

113TH CONGRESS
2D SESSION

H. R. 3854

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

IN THE HOUSE OF REPRESENTATIVES

JANUARY 13, 2014

Mr. FITZPATRICK (for himself, Ms. MCCOLLUM, and Mr. COSTA) 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 2014”.

6 **SEC. 2. REAUTHORIZATION.**

7 The Community Services Block Grant Act (42 U.S.C.
8 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; and

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) by ensuring the maximum feasible
 9 participation 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 (other than an
 25 organization described in section 509(a)(4) of

1 the Internal Revenue Code of 1986) and that
2 delivers multiple programs, projects, or services
3 to a variety of low-income groups.

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

8 “(i) a grantee;

9 “(ii) an eligible entity; or

10 “(iii) an organization organized by
11 multiple grantees or eligible entities, that
12 is governed by a Board of Directors of
13 which at least $\frac{3}{4}$ of the members—

14 “(I) are employees or other des-
15 ignees of such a grantee or eligible en-
16 tity; and

17 “(II) are selected by an open and
18 democratic process by the members of
19 the organization.

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

22 “(i) that is an eligible entity described
23 in section 673(1) as in effect on October
24 26, 1998 or has been designated by the
25 process described in section 681(a) (includ-

ing an organization serving migrant or seasonal farmworkers that is so described or designated); and

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

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

“(3) COMMUNITY ACTION STRATEGIC PLAN.—The term ‘community action strategic plan’ means a plan that is adopted as the policy of an eligible entity and that

“(A) establishes goals for a period of not less than 4 years that are based on meeting needs identified by the entity in consultation with the residents of the community through a process of comprehensive community needs assessment;

“(B) provides detail on how all activities of an eligible entity under this subtitle will con-

1 tribute to meeting such goals including, but not
2 limited to, how such entity will use funding re-
3 ceived under this subtitle to reduce the impact
4 of the causes of poverty in the community; and

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

8 “(4) GRANTEE.—The term ‘grantee’ means a
9 recipient of a grant under section 677 or 678 or a
10 corresponding provision of this subtitle (as in effect
11 on the day before the date of enactment of the Com-
12 munity Economic Opportunity Act of 2013).

13 “(5) PERFORMANCE BENCHMARK.—The term
14 ‘performance benchmark’ means a measurable objec-
15 tive for the operations and activities set out in a
16 community action program plan or a State plan
17 under this subtitle. Such annual objectives may be
18 part of, but not the entirety of, the outcomes identi-
19 fied by the performance measurement system in
20 which a community services network organization
21 participates.

22 “(6) PERFORMANCE MEASUREMENT SYSTEM.—
23 The term ‘performance measurement system’ means
24 a management information system that collects and
25 reports information about the outcomes of activities

1 and investments funded in whole or in part with
2 funds appropriated under this subtitle, including but
3 not limited to annual performance benchmarks, com-
4 pares the actual outcomes with the intended out-
5 comes, and is used as a basis for management deci-
6 sions regarding future use of resources provided
7 under this subtitle.

8 “(7) POVERTY LINE.—

9 “(A) IN GENERAL.—The term ‘poverty
10 line’ means the official poverty line defined by
11 the Office of Management and Budget, based
12 on the most recent data available from the Bu-
13 reau of the Census, subject to subparagraphs
14 (C) and (D). The Secretary shall revise the pov-
15 erty line annually (or at any shorter interval
16 the Secretary determines to be feasible and de-
17 sirable). The required revision shall be accom-
18 plished by multiplying the official poverty line
19 by the percentage change in the Consumer
20 Price Index for All Urban Consumers during
21 the annual or other interval immediately pre-
22 ceding the time at which the revision is made.

23 “(B) COMMUNITY SERVICES BLOCK GRANT
24 ELIGIBILITY CRITERION.—Subject to subpara-
25 graphs (C) and (D), the poverty line, as defined

1 in subparagraph (A), shall be used as a cri-
2 terion of eligibility in the community services
3 block grant program established under this sub-
4 title.

5 “(C) WAIVERS FOR STATE USE OF HIGHER
6 ELIGIBILITY LEVEL.—Whenever a community
7 action plan provides that a program, project, or
8 service funded under this subtitle requires use
9 of a higher eligibility standard than the stand-
10 ard otherwise applicable under this paragraph,
11 for the purpose of ensuring (for the purposes of
12 this subtitle) coordination of activities carried
13 out under with other programs or activities of
14 eligible entities that are delivered to low-income
15 individuals, the State shall, as part of the an-
16 nual application described in Section 680, apply
17 to the Secretary for a waiver that allows use of
18 that standard with respect to that program,
19 project, or service, and the Secretary may ap-
20 prove the waiver pursuant to the procedures in
21 Section 680.

22 “(D) PROCEDURES FOR CONTINUED ELIGI-
23 BILITY.—A State may establish procedures to
24 ensure that a participant in a program, project,
25 or service funded under this subtitle remains el-

1 igible to participate as long as the participant
2 is successfully progressing towards achievement
3 of the goals of the program, project, or service,
4 regardless of the participant's continuing eligi-
5 bility under subparagraphs (A) through (C).

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

10 “(10) PUBLIC CHARITY.—The term ‘public
11 charity’ means a domestic or foreign organization
12 that is—

13 “(A) described in section 501(c)(3) of the
14 Internal Revenue Code of 1986 and exempt
15 from taxation under section 501(a) of such
16 Code; and

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

20 “(11) SECRETARY.—The term ‘Secretary’
21 means the Secretary of Health and Human Services.

22 “(12) SERVICE AREA.—The term service area
23 means the unique geographic area which the State
24 has designated as the area to be served by an eligi-
25 ble entity.

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

6 **“SEC. 676. ESTABLISHMENT OF COMMUNITY SERVICES**
7 **BLOCK GRANT PROGRAM.**

8 “(a) .—The Secretary is authorized to establish a
9 community services block grant program and to make
10 grants through the program, under sections 677 and 678
11 to States to support local community action program plans
12 carried out by eligible entities to ameliorate the conditions
13 that cause poverty in the communities served by such enti-
14 ties.

15 “(b) The Secretary is authorized to carry out other
16 community programs described in Section 693 of this title.

