

HUMAN SERVICES DEPARTMENT[441]

Regulatory Analysis

Notice of Intended Action to be published: 441—Chapter 58
“Community Services Block Grant (CSBG)”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 216A
State or federal law(s) implemented by the rulemaking: Iowa Code chapter 216A and 42 U.S.C. 9901 et seq.

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

June 2, 2026
10 a.m.

Microsoft Teams
Meeting ID: 292 485 993 110 827
Passcode: SZ3ZF7WH

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department of Health and Human Services no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Purpose and Summary

This proposed rulemaking describes the Department’s administration of the Community Services Block Grant (CSBG). The grant provides assistance to states and local communities, working through a network of community action agencies and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become self-sufficient.

This proposed chapter underwent a Red Tape Review pursuant to Executive Order 10. As a result of the review, the Department removed redundant information and added dates certain. The Department also standardized appeal language to refer to the Department’s uniform rules chapter on contested cases. The Department also moved this chapter and others from legacy agency [421] to agency [441] and renumbered the chapter.

Analysis of Impact

- Persons affected by the proposed rulemaking:**
 - Classes of persons that will bear the costs of the proposed rulemaking:**
There are no costs associated with this proposed rulemaking.
 - Classes of persons that will benefit from the proposed rulemaking:**
No one will benefit from this proposed rulemaking, but neither will anyone be harmed.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

• **Quantitative description of impact:**

Not applicable.

• **Qualitative description of impact:**

A chapter has been reviewed pursuant to Executive Order 10 and is being repromulgated under agency [441].

3. Costs to the State:

• **Implementation and enforcement costs borne by the agency or any other agency:**

There are no costs associated with this proposed rulemaking.

• **Anticipated effect on State revenues:**

This proposed rulemaking has no effect on State revenues.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

Not applicable.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

Not applicable.

6. Alternative methods considered by the agency:

• **Description of any alternative methods that were seriously considered by the agency:**

Not applicable.

• **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Not applicable.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

• Establish less stringent compliance or reporting requirements in the rulemaking for small business.

• Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.

• Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.

• Establish performance standards to replace design or operational standards in the rulemaking for small business.

• Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

This proposed rulemaking has no impact on small business.

Text of Proposed Rulemaking

ITEM 1. Adopt the following **new** 441—Chapter 58:

CHAPTER 58
COMMUNITY SERVICES BLOCK GRANT (CSBG)

441—58.1(216A,PL97-35) Definitions. For the purpose of these rules, unless context otherwise requires:

“Community action agency” or “eligible entity” means any organization that was officially recognized as a community action agency under the provisions of Section 673(1) of the CSBG Act and Iowa Code sections 216A.91 and 216A.93.

“CSBG” means community services block grant program.

“CSBG Act” means the Omnibus Budget Reconciliation Act of 1981, PL 97-35, Title VI, Subtitle B, as amended to August 1, 2026. All references to the CSBG Act herein are as amended to August 1, 2026.

“Program year” means the year beginning October 1 and ending the succeeding September 30. The program year is numbered for that year in which it ends.

“Reduction” means funding reduced below the proportional share of funding the eligible entity received in the previous program year.

“Termination” means permanent withdrawal of the eligible entity’s authority to obligate funds before that authority would otherwise expire. If an eligible entity’s authority to obligate funds is terminated, no funds may be obligated by the eligible entity after the effective date of the termination.

441—58.2(216A,PL97-35) Purposes. The CSBG as established by the CSBG Act provides assistance to states and local communities, working through a network of community action agencies and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become self-sufficient.

Pursuant to Iowa Code section 216A.92, the department administers the community services block grant.

441—58.3(216A,PL97-35) Uses of funds. The CSBG makes available to the state of Iowa funds to be used:

58.3(1) To support the following activities that are designed to assist low-income families and individuals:

- a. Removing obstacles and solving problems that block the achievement of self-sufficiency;
- b. Securing and retaining meaningful employment;
- c. Attaining an adequate education;
- d. Making better use of available income;
- e. Obtaining and maintaining adequate housing and a suitable living environment;
- f. Obtaining emergency assistance through loans, grants, or other means to meet immediate and urgent family and individual needs; and
- g. Achieving greater participation in the affairs of the communities involved.

58.3(2) To address the needs of youth in low-income communities through youth development programs.

58.3(3) To make more effective use of, and to coordinate with, other programs related to the purposes of this program.

441—58.4(216A,PL97-35) Apportionment distribution.

58.4(1) *Iowa apportionment.* There are appropriated to the department from the fund created by Iowa Code section 8.41(1) funds to implement the CSBG as described in the CSBG Act.

58.4(2) *Distribution of funds.* CSBG funds received according to subrule 58.4(1) will be allocated to the department and eligible entities as provided by federal law and in accordance with Iowa law.

58.4(3) *Poverty-level population.* The state will use U.S. census statistics to determine the poverty-level population in each community action area.

58.4(4) *Local share.* There shall be no local share required under the CSBG.

441—58.5(216A,PL97-35) Eligibility requirements. The eligibility requirements for an organization to receive and administer CSBG funds are as follows.

58.5(1) Organization. The organization must meet the definition of a “community action agency” as defined in these rules.

58.5(2) Board composition. A recognized community action agency shall be governed by a board of directors composed of at least nine members. The board membership shall follow the requirements in Iowa Code section 216A.94.

441—58.6(216A,PL97-35) Community action plan. All eligible entities shall submit a community action plan for the purpose of applying for CSBG funds. Community action plans must be outcome-based and antipoverty-focused and tie directly to the eligible entity’s community assessment.

58.6(1) Timing. Eligible entities shall be informed in writing by the department of the due date for the community action plan and the amount of the eligible entities’ allocation in accordance with subrule 58.4(2).

58.6(2) Contents. The department will provide instructions for preparing the community action plan to all eligible entities. In addition to other information specified in the instructions, the community action plan must:

a. Document the continuous use of the full federal model for the Results Oriented Management and Accountability cycle of assessment, planning, implementation, achievement of results, and evaluation for planning and administering the CSBG;

b. Include a budget that equals the amount of the eligible entity’s allocation;

c. Include a description of the service delivery system targeted to low-income individuals and families in the service area;

d. Include a description of how linkages will be developed to fill identified gaps in the services, through the provision of information, referrals, case management, and follow-up consultations;

e. Include a description of how CSBG funds will be coordinated with other public and private resources;

f. Include a description of how CSBG funds will be used to support innovative community and neighborhood-based initiatives related to the purposes in rule 441—58.2(216A,PL97-35); and

g. Include outcome measures to be used to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization.

58.6(3) Nondiscrimination provisions. Eligible entities must ensure that no person shall, on the basis of race, color, national origin, sex, age, or disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any activity funded in whole or in part with CSBG funds.

58.6(4) Community assessment. Eligible entities must conduct a community assessment at least once every three years. The community assessment shall include data specific to poverty, qualitative and quantitative data, and key findings on the causes and conditions of poverty and the needs of the communities assessed. The results of the assessment shall be used to plan activities contained in the community action plan.

58.6(5) Contract. The department will issue the eligible entity a CSBG contract once the department accepts the community action plan.

441—58.7(216A,PL97-35) Review and acceptance of community action plans.

58.7(1) Compliance review. All activities proposed in the community action plan will be reviewed by the department for:

a. