

Community Services Block Grant

CS-13-02: Guidance on Program Administration and Performance Plan

Effective Date: January 01, 2014

Background

In the last two budgets proposed by the President, CSBG has had a proposed cut of nearly 50 percent, and the budgets have included performance based language. Since FY 2010, the state allocation for CSBG has decreased by 9.2 percent. IHCDA has been exploring avenues to ensure that the funds provided by the federal government will provide the greatest benefit to low income households statewide. The research methodology included an assessment of costs on monthly CSBG claims as well as an analysis of the current usage of CSBG Funding.

Claims Assessment

It was identified that a percentage of the agency's administrative costs were categorized as: employee morale or benefits, trainings or meetings, marketing or public relations, supplies and materials, or business or program losses. The Risk Management Department of IHCDA conducted a review of the OMB Circulars to assess the allowability of such costs with the following federally funded programs: CSBG, EAP, and Weatherization. In the circular, the following categories were reviewed: Employee Morale, Marketing and Public Relations, Donated Goods and Services, Training and Meetings, Uniforms, and Entertainment.

Funding Analysis

In addition to the claims assessment, CSBG Program Management reviewed the usage of CSBG funds for the last three program years. This review looked at the percentage of funds allocated toward administrative expenses versus agency provided services. Administrative expenses would include the costs associated with management and general expenses, and other costs associated with the daily operations of the agency. Agency provided services are the costs associated with program service delivery.

Below is a summary of funding analysis, based on closeouts from program years 2010 to 2012.

	2010	2011	2012
Agency Allocation	9,118,595	8,866,032	8,835,316
Carryover from Previous year	1,528,975	1,803,770	1,159,694
Total Available Funds	10,647,570	10,669,802	9,995,010
Statewide Admin Expenditures	3,136,377	3,083,148	3,037,712

% of Total Avail Funds	29%	29%	30%
Avg Agency %	33%	37%	40%
Statewide Agency Provided Services (APS) Expenditures	4,375,061	5,356,629	3,837,603
% of Total Avail Funds	41%	37%	38%
Avg Agency %	34%	41%	36%
# Agencies claiming \$0 APS	4	5	4

By range, this chart represents the percentage of CSBG funds spent on administrative expenses across the network.

Admin %	2010	2011	2012
0-10%	6	6	6
11-30%	8	6	7
31-50%	1	2	0
51-70%	7	3	3
71-90%	3	4	4
91-100%	0	2	3

In contrast, this chart represents the percentage of CSBG funds spent on agency provided services across the network.

APS %	2010	2011	2012
0%	4	5	4
1-10%	5	2	1
11-30%	3	2	5
31-50%	4	3	2
51-70%	5	5	7
71-90%	3	4	3
91-100%	0	2	1

The funding analysis, along with the claims assessment, has resulted in the implementation of the CSBG Program Administration and Performance Plan.

CSBG Program Administration and Performance Plan

The CSBG Program Administration and Performance Plan was designed to: 1) increase the percentage of CSBG funding spent on programming; and 2) ensure that the CSBG costs are

properly aligned with federal guidance. By 2016, IHCDA will ensure that service delivery and program administration provided by local agencies will meet the performance metrics set forth by the US Department of Health and Human Services. The goals of this plan include:

- By 2016, ensure that the percentage of CSBG funds allocated to administrative expenses meets the national performance metrics
- To ensure that we maximize the utilization of CSBG funds toward quality programming in local communities that decrease poverty
- To ensure that our financial reporting accurately reflects that work that is done by local agencies

IHCDA will collaborate with the Indiana Community Action Association, as well as its CSBG Policy Committee, to ensure the plan provides a framework for success in Indiana’s community action network.

National Performance Metrics for CSBG

Each year, the US Department of Health and Human Services (HHS) releases a “Justification of Estimates for Appropriations Committee” report. This report explains to the Appropriations Committee how funds provided by HHS are used in various programs and sets performance metrics based on current budget proposals by the President and Congress. For FFY 2013, HHS set a performance metric that no more than 17 percent of CSBG funds should be spent on administrative expenses. For FFY 2014, HHS has set a performance metric that no more than 16 percent of CSBG funds should be spent on administrative expenses.

Based on information from the Funding Analysis conducted by IHCDA, approximately 30 percent of total available CSBG funds were spent on administrative expenses-nearly double the national performance metric. An assessment of CSBG closeouts concluded that approximately 38 percent of agency level budgets were spent on administrative expenses. These findings have prompted IHCDA to develop a performance measurement plan to ensure that local sub grantees meet the national performance metrics by FFY 2015. These performance metrics will be based on the previous year’s closeout information.

In FY 2014, IHCDA will go to a tiered percentage structure for administrative expenses. Agencies will not be required to repay overspent funds at closeout.

Agency Allocation	Admin Percentage
\$150-300K	18%
\$301-450K	17.5%

\$451-\$700K	17%
\$701-850K	16.5%
\$851K-\$1M+	16%

The state average must not exceed 17 percent.

By FY 2015, all agencies will be required to meet the following administrative percentage and will be updated in the grant agreement. Agencies will be required to repay overspent funds at closeout.

Agency Allocation	Admin Percentage
\$150-300K	18%
\$301-450K	17.5%
\$451-\$700K	17%
\$701-850K	16.5%
\$851K-\$1M+	16%

The state average must not exceed 16 percent.

Implementation Plan

IHCDA collaborated with the CSBG Policy Committee to identify barriers that would prevent the network from reaching the metrics set forth in the performance plan.

Claims Review

Based on these performance metrics and the cost analysis, IHCDA has identified some strategies to assist agencies with decreasing their administrative expenses. Since January 29, 2013, IHCDA has worked diligently with local sub grantees to increase enforcement of allowable "Employee Morale" related expenses, based on the OMB Circular A-133, and create a more restrictive Employee Morale policy. This guidance will ensure good stewardship over the limited federal funds and maximize the programmatic impact of the funds in low income communities across the state. Guidance regarding Cost Allowability was released on May 10, 2013, and training was conducted on May 13, 2013. Final guidance for 2014 funding will be released in December 2013.

Revamp CSBG Budget Guidance

The Committee also identified conflicts between the CSBG Budget Guidance attached to annual grant agreements and information provided in Information Memorandum (IM) 37

that was released by Health and Human Services in 2010. IHADA will revamp the CSBG Guidance to ensure that it aligns with IM 37. Since the meeting, IHADA has redefined the CSBG budget lines to ensure a more standardized approach to categorizing administrative and programmatic expenses as well as indirect costs associated with service delivery. The new guidance will clarify the difference between true administrative expenditures, but also clarify where to allocate indirect costs associated with agency provided services. This guidance will be attached to the 2014 CSBG budget form, included in the 2014 CSBG grant agreement, and updated in the CSBG Program Administration Manual.

Program Guidance on Expenses

For more information about cost allowability, agencies may use the following resources.

- Information Memorandum 37: Definition and Allowability of Direct and Administrative Cost Block Appropriation and Allocations
<http://www.acf.hhs.gov/programs/ocs/resource/im-no-37-definition-and-allowability-of-direct-and-administrative-cost>
- Justification of Estimates for Appropriations Committee
<http://www.acf.hhs.gov/programs/olab/budget>
- OMB Circular A-122

Note that these resources serve as a basis for policy guidance. However, our state staff reserves the right to be more restrictive, when doing provides better program administration.