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**PROGRAM POLICY BULLETIN #15-04**

**DATE:** May 1, 2015

**TO:** N J Community Action Agencies

**AFFECTED PROGRAMS:** All Programs that Utilize CSBG Funds

**SUBJECT:** Corrective Action, Termination or Reduction of Funding for CSBG Eligible Entities for Cause

**POLICY SUMMARY:** Program Policy Bulletin #15-04 describes the legal basis and sources of authority for the step-by-step actions required for termination or reduction of funding *for cause* to an eligible entity receiving CSBG funding from the State. This type of reduction in funding or termination of an entity's eligibility status is related to deficiencies in the activities of an individual eligible entity. This differs from a change in funding that is a result of a statewide redistribution of funds, and not related to performance deficiencies of a specific organization; this latter situation is not covered by this Program Policy Bulletin.

**DISCUSSION:** The CSBG Act, at 42 USC 9908(c) and CSBG IM No. 116 are the primary sources for the statutory and regulatory requirements related to terminating organizational eligibility, or otherwise reducing the share of funding allocated to any CSBG eligible entity. The CSBG Act requires, as part of the biennial submission of an application and State Plan, that the State provide an assurance that any eligible entity that received CSBG funding in the previous fiscal year will not have its funding terminated, or reduced below the proportional share of funding the entity received in the previous fiscal year, unless, after providing notice and an opportunity for a hearing, the State determines that cause exists for such termination or reduction.

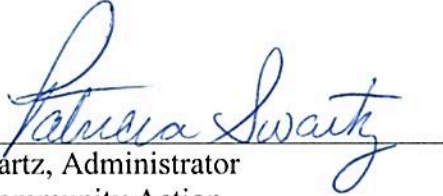
May 1, 2015 Corrective Action, Reduction or Termination of Funding



CSBG IM #116 describes the actions that must be taken, and procedures that must be followed in order to allow the State to terminate eligible entity status, or reduce CSBG funding to an eligible entity "for cause". "For cause" includes, but is not limited to, an eligible entities' failure to comply with the Grant Agreement, the State Plan, or other agreements with the State, or failure to meet a State requirement. The State's determination may also be based upon the entity's failure to provide CSBG services, or to meet appropriate standards, goals, or other requirements established by the State, including performance objectives.

Cause for termination may also be based upon deficiencies found as a result of the State's federally mandated periodic on-site monitoring of an entity. The State is additionally required to review any eligible entities with programs that have had Federal, State or local grants other than CSBG assistance, terminated for cause. State CSBG lead agencies are further required to thoroughly investigate instances of so-called whistleblower complaints, or allegations of fraud or abuse of CSBG funds or funds from closely-related programs.

The steps and timelines outlined in CSBG IM No. 116 for termination of eligible entity status or otherwise reducing the share of CSBG funding to an eligible entity for cause, will be followed in any cases involving New Jersey CSBG eligible entities.

Signed:   
Patricia Swartz, Administrator  
Office of Community Action  
Division of Housing and Community Resources

C. Manuel Garcia, Deputy Director, Division of Housing & Community Resources  
CSBG State Staff