17 “(c) UNIFORM ADMINISTRATIVE REQUIREMENTS.—
18 Notwithstanding any other provision of the Omnibus
19 Budget Reconciliation Act of 1981 (Public Law 97–35),
20 funds appropriated under this subtitle shall be subject to
21 the Uniform Administrative Requirements for Grants and
22 Cooperative Agreements to State, Local, and Tribal Gov-
23 ernments (part 92 of title 45, Code of Federal Regulations
24 or any corresponding similar regulation or ruling) and all
25 other Federal laws and regulation related to intergovern-

1 mental financial transactions and to administration of fed-
2 erally funded grants and cooperative agreements between
3 States and nonprofit organizations.

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

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

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

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

15 “(a) ALLOTMENTS IN GENERAL.—From the amount
16 appropriated under section 692(a) for each fiscal year and
17 remaining after the Secretary makes the reservations re-
18 quired by section 692(c), the Secretary shall allot to each
19 eligible State (subject to section 679), an amount that
20 bears the same ratio to such remaining amount as the
21 amount received by the State for fiscal year 1981 under
22 section 221 of the Economic Opportunity Act of 1964 bore
23 to the total amount received by all States for fiscal year
24 1981 under such section, except as provided in subsection
25 (b).

1 “(b) MINIMUM ALLOTMENTS.—

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

6 “(2) YEARS WITH GREATER AVAILABLE
7 FUNDS.—If the amount appropriated under section
8 692(a) for a fiscal year and remaining after the Sec-
9 retary makes the reservations required by section
10 692(b) exceeds \$850,000,000, no State shall receive
11 under this section less than $\frac{3}{4}$ of 1 percent of the
12 remaining amount.

13 “(c) GRANTS AND PAYMENTS.—Subject to section
14 679, the Secretary shall make grants to eligible States for
15 the allotments described in subsections (a) and (b). The
16 Secretary shall make payments for the grants in accord-
17 ance with section 6503(a) of title 31, United States Code.

18 “(d) DEFINITION.—In this section, the term ‘State’
19 does not include Guam, American Samoa, the United
20 States Virgin Islands, and the Commonwealth of the
21 Northern Mariana Islands.

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

23 “(a) DEFINITIONS.—In this section:

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

4 “(2) INDIAN TRIBE; TRIBAL ORGANIZATION.—
5 The terms ‘Indian tribe’ and ‘tribal organization’
6 mean a tribe, band, or other organized group recog-
7 nized in the State in which the tribe, band, or group
8 resides, or considered by the Secretary of the Inte-
9 rior, to be an Indian tribe or an Indian organization
10 for any purpose.

11 “(b) RESERVATION.—

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

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

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

24 “(2) AMOUNT.—The Secretary shall reserve
25 from amounts allotted to a State under section 678

1 for a fiscal year, not less than the amount that bears
2 the same ratio to the State allotment for the fiscal
3 year as the population of all eligible Indians for
4 whom a determination has been made under para-
5 graph (1)(B) bears to the population of all individ-
6 uals eligible for assistance through a grant made
7 under section 678 to such State.

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

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

19 “(e) ALTERNATIVE PERFORMANCE MEASUREMENT
20 SYSTEM.—The Secretary may promulgate alternative re-
21 quirements for tribal implementation of the requirements
22 of section 680(c).

1 **“SEC. 680. STATE PLANS AND APPLICATIONS; COMMUNITY**
2 **ACTION PROGRAM PLANS AND APPLICA-**
3 **TIONS.**

4 “(a) STATE LEAD AGENCY.—

5 “(1) DESIGNATION.—The chief executive officer
6 of a State desiring to receive a grant under section
7 677 or 678 shall designate, in an application sub-
8 mitted to the Secretary under subsection (b), an ap-
9 propriate State agency that agrees to comply with
10 the requirements of paragraph (2), to act as a lead
11 agency for purposes of carrying out State activities
12 under this subtitle.

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

15 “(A) be authorized by the chief executive
16 officer to convene State agencies and coordi-
17 nate—

18 “(i) information and activities funded
19 under this subtitle; and

20 “(ii) information and activities of any
21 State agencies whose State programs are
22 intended to reduce poverty, including agen-
23 cies administering resources that support
24 development of jobs and housing in com-
25 munities;

1 “(B) develop the State plan to be sub-
2 mitted to the Secretary under subsection (b),
3 which shall be based primarily on the commu-
4 nity action program plans of eligible entities,
5 submitted to the State as a condition of receiv-
6 ing funding under this subtitle for approval by
7 the State;

8 “(C) assist eligible entities—

9 “(i) in conducting periodic comprehen-
10 sive community needs assessments, not less
11 often than every 4 years;

12 “(ii) in developing community action
13 program plans; and

14 “(iii) in developing community action
15 strategic plans;

16 “(D) coordinate plans for the activities of
17 the State and other organizations under this
18 subtitle, and activities of recipients of training
19 or technical assistance with the community ac-
20 tion program plans;

21 “(E) in conjunction with the development
22 of the State plan as required under subsection
23 (b)—

24 “(i) hold at least one hearing in the
25 State on the proposed plan, to provide to

1 the public an opportunity to comment on
2 the public record on the proposed use and
3 distribution of funds under the plan; and

4 “(ii) not less than 15 days prior to
5 the hearing, distribute notice of the hear-
6 ing and a copy of the proposed plan state-
7 wide to the public and directly to the chief
8 executive officer and the chairperson of the
9 Board of Directors of the eligible entities
10 (or designees) and any subgrantees (or
11 designees) and other interested parties;

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

15 “(G) conduct reviews of eligible entities as
16 required under section 684;

17 “(H) adopt and report on State perform-
18 ance benchmarks, as described in section
19 680(c); and

20 “(I) provided further that, in the event a
21 lead agency chooses to exercise its option to del-
22 egate one or more of its duties to another orga-
23 nization by contract, grant, or cooperative
24 agreement, such delegation shall not include its
25 duties under subsection (G).

