contract, prepare a report containing—

14 “(A) the information included in the State
15 annual reports under subsection (a)(2) for the
16 preceding fiscal year;

17 “(B) a report on the performance of the
18 Department in the preceding fiscal year regard-
19 ing the performance benchmarks established
20 under section 682(d);

21 “(C) a description of the training and tech-
22 nical assistance activities funded by the Sec-
23 retary under section 683 and the results of
24 those activities, including a report on progress
25 toward achieving the goals of the Secretary’s

1 strategic plan for training and technical assist-
2 ance described in section 683(d)(2); and

3 “(D) any additional information that the
4 Secretary considers to be appropriate to carry
5 out this subtitle.

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

13 “(3) ELECTRONIC DATA SYSTEM FOR REPORTS
14 TO STATES AND ELIGIBLE ENTITIES.—The Sec-
15 retary shall provide technical assistance, including
16 support for 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. 688. LIMITATIONS ON USE OF FUNDS.**

2 “(a) CONSTRUCTION OF FACILITIES.—

3 “(1) LIMITATIONS.—Except as provided in
4 paragraph (2) and in section 680(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 any building or other facility.

10 “(2) WAIVER.—The Secretary may waive the
11 limitation contained in paragraph (1) upon a State
12 request for such a waiver if the Secretary finds that
13 the request describes extraordinary circumstances to
14 justify the purchase or improvement of land, or the
15 purchase, construction or permanent improvement of
16 any building or other facilities, and that permitting
17 the waiver will contribute to the ability of the State
18 and eligible entities to carry out a purpose described
19 in section 672 at substantially reduced costs.

20 “(b) POLITICAL ACTIVITIES.—

21 “(1) TREATMENT AS A STATE OR LOCAL AGEN-
22 CY.—For purposes of chapter 15 of title 5, United
23 States Code, any entity that assumes responsibility
24 for planning, developing, and coordinating activities
25 under this subtitle and receives assistance under this
26 subtitle shall be deemed to be a State or local agen-

1 cy. For purposes of paragraphs (1) and (2) of sec-
2 tion 1502(a) of such title, any entity receiving as-
3 sistance under this subtitle shall be deemed to be a
4 State or local agency.

5 “(2) PROHIBITIONS.—An entity carrying out a
6 program, project, or service assisted under this sub-
7 title, and any individual employed by, or assigned to
8 or in, such a program, project, or service (during the
9 hours in which the individual is working on behalf
10 of the program, project, or service) shall not engage
11 in—

12 “(A) any partisan or nonpartisan political
13 activity or any political activity associated with
14 a candidate, or contending faction or group, in
15 an election for public or party office; or

16 “(B) any activity to provide voters or pro-
17 spective voters with transportation to the polls
18 or similar assistance in connection with any
19 such election.

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

23 “(c) NONDISCRIMINATION.—

24 “(1) IN GENERAL.—No person shall, on the
25 basis of race, color, national origin, or sex be ex-

1 cluded from participation in, be denied the benefits
2 of, or be subjected to discrimination under, any pro-
3 gram, project, or service funded in whole or in part
4 with funds made available under this subtitle. Any
5 prohibition against discrimination on the basis of
6 age under the Age Discrimination Act of 1975 (42
7 U.S.C. 6101 et seq.) or with respect to an otherwise
8 qualified individual with a disability as provided in
9 section 504 of the Rehabilitation Act of 1973 (29
10 U.S.C. 794), or title II of the Americans with Dis-
11 abilities Act of 1990 (42 U.S.C. 12131 et seq.) shall
12 also apply to any such program, project, or service.

13 “(2) ACTION OF SECRETARY.—Whenever the
14 Secretary determines that a State that has received
15 a payment under this subtitle has failed to comply
16 with paragraph (1) or an applicable regulation, the
17 Secretary shall notify the chief executive officer of
18 the State and shall request that the officer secure
19 compliance. If within a reasonable period of time,
20 not to exceed 60 days, the chief executive officer
21 fails or refuses to secure compliance, the Secretary
22 is authorized to—

23 “(A) refer the matter to the Attorney Gen-
24 eral with a recommendation that an appropriate
25 civil action be instituted;

1 “(B) exercise the powers and functions
2 provided by title VI of the Civil Rights Act of
3 1964 (42 U.S.C. 2000d et seq.), the Age Dis-
4 crimination Act of 1975 (42 U.S.C. 6101 et
5 seq.), section 504 of the Rehabilitation Act of
6 1973 (29 U.S.C. 794), or title II of the Ameri-
7 cans with Disabilities Act of 1990 (42 U.S.C.
8 12131 et seq.), as may be applicable; or

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

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

20 **“SEC. 689. DRUG AND CHILD SUPPORT SERVICES AND RE-**
21 **FERRALS.**

22 “(a) DRUG TESTING AND REHABILITATION.—

23 “(1) IN GENERAL.—Nothing in this subtitle
24 shall be construed to prohibit a State from testing
25 participants in programs, projects, or services car-

1 ried out or provided under this subtitle for controlled
2 substances. A State that conducts such testing shall
3 inform the participants who test positive for any of
4 such substances about the availability of treatment
5 or rehabilitation services and refer such participants
6 for appropriate treatment or rehabilitation services.

7 “(2) ADMINISTRATIVE EXPENSES.—Any funds
8 provided under this subtitle expended for such test-
9 ing shall be considered to be expended for adminis-
10 trative expenses and shall be subject to the limita-
11 tion specified in section 680A(b)(2).

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

16 “(b) CHILD SUPPORT SERVICES AND REFERRALS.—
17 During each fiscal year for which an eligible entity receives
18 a subgrant under section 680A(a), such entity shall—

19 “(1) inform custodial parents in single-parent
20 families that participate in programs, projects, or
21 services carried out or provided under this subtitle
22 about the availability of child support services; and

23 “(2) refer eligible parents to the child support
24 offices of State and local governments.

1 **“SEC. 690. OPERATIONAL RULES.**

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

16 “(b) RELIGIOUS CHARACTER AND INDEPEND-
17 ENCE.—

18 “(1) IN GENERAL.—A religious organization
19 that provides assistance under a program described
20 in subsection (a) shall retain its religious character
21 and control over the definition, development, prac-
22 tice, and expression of its religious beliefs.

23 “(2) ADDITIONAL SAFEGUARDS.—Neither the
24 Federal Government nor a State or local government
25 shall require a religious organization—

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

5 “(B) to remove religious art, icons, scrip-
6 ture, or other symbols;

7 in order to be eligible to provide assistance under a pro-
8 gram described in subsection (a).

9 “

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

16 “(c) NONDISCRIMINATION AGAINST BENE-
17 FICIARIES.—A religious organization providing assistance
18 under any program described in subsection (a) shall not,
19 in providing such assistance, discriminate against a pro-
20 gram beneficiary or prospective program beneficiary on
21 the basis of religion or religious belief.

22 “(d) LIMITATIONS ON USE OF FUNDS FOR CERTAIN
23 PURPOSES.—No funds provided directly to a religious or-
24 ganization to provide assistance under any program de-

1 scribed in subsection (a) shall be expended for sectarian
2 worship, instruction, or proselytization.

3 “(e) FISCAL ACCOUNTABILITY.—

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

11 “(2) LIMITED AUDIT.—Such organization shall
12 segregate government funds provided under such
13 program into a separate account. Only the govern-
14 ment funds shall be subject to audit by the govern-
15 ment.

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

1 organization shall have the same duties under this section
2 as the government.

3 **“SEC. 691. REGULATIONS AND TRANSITION PERIOD.**

4 “(a) TRANSITION PERIOD.—The Secretary shall ex-
5 peditiously announce a schedule for adopting any changes
6 in regulation, procedure and reporting required by this
7 subtitle and for the availability of Federal training for
8 States and eligible entities, especially with respect to
9 adopting the uniform administrative requirements, cost
10 principles, and audit requirements described in section
11 676(b), which period may not extend further than 3
12 months prior to the start of the second fiscal year after
13 the effective date of this subtitle and may include final
14 adoption of new requirements prior to the final date of
15 the period as determined by the Secretary to be appro-
16 priate.

17 “(b) REGULATIONS.—The Secretary shall promul-
18 gate regulations implementing this subtitle, by administra-
19 tive hearing open to the public including regulations re-
20 garding—

21 “(1) State and community action programs and
22 plans including the form and information required
23 for State and community action programs and plans;

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

1 “(3) reports to the Secretary described in sec-
2 tion 687.

3 “(c) GUIDANCE.—The Secretary shall promulgate
4 guidance regarding State and community performance
5 measurement systems including—

6 “(1) STATE MANAGEMENT PERFORMANCE
7 BENCHMARKS.—The Secretary, in consultation with
8 community service network organizations, shall pro-
9 mulgate State management performance indicators
10 which shall include information to be reported con-
11 cerning—

12 “(A) States’ timely obligation and distribu-
13 tion and effective oversight of Federal funds;

14 “(B) States’ compliance with the require-
15 ments for minimum skills of State personnel
16 and compliance with the uniform administrative
17 requirements, cost principles, and audit require-
18 ments described in section 676(b);

19 “(C) States’ effective management of the
20 activities funded under this subtitle; and

21 “(D) the results of activities funded by the
22 State under section 680A(b).

23 “(2) COMPREHENSIVE ANALYSIS OF POVERTY
24 CONDITIONS.—The Secretary shall provide guidance
25 (including models) for comprehensive community

1 needs assessments described in section 680(a)(2)(C).

2 The guidance shall include methods for preparing an
3 analysis of all poverty conditions affecting the com-
4 munity and of local and regional assets for alle-
5 viating such conditions; and

6 “(3) Such other guidance as may be required
7 by this subtitle.

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

9 “(a) IN GENERAL.—There are authorized to be ap-
10 propriated to carry out sections 671 through 691 of this
11 subtitle \$850,000,000 for each of fiscal years 2014
12 through 2018 and such sums as may be necessary for fis-
13 cal years 2019 through 2023.

14 “(b) There are authorized to be appropriated such
15 sums as may be necessary to carry out section 693 for
16 fiscal years 2014 through 2023.

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

20 “(1) $\frac{1}{2}$ of 1 percent for carrying out section
21 677 (relating to grants to territories); and

22 “(2) 2 percent for activities authorized in sec-
23 tion 683, of which—

24 “(A) not less than $\frac{1}{2}$ of the amount re-
25 served by the Secretary under this paragraph

1 shall be awarded through grants, contracts, or
2 cooperative agreements under section 683(c), to
3 eligible entities, community action agencies, and
4 State and regional community service network
5 organizations, for the purpose of carrying out
6 activities described in section 683(a)(1)(A); and

7 “(B) the remainder of the amount reserved
8 under this paragraph shall be distributed under
9 section 683(a)(1)(B)(c) to States, eligible enti-
10 ties, other community services network organi-
11 zations, or other entities, for the purpose of
12 carrying out activities described in section
13 683(a)(1)(B).

14 **“SEC. 693. DISCRETIONARY COMMUNITY PROGRAMS.**

15 “(a) GRANTS, CONTRACTS, ARRANGEMENTS, LOANS,
16 AND GUARANTEES.—

17 “(1) IN GENERAL.—The Secretary shall, from
18 funds appropriated under section 692(b), make
19 grants, loans, or guarantees to States and public
20 agencies and private, nonprofit organizations, or
21 enter into contracts or jointly financed cooperative
22 arrangements with States and public agencies and
23 private, nonprofit organizations (and for-profit orga-
24 nizations, to the extent specified in paragraph

1 (2)(E)) for each of the objectives described in para-
2 graphs (2) through (4).

3 “(2) COMMUNITY ECONOMIC DEVELOPMENT.—

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

14 “(B) CONSULTATION.—The Secretary
15 shall exercise the authority provided under sub-
16 paragraph (A) after consultation with other rel-
17 evant Federal officials.

18 “(C) GOVERNING BOARDS.—For a commu-
19 nity development corporation to receive funds to
20 carry out this paragraph, the corporation shall
21 be governed by a board that shall consist of
22 residents of the community and business and
23 civic leaders and shall have as a principal pur-
24 pose planning, developing, or managing low-in-

1 come housing or community development
2 projects.

3 “(D) GEOGRAPHIC DISTRIBUTION.—In
4 making grants to carry out this paragraph, the
5 Secretary shall take into consideration the geo-
6 graphic distribution of funding among States
7 and the relative proportion of funding among
8 rural and urban areas.

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

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

1 “(A) grants to private, nonprofit corpora-
2 tions to enable the corporations to provide as-
3 sistance concerning home repair to rural low-in-
4 come families and concerning planning and de-
5 veloping low-income rural rental housing units;
6 and

7 “(B) grants to multistate, regional, pri-
8 vate, nonprofit organizations to enable the orga-
9 nizations to provide training and technical as-
10 sistance to small, rural communities concerning
11 meeting their community facility needs.

12 “(4) NEIGHBORHOOD INNOVATION
13 PROJECTS.—The Secretary shall provide the assist-
14 ance described in paragraph (1) for neighborhood in-
15 novation projects, which shall include providing
16 grants to neighborhood-based private, nonprofit or-
17 ganizations to test or assist in the development of
18 new approaches or methods that will aid in over-
19 coming special problems identified by communities
20 or neighborhoods or otherwise assist in furthering
21 the purposes of this subtitle, and which may include
22 providing assistance for projects that are designed to
23 serve low-income individuals and families who are
24 not being effectively served by other programs.

1 “(b) EVALUATION.—The Secretary shall require all
2 activities receiving assistance under this section to be eval-
3 uated for their effectiveness. Funding for such evaluations
4 shall be provided as a stated percentage of the assistance
5 or through a separate grant awarded by the Secretary spe-
6 cifically for the purpose of evaluation of a particular activ-
7 ity or group of activities.

8 “(c) ANNUAL REPORT.—The Secretary shall compile
9 an annual report containing a summary of the evaluations
10 required in subsection (b) and a listing of all activities as-
11 sisted under this section. The Secretary shall annually
12 submit the report to the Chairperson of the Committee
13 on Education and the Workforce of the House of Rep-
14 resentatives and the Chairperson of the Committee on
15 Health, Education, Labor, and Pensions of the Senate.”.

○