



To: CSBG Eligible Entities
From: Community Programs Division
Release Date: September 24, 2020
Effective Date: September 28, 2020

Program Guidance: CSBG-2020-03

Subject: Charging Other Program Expenses to CSBG

Beginning September 28, 2020 the following IHCDA guidance is in effect and replaces IHCDA guidance on “Charging Expenses between Grants” dated January 11, 2019 as well as IHCDA guidance LI-017-01 dated May 19, 2017:

Using CSBG Direct Program Funds to Cover Program Administrative Costs

As explained in [Information Memorandum-37](#), CAAs may use CSBG funds to cover direct program costs that are incurred for the service delivery and management of programs or projects that meet the goals and requirements of the CSBG Act.

Therefore, direct program costs may include expenditures with administrative qualities, including salaries and benefits of program staff and managers, equipment, training, conferences, travel, and contracts. In order to use CSBG Direct Program funds rather than Administrative funds (which are subject to a percentage of the CSBG award), such expenditures must expressly relate to the delivery of a CSBG-eligible program or service, and not to the general administration of the organization.

While the CSBG Act and federal guidance allow CSBG funds to cover the direct program and administrative costs of other programs, those programs may have additional requirements that limit how CSBG funding can be used.

Using CSBG to Cover Other Federal Program Costs

As explained in Information Memorandum-37, CSBG may be used to supplement other programs once all of those program funds have been completely expended. Supplementing is when CSBG funds are used for expenses for another program that are included in that program’s budget/allowable expenses.

CSBG can also be used to augment another federal program’s budget; this is when CSBG funds are used for expenses that are directly related to another program, yet out of scope for use of that program's funds.



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Supplementing LIHEAP Costs

Administrative Expenses

According to the federal LIHEAP Statute [Section 2605\(b\) \(9\)](#) and to [LIHEAP IM 2000-12](#), LSPs may only use up to specific percentage of their LIHEAP award to cover administrative expenses, as specified in the LIHEAP subgrantee agreement; that maximum percentage is for all federal funds, not just LIHEAP funds.

To ensure LSPs do not charge more than the maximum administrative percentage to any combination of federal awards, LSPs must charge all administrative expenses accrued under LIHEAP to the admin line item in the LIHEAP grant. An agency cannot supplement LIHEAP administration with CSBG funds; this applies to program administration and to Assurance-16 administration. Therefore, agencies must use nonfederal funds to supplement any expenses necessary to administer the LIHEAP program beyond the maximum allowable LIHEAP administrative percentage.

LSPs who wish to use CSBG to supplement LIHEAP program costs use these funds for utility payments, energy education, case management, or conservation tools rather than admin expenses, as explained in the sections below.

Utility Payments

CSBG may be used to provide direct utility payment assistance to LIHEAP clients who require additional assistance beyond the benefit they are eligible for under the EAP rules, as well as to clients who are ineligible for LIHEAP assistance but meet CSBG eligibility requirements.

When claiming Utility Payments on a CSBG award, it should be clear this is not a benefit paid for with LIHEAP funds; the charges should be labelled as “Non-LIHEAP Utility Benefit” or similar. Utility assistance that is provided through CSBG must NOT be reported in RIAA. If it appears that the claim is a general claim for “EAP” or “LIHEAP,” it will be denied.

Activities Associated with Assurance-16

In addition to the percentage cap on LIHEAP Administrative costs, agencies must also limit their Assurance-16 expenditures to a percentage specified in the LIHEAP subgrantee agreement.

Activities that are normally associated with Assurance-16 include providing clients energy education and/or energy conservation tools, as well as case management. CAAs may use CSBG funds to support these activities, but they must be kept separate from Assurance-16. To that end, when claiming expenses on a CSBG grant, the expenses should be labelled as the exact services being paid for (energy education, energy conservation tools, case management, etc.) or as “self-sufficiency resources” or similar (as allowed by previous guidance). If it appears that the claim is for “Assurance 16” or “A16” it will be denied.

Weatherization

According to the CSBG Act, CSBG funds “may not be used ... for the purchase or improvement of land, or the purchase, construction, or permanent improvement (**other than low-cost**

residential weatherization or other energy-related home repairs) of any building or other facility.”

Augmenting Weatherization: Using CSBG on Deferred Homes

CSBG funds may not be used to bring a home into efficient working condition by permanently improving or extending the life of an asset 5 years or more. However, CSBG funds may be used for home maintenance, upkeep or repair measures that cost less than \$1,000; that limit is on the total cost of the measure, not just the CSBG-funded portion. Any measure that does not permanently improve or extend the life of an asset, but costs more than \$1,000, must be pre-approved by IHCD's CSBG Manager. That approval must be included in the claim submission and the claim line item must include the word “Deferred.”

Supplementing Weatherization: Using CSBG for Energy Saving Measures

CSBG funds may be used to supplement weatherization production once all allotted other funding (LIHEAP or DOE) for a home has been exhausted (i.e. if a home is significantly over ACPU). These funds may be used only on energy-related measures as shown in the Energy Audit to provide an SIR of 1 or greater. The modeling software NEAT/MHEA should be used to show these savings. When submitting a CSBG claim for this type of cost, please describe it as “Weatherization Supplement,” “low cost energy efficiency measures,” or similar (as allowed by previous guidance) and include any pertinent information.

CSBG cannot be used to supplement Weatherization administrative costs.

Additional Resources:

- 10 C.F.R. § 440.20(a)(1)
- 42 U.S.C. § 8624(b)(1)(C)
- Community Service Block Grant Q&A on Property issues by CAPLAW (2017)