1 “(b) STATE APPLICATION FOR STATE PROGRAM AND
2 STATE PLAN.—Beginning with the first fiscal year fol-
3 lowing the transition year, to be eligible to receive a grant
4 under section 677 or 678, a State shall prepare and sub-
5 mit to the Secretary for approval an application containing
6 a State plan covering a period of not more than two fiscal
7 years. The application shall be submitted not later than
8 30 days prior to the beginning of the first fiscal year cov-
9 ered by the plan, and shall contain such information as
10 the Secretary shall require, including—

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

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

18 “(3) an assurance that each plan responds to
19 needs identified in the comprehensive community
20 needs assessment for the service area assigned to the
21 entity and is consistent with one or more purposes
22 described in section 672 and that the plan has been
23 adopted by the governing body of each eligible enti-
24 ty;

1 “(4) an assurance that the State has approved
2 all such community action program plans that are
3 consistent with the purposes and requirements of
4 this subtitle;

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

7 “(A) includes the State’s strategy for im-
8 plementing its responsibilities under section
9 680(a);

10 “(B) may include the community action
11 strategic plans of the eligible entities and such
12 other matters as the State shall determine to be
13 necessary to complete its strategic plan;

14 “(6) a description of the State’s performance
15 measurement system;

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

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

21 “(B) the policies and procedures adopted
22 for the State’s monitoring;

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

1 “(D) the management training and tech-
2 nical assistance made available to eligible enti-
3 ties; and

4 “(E) the method used for assessing the
5 quality of such training;

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

13 “(A) except according to the procedures
14 set forth in subsection (b), (c), (d), or (e) of
15 section 685; or

16 “(B) unless the Secretary, in approving an
17 application under this section, approves a
18 change in the proportional distribution of funds
19 under section 680(A)(a)(1) when included as
20 part of a State’s application submitted under
21 section 680(b);

22 “(9) a description of the State’s requirements
23 that ensure that each eligible entity serving the
24 State establishes procedures that permit low-income
25 individuals, or a community organization or religious

1 organization, that considers low-income individuals
2 or the organization, respectively, to be inadequately
3 represented on the Board of Directors of the eligible
4 entity, to petition for adequate representation of
5 such individuals or organization, respectively, on the
6 Board;

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

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

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

9 “(c) STATE PERFORMANCE REQUIREMENTS AND
10 BENCHMARKS.—

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

22 “(2) ANNUAL STATE PERFORMANCE BENCH-
23 MARKS.—Each State shall include in the State plan
24 submitted under subsection (b), for each fiscal year
25 after the transition period, performance measure-

1 ments for lead agency management quality including
2 those promulgated by the Secretary, and the State
3 annual performance benchmarks regarding pro-
4 grammatic activities described in section 680A(b)
5 and other performance measures which shall in-
6 clude—

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

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

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

21 “(1) In the event of a partial approval, the Sec-
22 retary’s notification shall include a description of
23 changes necessary for final approval but the Sec-
24 retary shall not require submission of the State stra-
25 tegic plan described in subsection (b)(4). In the

1 event of such partial approval, the Secretary may
2 allow grantee use of funds for activities included in
3 the portions of the plan which the Secretary has ap-
4 proved.

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

10 “(e) REVISION AND INSPECTION.—

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

17 “(2) PUBLIC INSPECTION.—Each plan and revi-
18 sion to a State plan prepared under this section
19 shall be distributed for public inspection as required
20 under subsection (a)(2)(E), but a State application
21 for merger incentive funds shall not be considered a
22 revision.

23 “(f) APPLICATION FOR COMMUNITY ACTION PRO-
24 GRAM AND COMMUNITY ACTION PROGRAM PLAN.—Begin-
25 ning with the first fiscal year following the transition year,

1 to be eligible to receive a subgrant under section 680A(a),
2 each eligible entity shall prepare and submit to the State
3 for approval an application containing a community action
4 program plan or plans covering a period of not more than
5 two fiscal years. Such application shall be submitted no
6 later than 90 days before the date for submission of the
7 State application to the Secretary. The application shall
8 contain information on the intended implementation of the
9 eligible entity's activities, including demonstrating—

10 “(1) how the program—

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

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

20 “(2) ELIGIBLE ENTITY PERFORMANCE RE-
21 QUIREMENTS AND BENCHMARKS.—Not later than
22 the end of the period described in section 691(a),
23 each eligible entity participating in a program fund-
24 ed under this subtitle shall—

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

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

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

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

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

23 “(iv) establishing an internal manage-
24 ment system that incorporates information

1 regarding results into subsequent plans,
2 procedures, and budgets; and

3 “(C) conduct community-wide comprehen-
4 sive community needs assessments including as-
5 sessments of local opportunities to reduce pov-
6 erty and use the results as a basis for commu-
7 nity action strategic plans, for programs,
8 projects, and services provided by the entity, for
9 public engagement in addressing the causes of
10 poverty and the expansion of local economic op-
11 portunities, and for the development of linkages
12 among partners that will reinforce initiatives
13 funded under this subtitle.

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

15 “(a) STATE SUBGRANTS TO ELIGIBLE ENTITIES AND
16 OTHER ORGANIZATIONS.—

17 “(1) IN GENERAL.—A State that receives a
18 grant under section 677 or 678 shall reserve 2 per-
19 cent of the funds made available through the grant
20 for the Community Action Innovations Program de-
21 scribed in subsection (c) and, of the remainder, use
22 not less than 90 percent to make subgrants to eligi-
23 ble entities to enable the entities to implement pro-
24 grams, projects, or services for a purpose described
25 in section 672.

1 “(2) OBLIGATIONAL REQUIREMENTS.—

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

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

12 “(ii) the first day of the State pro-
13 gram year for which such funds are ap-
14 proved to be expended under the State ap-
15 plication.

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

22 “(3) RECAPTURE AND REDISTRIBUTION OF UN-
23 OBLIGATED FUNDS.—

24 “(A) RECAPTURING FUNDS.—A State may
25 recapture and redistribute funds distributed to

1 an eligible entity for a fiscal year through a
2 subgrant made under paragraph (1) that are
3 unobligated at the end of the fiscal year if such
4 unobligated funds exceed 20 percent of the
5 amount of funds so distributed to such eligible
6 entity for such fiscal year unless the community
7 action program plan approved by the State in-
8 cluded a higher percentage of unobligated
9 funds.

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

24 “(b) STATEWIDE ACTIVITIES.—

25 “(1) USE OF REMAINDER.—

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

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

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

20 “(ii) supporting professional develop-
21 ment activities for eligible entities that en-
22 hance the skills of their local personnel (in-
23 cluding skills of members of the board of
24 directors of such entities) that such per-
25 sonnel need to manage private, nonprofit

1 organizations, including skills for designing
2 and delivering effective support to individ-
3 uals seeking opportunities for economic se-
4 curity, and skills for designing and man-
5 aging programs, projects, or services that
6 lead to change in the economic and social
7 assets and opportunities of the community,
8 giving priority to activities carried out
9 through partnerships of the organizations
10 with institutions of higher education;

11 “(iii) supporting information and com-
12 munication resources for the comprehen-
13 sive community needs assessments de-
14 scribed in section 680(a)(2)(C);

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

22 “(v) promoting coordination and co-
23 operation among eligible entities in the
24 State including supporting activities of a

1 statewide association of community serv-
 2 ices network organizations; and

3 “(vi) supporting the activities of pri-
 4 vate non-profit organizations which meet
 5 the purposes of this title and which coordi-
 6 nate such activities with community serv-
 7 ices network organizations in the State.

8 “(C) INNOVATIVE PROJECTS TO REDUCE
 9 POVERTY.—

10 “(i) IN GENERAL.—The State shall
 11 use amounts reserved under Section
 12 680A(a)(1) for a Community Action Inno-
 13 vations Program to award subgrants, con-
 14 tracts, or cooperative agreements to eligi-
 15 ble entities, or their associations, to carry
 16 out innovative projects to test or replicate
 17 promising new practices designed to reduce
 18 poverty conditions and to disseminate the
 19 results of such projects for public use.

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

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

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

21 “(v) REAL PROPERTY.—Land or fa-
22 cilities improved through a project receiv-
23 ing an award under this subparagraph, for
24 which the amount of the award is less than
25 50 percent of the total project cost, shall

not be subject to the provisions of section 688(a).

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

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

“(i) shall cover up to 2 years; and

“(ii) shall set forth information describing the way the requirements of that subparagraph will be implemented and a quality assurance system for providers of the training, technical assistance, or innovation project involved.

“(2) ADMINISTRATIVE CAP.—

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

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

8 “(i) means the costs incurred by the
 9 State’s lead agency for carrying out plan-
 10 ning and management activities, including
 11 monitoring, oversight, and reporting as re-
 12 quired by this Act; and

13 “(ii) does not include the cost of ac-
 14 tivities conducted under paragraph (1)(B)
 15 other than monitoring.

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

21 “(1) the activities described in section
 22 680(a)(2)(C) regarding periodic assessment of pov-
 23 erty conditions and opportunities to alleviate such
 24 conditions in connection with convening community-
 25 wide planning activities; and activities that achieve

1 greater participation of the residents of the commu-
2 nities served in the affairs of the community and the
3 organization and one of more of the activities in sub-
4 section (2) or (3);

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

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

13 “(B) to secure an adequate education, im-
14 prove literacy and language ability, and obtain
15 job-related skills;

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

18 “(D) to obtain and maintain adequate
19 housing and a healthy living environment, in-
20 cluding addressing the health care needs of indi-
21 viduals and families with services and through
22 changes in local institutions and workplaces (in-
23 cluding institutions and workplaces managed by
24 the eligible entity); and

1 “(E) to obtain emergency materials or
2 other assistance to meet immediate individual
3 or community urgent needs and prevent greater
4 or more prolonged economic instability; and

5 “(3) programs, projects, or services that im-
6 prove living conditions, increase employment, and ex-
7 pand other economic opportunities in the community
8 served, which may include—

9 “(A) activities that develop and maintain
10 partnerships for the purpose of changing com-
11 munity, economic, and social conditions of pov-
12 erty, between the eligible entity and—

13 “(i) State and local public entities
14 (such as schools, institutions of higher edu-
15 cation, housing authorities, and law en-
16 forcement agencies); and

17 “(ii) private partners, including state-
18 wide and local businesses, associations of
19 private employers, and private charitable
20 and civic organizations;

21 “(B) activities that establish linkages
22 among organizations for coordinating initia-
23 tives, services, and investments so as to avoid
24 duplication, and maximize the effective use of
25 community resources for creating economic op-

1 portunity, including developing lasting social
2 and economic assets; and

3 “(C) activities that mobilize new invest-
4 ments in the community to reduce the incidence
5 of poverty, including developing lasting social
6 and economic assets.

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

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

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

17 “(A) a community action agency that is
18 geographically located in an area within reason-
19 able proximity of or contiguous to the unserved
20 area that is already providing similar programs,
21 projects, or services, and that has demonstrated
22 financial capacity to manage and account for
23 Federal funds; or

24 “(B) if no community action agency de-
25 scribed in subparagraph (A) is available, a pri-

1 vate, nonprofit organization (which may include
2 an eligible entity) that is geographically located
3 in, or in reasonable proximity to, the unserved
4 area and that is capable of providing a broad
5 range of programs, projects, or services de-
6 signed to achieve the purposes of this subtitle
7 as stated in Section 672.

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

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

16 “(b) MERGERS OF ELIGIBLE ENTITIES.—

17 “(1) IN GENERAL.—If two or more eligible enti-
18 ties determine that the geographic areas of a State
19 which they serve can be more effectively served
20 under a single corporate structure, a State shall as-
21 sist in developing a plan for implementing such
22 merger, including a budget for transitional costs not
23 to exceed two years duration, and, upon approving
24 such plans, may notify the Secretary that the enti-
25 ties are in need of and eligible for funds from the

1 merger incentive fund established in section
2 683(a)(1)(B)(iv).

3 “(2) PLANS.—States may establish require-
4 ments for merger plans and for a determination that
5 the merged entity, or entities, will be capable of con-
6 ducting a program consistent with the comprehen-
7 sive needs assessments for the areas served.

8 “(c) TRIPARTITE BOARDS.—

9 “(1) PRIVATE, NONPROFIT ORGANIZATIONS.—

10 “(A) BOARD.—In order for a private, non-
11 profit organization to be considered to be an eli-
12 gible entity for purposes of section 673(1), the
13 entity shall be governed by a tripartite board of
14 directors described in subparagraph (C) that
15 fully participates in the development, planning,
16 implementation, oversight, and evaluation of the
17 program, project, or service carried out or pro-
18 vided through the subgrant made under section
19 680A(a) and all activities of the entity.

20 “(B) SELECTION.—The members of the
21 board referred to in subparagraph (A) shall be
22 selected by the entity.

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

1 “(i) $\frac{1}{3}$ of the members of the board
2 are elected public officials holding office on
3 the date of selection, or their representa-
4 tives;

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

12 “(II) each member who is a represent-
13 ative of low-income individuals and families
14 and is also selected to represent a specific
15 subarea under subclause (I) resides in such
16 area; and

17 “(iii) the remainder of the members
18 are representatives of business, industry,
19 labor, religious, educational, charitable, or
20 other significant private groups in the
21 community.

