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Community Services Block Grant Dear Colleague Letter

DCL#: CSBG-DCL-2020-20
DATE: July 8, 2020
TO: CSBG State and Tribal Grantees
SUBJECT: Explanation of CSBG Minimum Allotment Provisions as Applied to CARES Act Funding
ATTACHMENT(S): None

Dear Colleagues,

This message provides a brief explanation of the minimum and maximum allotment provisions outlined in the Community Services Block Grant Act (CSBG Act) and the current status of both minimum and maximum allotments as applied to the CSBG Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding.

Key Requirements of Minimum and Maximum Allotment Provisions

CSBG awards to states, territories and tribes are allocated according to a statutory formula outlined in Section 675B of the CSBG Act (42 USC 9906). This formula guarantees a proportionate share of funding to states that is the same as each state received at the time of the passage of the original CSBG Act in 1981, with the exception of a subset of smaller states subject to “minimum allotment” and “maximum allotment” provisions outlined, below, in this section. The language outlined in this section provides a minimum amount that must go to states based on the total amount of CSBG funds appropriated in a given fiscal year and limits the amount that awards may increase from one fiscal year to the next based on the amount awarded to states in the prior fiscal year. The currently relevant provisions are summarized briefly below.

- **Minimum Allotment Provision** - The minimum allotment provision set forth in Section 675B(b)(1) provides that, if the amount available for distribution to states exceeds \$345 million in a given year, the states subject to the minimum allotment provision must receive at least 1/2 of 1 percent of the total amount available for distribution to states.
- **“Maximum Allotment” Provision** - Section 675B(b)(3) caps the minimum allotment for a state to no more than 140% of the aggregate amount allotted to such state for the preceding fiscal year.

Because the CSBG appropriation has typically been over the \$345 million threshold set forth in Section 675B(b)(1), OCS has routinely allocated a minimum allotment of ½ of 1 percent of the total CSBG amount available for distribution each year to twelve states whose base allotment is less than ½ of 1 percent of CSBG funding. The following states currently receive allocations based on the minimum allotment provision: Alaska, Delaware, Hawaii, Idaho, Montana, Nevada, New Hampshire, North Dakota, South Dakota, Utah, Vermont, and Wyoming. The “maximum allotment” language discussed above is not regularly applied to awards because CSBG appropriations do not typically result in the aforementioned states exceeding 140% of the prior year award.

FY 2020 Maximum Allotment Under Section 675B(b)(3)

The FY 2019 award amount to states with the minimum allotment was \$3,731,721. This amount multiplied by 140% is \$5,224,409, which is the maximum amount of funding that can be awarded under the “maximum allotment” provision in Section 675B(b)(3).

FY 2019 Award Amount to States with CSBG Minimum Allotment	FY 2019 Award x 140% (Maximum Allotment under Section 675B(b)(3))
\$3,731,721	\$5,224,409

Application of Maximum Allotment to CSBG CARES Act Funding

The CARES Act funds are supplemental to the regular FY 2020 CSBG appropriation. As such, these supplemental funds are **added** to the amount already awarded to a state under regular appropriations for the purposes of calculating the amount to be awarded to each state under the CSBG allocation formula.

This means that, for states receiving the minimum amount, total annual allotments (including CARES Act funding combined with the amount awarded to the state under the regular appropriation for FY 2020) may not exceed 140% of the total amount awarded (or \$5,224,409 as outlined above).

The following chart shows the minimum amounts available to states in FY 2019 compared to the amounts available in FY 2020 (when combined with CARES Act funds).

FY 2020 CSBG Type of Awards	With “Maximum Allotment” 140% prior year limit	Without “Maximum Allotment” 140% prior year limit
FY 2020 Regular CSBG Award	\$3,851,915	\$3,851,915
FY 2020 CSBG CARES Act Award	\$1,372,494	\$5,000,000
Total Regular Appropriation + CARES Act Funding	\$5,224,409	\$8,851,915

Current Status of CARES Act Funds

OCS is temporarily withholding from release to other states the amount that would be available to the 12 affected states (approximately \$43.5 million) if Congress determines through future Congressional action that the maximum allotment clause (Section 675B(b)(3) of the CSBG Act) should not apply to the CARES Act supplemental funding.

Tribal Allocations in States with Minimum Allotment

Tribal governments and organizations that apply directly to OCS for CSBG funding receive a proportionate share of the state's overall CSBG allocation based on the tribal population below the federal poverty line. In states with tribes that apply directly for CSBG funds, the tribal allocation reduces the amount awarded to state CSBG agencies. The amount awarded to tribes increases or decreases in direct proportion to the amount available to a state according to the regular CSBG formula.

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

/s/

J. Janelle George
Deputy Director
Office of Community Services