22 “(D) EXPERTISE.—The eligible entity
23 shall ensure that the members of the board in-
24 clude or have direct access to individuals with

1 expertise in financial management, accounting,
2 and law.

3 “(E) COMPLIANCE WITH TAX-EXEMPT AND
4 OTHER REQUIREMENTS.—The board of a pri-
5 vate, nonprofit organization shall ensure that
6 the board operates and conducts activities
7 under the subgrant made under section
8 680A(a) in a manner that complies with—

9 “(i) the requirements for maintaining
10 tax-exempt status under section 501(a) of
11 the Internal Revenue Code of 1986 (26
12 U.S.C. 501(a)) regarding the governance
13 of charities under section 501(c)(3) of the
14 Internal Revenue Code of 1986 (26 U.S.C.
15 501(c)(3)); and

16 “(ii) applicable requirements of State
17 law.

18 “(2) PUBLIC ORGANIZATIONS.—

19 “(A) BOARD.—In order for a public orga-
20 nization to be considered to be an eligible entity
21 for purposes of section 673(1), the organization
22 shall administer a program, project, or service
23 under the supervision of a tripartite board of
24 directors described in subparagraph (C).

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

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

6 “(i) not more than $\frac{1}{3}$ of the members
7 of the board are employees of the unit of
8 government in which the organization is lo-
9 cated, including elected officials;

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

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

22 “(iii) the remainder of the members
23 are representatives of business, industry,
24 labor, religious, educational, charitable, or

1 other significant private groups in the
2 community.

3 “(D) EXPERTISE.—The organization shall
4 ensure that the members of the board include
5 individuals with expertise in financial manage-
6 ment, accounting, and law.

7 “(E) COMPLIANCE WITH STATE REQUIRE-
8 MENTS AND POLICY.—The board of a public or-
9 ganization shall ensure that the board operates
10 in a manner that complies with State require-
11 ments for open meetings, financial trans-
12 parency, and State open records policy.

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

16 “(1) in the case of a board for a private, non-
17 profit organization that is an eligible entity, having
18 and legal and financial responsibility for admin-
19 istering overseeing the eligible entity, including mak-
20 ing proper use of Federal funds;

21 “(2) ensuring that the guidance regarding orga-
22 nizational performance disseminated by the Sec-
23 retary under section 682(c) (8) is implemented;

24 “(3) adopting practices that assure active, inde-
25 pendent, and informed governance of the eligible en-

1 tity, including establishing a limited number of
2 terms for officers and adopting a code of ethical con-
3 duct for members;

4 “(4) participating in each comprehensive com-
5 munity needs assessment, developing and adopting
6 as a policy for the corresponding eligible entity a
7 community action strategic plan, including provi-
8 sions for the use of funds under this subtitle, and
9 preparing the community action program plan for
10 the use of funds under this subtitle;

11 “(5) ensuring that the eligible entity manages
12 its activities based on a system of performance man-
13 agement;

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

17 “(7) overseeing financial management, account-
18 ing, and reporting policies, and complying with laws
19 regarding financial statements, including—

20 “(A) selecting an auditor; and

21 “(B) monitoring corrective action required
22 by audit findings and taking other necessary
23 actions to enable the eligible entity to comply
24 with accounting policies and laws about finan-
25 cial statements;

1 “(8) reviewing all major financial expenditures
2 of the eligible entity, including annually approving
3 the eligible entity’s operating budget;

4 “(9) reviewing all major policies of the eligible
5 entity, including—

6 “(A) conducting annual performance re-
7 views; and

8 “(B) conducting assessments of the eligible
9 entity’s progress in carrying out programmatic
10 and fiscal provisions in the community action
11 program plan, and in taking any corrective ac-
12 tion;

13 “(10) adopting personnel policies and proce-
14 dures, including policies and procedures for hiring,
15 annual evaluation, compensation, and termination,
16 of the Executive Director of the eligible entity; and

17 “(11) adopting and periodically updating writ-
18 ten conflict of interest policies for members of the
19 board.

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

21 “(a) OFFICE.—

22 “(1) The Secretary shall establish an Office of
23 Community Services in the Department of Health
24 and Human Services (referred to in this subtitle as

1 the ‘Department’) to carry out the functions of this
2 subtitle.

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

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

9 “(c) DUTIES, MANAGEMENT, AND INTEGRATION.—
10 The Secretary shall—

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

20 “(2) promulgate skill requirements, for Depart-
21 ment officials with responsibility for monitoring and
22 approving State programs under this subtitle, re-
23 garding the knowledge, skills, and abilities required
24 to assess and provide technical assistance regarding
25 the operations of private, nonprofit organizations re-

1 sponsible for implementing multiple Federal and
2 other community-based initiatives;

3 “(3) ensure that personnel and contractors of
4 the Department with responsibility for State pro-
5 grams under this subtitle acquire the knowledge,
6 skills, and abilities described in paragraph (2);

7 “(4) establish minimum requirements for the
8 knowledge and skills of State personnel responsible
9 for overseeing the activities authorized by this sub-
10 title;

11 “(5) promulgate performance indicators for
12 State management of the funds, operations and pro-
13 grammatic requirements of this subtitle;

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

17 “(7) promulgate regulations with respect to the
18 procedures for State and local corrective action
19 plans described in section 687 (including promul-
20 gating a definition of a serious deficiency for pur-
21 poses of that section) to ensure prompt resolution of
22 deficiencies and adherence to the uniform adminis-
23 trative requirements described in section 676(b); and

24 “(8) disseminate or cause to be disseminated
25 guidance regarding the organizational practices and

1 performance of eligible entities developed jointly by
2 the Director and the community services network or-
3 ganizations.

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

9 “(1) the timeliness of—

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

12 “(B) the use of funds reserved pursuant to
13 section 692(b);

14 “(2) the timeliness of approvals or notifications
15 concerning State plans and plan revisions described
16 in section 680;

17 “(3) the timeliness of scheduled monitoring of
18 States and implementation of State corrective action
19 plans described in section 687;

20 “(4) the implementation of the requirements of
21 the uniform administrative requirements described
22 in section 676(b) by the Department, the States,
23 and other grantees;

1 “(5) the implementation of the requirements for
 2 coordinated audits and monitoring by multiple of-
 3 fices of the Department;

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

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

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

13 **“SEC. 683. TRAINING, TECHNICAL ASSISTANCE, AND RE-**
 14 **LATED ACTIVITIES.**

15 “(a) ACTIVITIES.—

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

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

23 “(i) development or replication of in-
 24 novative initiatives;

1 “(ii) carrying out professional develop-
2 ment activities that expand the capacity of
3 eligible entities;

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

8 “(iv) correcting programmatic defi-
9 ciencies, including such deficiencies of eli-
10 gible entities; and

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

19 “(i) professional development for key
20 personnel;

21 “(ii) activities to improve program
22 and financial management practices (in-
23 cluding practices related to performance
24 management information systems);

1 “(iii) activities that train individuals
2 and organizations to effectively address the
3 needs of low-income families and commu-
4 nities through place-based strategies for
5 coordinated investment and integrated
6 service delivery; and

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

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

4 “(c) GRANTS, CONTRACTS, AND COOPERATIVE
5 AGREEMENTS.—The activities described in paragraph
6 (1)(A) shall be carried out by the Secretary through
7 grants, contracts, or cooperative agreements with appro-
8 priate entities, which shall include all statewide associa-
9 tions of eligible entities that meet the requirements for
10 receipt of Federal funds.

11 “(d) TRAINING AND TECHNICAL ASSISTANCE PROC-
12 ESS.—

13 “(1) IN GENERAL.—In order to determine the
14 training, technical assistance, and other activities to
15 be provided or supported under subsection (a), the
16 Secretary, acting through the Director, shall develop
17 and carry out the strategic plan described in para-
18 graph (2), and the activities described in paragraph
19 (3).

20 “(2) OFFICE OF COMMUNITY SERVICES STRA-
21 TEGIC TRAINING PLAN.—

22 “(A) IN GENERAL.—Not less often than
23 every fourth year the Secretary, acting through
24 the Director and in consultation with commu-
25 nity service network organizations, shall de-

1 velop, publish, and carry out a strategic plan
2 for the use of funds reserved for use under sec-
3 tion 692(c)(2).

4 “(B) CONTENTS.—Such a plan shall de-
5 scribe—

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

13 “(ii) the manner in which the plan en-
14 sures that the Secretary complies with
15 each requirement of this subtitle related to
16 training and technical assistance;

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

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

3 “(v) quality standards for training
4 and trainers to ensure that only effective
5 training is funded under this section; and

6 “(vi) to the maximum extent feasible,
7 how the activities funded under this section
8 address—

9 “(I) the needs of eligible entities
10 and State lead agencies relating to
11 skills and techniques to ensure the
12 quality (including quality of financial
13 management practices) of programs,
14 projects, and services supported under
15 this subtitle; and

16 “(II) other professional develop-
17 ment needs of the eligible entities re-
18 lated to carrying out this subtitle.

19 “(3) EVALUATION OF TRAINING AND TECH-
20 NICAL ASSISTANCE.—The Secretary, acting through
21 the Director—

22 “(A) shall establish a procedure for evalu-
23 ating the quality and effectiveness of training
24 and technical assistance provided under this
25 section related to professional development,

1 local organizational development and manage-
2 ment including, but not limited to financial
3 management, and State government manage-
4 ment; and

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

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

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

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

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

23 “(3) Follow-up reviews, including onsite reviews
24 scheduled in a corrective action plan (including re-
25 turn visits), within a calendar quarter for eligible en-

1 tities with programs, projects, or services that fail to
 2 meet the State’s performance criteria, standards, fi-
 3 nancial management requirements, and other signifi-
 4 cant requirements established under this subtitle.

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

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

14 **“SEC. 685. EVALUATIONS; CORRECTIVE ACTION; WITH-**
 15 **HOLDING, REDUCTION, OR ELIMINATION OF**
 16 **FUNDING.**

17 “(a) EVALUATIONS OF STATES BY THE SEC-
 18 RETARY.—

19 “(1) IN GENERAL.—The Secretary shall con-
 20 duct, in not fewer than $\frac{1}{3}$ of the States in each fis-
 21 cal year, evaluations (including investigations) of
 22 State compliance with this subtitle, including re-
 23 quirements relating to the use of funds received
 24 under this subtitle, and especially with respect to
 25 compliance with the requirements of State plans

1 submitted under section 680(b) and the uniform ad-
2 ministrative requirements described in section
3 676(b) as applied to funds received under this sub-
4 title.

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

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

9 “(B)(i) recommendations for improvements
10 designed to enhance the benefit and impact of
11 the activities carried out with such funds; and

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

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

20 “(A) a State that received recommenda-
21 tions under paragraph (2)(B)(i) shall submit to
22 the Secretary a plan of action in response to
23 the recommendations; and

24 “(B) a State that received a proposed cor-
25 rective action plan under paragraph (2)(B)(ii)

1 shall carry out the State’s responsibilities under
2 subsection (b)(2).

3 “(4) REPORT TO CONGRESS.—The Secretary
4 shall submit the results of the evaluations annually,
5 as part of the report submitted by the Secretary in
6 6 accordance with section 689(b)(2).

7 “(b) DETERMINATION OF STATE FAILURE TO COM-
8 PLY.—

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

14 “(A) inform the State, through the report
15 described in subsection (a)(2) and any proposed
16 corrective action plan submitted under sub-
17 section (a)(2)(B), of the deficiency;

18 “(B) provide assistance consistent with
19 section 685 and subsection (c);

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

22 “(i) correct the deficiency immediately
23 if the Secretary finds that the deficiency
24 threatens the ability of eligible entities to
25 carry out their community action program

1 plans or threatens the integrity of Federal
2 funds; or

3 “(ii) correct the deficiency not later
4 than 90 days after the identification of the
5 deficiency if the Secretary finds, in the dis-
6 cretion of the Secretary, that such a 90
7 day period is reasonable, in light of the na-
8 ture and magnitude of the deficiency; and
9 “(D) require that the State carry out—

10 “(i) the corrective action plan pre-
11 pared by the Secretary under subsection
12 (a)(2)(B)(ii); or

13 “(ii) a State-proposed corrective ac-
14 tion plan that is approved under paragraph
15 (2)(C).

16 “(2) CORRECTIVE ACTION PLANS.—

17 “(A) IN GENERAL.—A State that is found
18 under paragraph (1) to have a serious defi-
19 ciency shall—

20 “(i) agree to implement the corrective
21 action plan proposed by the Secretary
22 under subsection (a)(2)(B)(ii); or

23 “(ii) propose to the Secretary a dif-
24 ferent corrective action plan, developed by
25 the State in a timely manner that the

1 State will implement upon approval by the
2 Secretary under subparagraph (C).

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

6 “(i) the serious and other deficiencies
7 to be corrected;

8 “(ii) the actions to be taken to correct
9 such deficiencies; and

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

18 “(C) APPROVAL PROCESSES.—

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

24 “(I) by approving the proposed
25 plan; or

1 “(II) by notifying the State that
2 the proposed plan cannot be approved,
3 providing the reasons for the dis-
4 approval, and proposing an alternative
5 corrective action plan.

6 “(ii) STATE RESPONSE.—

7 “(I) IN GENERAL.—A State
8 whose corrective action plan has not
9 been approved under clause (i) shall
10 respond by agreeing to implement the
11 alternative corrective action plan, or
12 by submitting a different proposed
13 corrective action plan not later than
14 15 days after receiving notification
15 from the Secretary under clause (i).

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

tion, the Director, pursuant to paragraph (3)(C), shall ensure that the affected funds are obligated and made available to eligible entities on the same schedule as the State would have been required to follow if the Secretary had not made the determination.

“(3) ENFORCEMENT.—

“(A) WITHHOLDING OF FUNDING.—If the Secretary determines that a State fails to meet the requirements of this subsection, including a failure to comply with the terms of a corrective action plan described in subsection (a)(2)(B) or approved under paragraph (2) or a failure to correct a serious deficiency in accordance with the timing requirements of paragraph (1)(C), the Secretary may initiate proceedings to withhold all or a portion of the amount of the funding described in section 680A(b)(2)(A), including prohibiting the State from using other funds awarded under this subtitle to carry out the activities described in such section, until the State complies with all requirements of this subsection.

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

15 “(C) USE OF FUNDS.—

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

23 “(ii) In the event a State elects not to
24 receive funding under this subtitle, includ-
25 ing a refusal to submit a plan meeting the

1 Secretary's requirements, the Secretary
 2 shall provide funding directly by grant or
 3 cooperative agreement to eligible entities in
 4 good standing at the end of the last fiscal
 5 year for which the state received an alloca-
 6 tion under this subtitle.

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

12 “(c) DETERMINATION OF LOCAL AGENCY FAILURE
 13 TO COMPLY.—

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

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

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

24 “(i) correct the deficiency immediately
 25 if the State finds that the deficiency

1 threatens the ability of the eligible entity
2 to carry out the entity's community action
3 program plan or threatens the integrity of
4 Federal funds;

5 “(ii) correct the deficiency not later
6 than 90 days after the identification of the
7 deficiency if the State finds that such a
8 90-day period is reasonable, in light of the
9 nature and magnitude of the deficiency; or

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

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

23 “(D) ensure that the State's definitions,
24 procedures, and requirements under this section
25 regarding serious deficiencies of eligible entities

are in accordance with policies and regulations promulgated by the Secretary to implement the uniform administrative requirements described in section 676(b) with respect to this subtitle.

“(2) LOCAL CORRECTIVE ACTION PLANS.—

“(A) IN GENERAL.—An eligible entity that is found to have a serious deficiency under paragraph (1) shall develop, in a timely manner, a corrective action plan that shall be subject to the approval of the State, and that shall specify—

“(i) the deficiencies to be corrected;

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

“(iii) the timetable for accomplishment of the corrective actions specified.

“(B) APPROVAL PROCESS.—

“(i) IN GENERAL.—Not later than 15 days after the State receives an entity’s proposed corrective action plan in accordance with subparagraph (A), the State shall review the proposed plan and act

“(I) by approving the proposed plan; or

1 “(II) by notifying the entity that
2 the proposed plan cannot be approved,
3 providing the reasons for the dis-
4 approval, and proposing an alternative
5 corrective action plan.

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

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

22 “(3) FINAL DECISION.—If the State deter-
23 mines, on the basis of a final decision in a review
24 conducted under section 684(a)(3), that an eligible
25 entity fails to comply with the terms of a corrective

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

11 “(4) TRAINING AND TECHNICAL ASSISTANCE.—
12 The State shall provide training and technical assist-
13 ance to eligible entities with respect to the develop-
14 ment or implementation of the entities’ corrective ac-
15 tion plans.

16 “(5) SPECIAL CIRCUMSTANCE.—In the event
17 the State has credible evidence that funds have been
18 expended with fraudulent or other criminal intent,
19 funding may be suspended while the procedures to
20 review such evidence are conducted by appropriate
21 investigative entities or until the State determines
22 funds will not be at risk, whichever is earlier.

23 “(d) REVIEW.—

24 “(1) IN GENERAL.—A State’s determination
25 under subsection (c) to terminate such designation

1 or reduce such funding of an eligible entity may be
2 reviewed by the Secretary. The Secretary shall, upon
3 request, by a community services network organiza-
4 tion, review such a determination. The review shall
5 be completed not later than 60 days after the Sec-
6 retary receives from the State all necessary docu-
7 mentation relating to the determination except as
8 provided in paragraph (2).

9 “(2) FAILURE TO PROVIDE DOCUMENTATION.—

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

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

1 lation is corrected by the State. In such a case, the grant
 2 for the State under section 677 or 678 for the earliest
 3 appropriate fiscal year shall be reduced by an amount
 4 equal to the financial assistance provided under this sub-
 5 section to such eligible entity.

6 **“SEC. 686. STATE AND LOCAL FISCAL CONTROLS, AUDITS,**
 7 **AND WITHHOLDING.**

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

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

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

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

22 “(C) make appropriate books, documents,
 23 papers, and records available to the Secretary
 24 and the Comptroller General of the United
 25 States, or any of their duly authorized rep-

1 representatives, for examination, copying, or me-
2 chanical reproduction on or off the premises of
3 the appropriate entity upon a reasonable re-
4 quest for the items.

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

11 “(3) SINGLE AUDIT REQUIREMENTS.—

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

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

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

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

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

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

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

23 “(7) INVESTIGATIONS.—Whenever the Sec-
24 retary determines that there is a pattern of com-
25 plaints regarding failures described in paragraph (6)

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

6 “(b) STATE FUNDS.—

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

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

19 **“SEC. 687. ACCOUNTABILITY AND REPORTING REQUIRE-**
20 **MENTS.**

21 “(a) STATE ACCOUNTABILITY AND REPORTING RE-
22 QUIREMENTS.—

23 “(1) PERFORMANCE MEASUREMENT.—

24 “(A) IN GENERAL.—By October 1, 2014,
25 each State that receives funds under this sub-

1 title shall participate, and shall ensure that all
2 eligible entities in the State participate, in a
3 performance measurement system that the Sec-
4 retary is satisfied meets the requirements of
5 paragraphs (11) and (12) of section 680(b).

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

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

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

1 marks and the local performance benchmarks re-
2 spectively and to other performance measurements
3 that were used by community service network orga-
4 nizations in the State for the prior year. Each State
5 shall also include in the report—

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

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

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

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

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

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

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

13 “(b) REPORTING REQUIREMENTS.—

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

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

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

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

1 retary under section 683 and the results of
2 those activities, including a report on progress
3 toward achieving the goals of the Secretary’s
4 strategic plan for training and technical assist-
5 ance described in section 683(d)(2); and

6 “(D) any additional information that the
7 Secretary considers to be appropriate to carry
8 out this subtitle.

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

16 “(3) ELECTRONIC DATA SYSTEM FOR REPORTS
17 TO STATES AND ELIGIBLE ENTITIES.—The Sec-
18 retary shall provide technical assistance, including
19 support for development and maintenance of an elec-
20 tronic data system for the reports under this section,
21 to the States and eligible entities to enhance the
22 quality and timeliness of reports submitted under
23 this subtitle. The system shall be coordinated and
24 consistent with the data systems established for
25 other programs of the Department that are managed

1 by eligible entities, including all programs of the Ad-
2 ministration for Children and Families or successor
3 administrative units in which the office is located.

4 **“SEC. 688. LIMITATIONS ON USE OF FUNDS.**

5 “(a) CONSTRUCTION OF FACILITIES.—

6 “(1) LIMITATIONS.—Except as provided in
7 paragraph (2) and in section 680(b)(1)(C), grants or
8 subgrants made under this subtitle may not be used
9 by the State, or by any other person with which the
10 State makes arrangements to carry out a purpose
11 described in section 672, for the purchase or im-
12 provement of any building or other facility.

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

23 “(b) POLITICAL ACTIVITIES.—

24 “(1) TREATMENT AS A STATE OR LOCAL AGEN-
25 CY.—For purposes of chapter 15 of title 5, United

1 States Code, any entity that assumes responsibility
2 for planning, developing, and coordinating activities
3 under this subtitle and receives assistance under this
4 subtitle shall be deemed to be a State or local agen-
5 cy. For purposes of paragraphs (1) and (2) of sec-
6 tion 1502(a) of such title, any entity receiving as-
7 sistance under this subtitle shall be deemed to be a
8 State or local agency.

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

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

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

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

4 “(c) NONDISCRIMINATION.—

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

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

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

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

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

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

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

1 **“SEC. 689. DRUG AND CHILD SUPPORT SERVICES AND RE-**
 2 **FERRALS.**

3 “(a) DRUG TESTING AND REHABILITATION.—

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

13 “(2) NON-ADMINISTRATIVE EXPENSES.—Any
 14 funds provided under this subtitle expended for such
 15 testing shall not be considered to be expended for
 16 administrative expenses and shall not be subject to
 17 the limitation specified in section 680A(b)(2).

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

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

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

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

5 **“SEC. 690. OPERATIONAL RULES.**

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

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

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

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

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

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

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

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

20 “(c) NONDISCRIMINATION AGAINST BENE-
21 FICIARIES.—A religious organization providing assistance
22 under any program described in subsection (a) of this sec-
23 tion shall not, in providing such assistance, discriminate
24 against a program beneficiary or prospective program ben-
25 eficiary on the basis of religion or religious belief.

1 “(d) LIMITATIONS ON USE OF FUNDS FOR CERTAIN
2 PURPOSES.—No funds provided directly to a religious or-
3 ganization to provide assistance under any program de-
4 scribed in subsection (a) shall be expended for sectarian
5 worship, instruction, or proselytization.

6 “(e) FISCAL ACCOUNTABILITY.—

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

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

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

1 governmental organizations to provide assistance under
 2 the programs described in subsection (a), the intermediate
 3 organization shall have the same duties under this section
 4 as the government.

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

6 “(a) TRANSITION PERIOD.—The Secretary shall ex-
 7 peditiously announce a schedule for adopting any changes
 8 in regulation, procedure and reporting required by this
 9 subtitle and for the availability of Federal training for
 10 States and eligible entities, especially with respect to
 11 adopting Uniform Practices for Administration, which pe-
 12 riod may not extend further than 3 months prior to the
 13 start of the second fiscal year after the effective date of
 14 this subtitle and may include final adoption of new re-
 15 quirements prior to the final date of the period as deter-
 16 mined by the Secretary to be appropriate.

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 common State management performance in-
10 dicators which shall include indicators concerning—

11 “(A) timely obligation and distribution and
12 effective oversight of Federal funds;

13 “(B) compliance with the requirements for
14 minimum skills of State personnel and compli-
15 ance with the uniform administrative require-
16 ments described in section 676(b);

17 “(C) effective management of the activities
18 funded under this subtitle; and

19 “(D) the results of activities funded by the
20 State under this subsection 680A(b).

21 “(2) COMPREHENSIVE ANALYSIS OF POVERTY
22 CONDITIONS.—The Secretary shall provide guidance
23 (including models) for comprehensive community
24 needs assessments described in subsection
25 680(a)(2)(C) that are used in conjunction with com-

1 community action strategic plans. The guidance shall in-
 2 clude methods for preparing an analysis of all pov-
 3 erty conditions affecting the community and of local
 4 and regional assets for alleviating such conditions;
 5 and

6 “(3) such other guidance as may be required by
 7 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 DEVELOP-
4 MENT.—

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

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

19 “(C) GOVERNING BOARDS.—For a commu-
20 nity development corporation to receive funds to
21 carry out this paragraph, the corporation shall
22 be governed by a board that shall consist of
23 residents of the community and business and
24 civic leaders and shall have as a principal pur-
25 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.”.

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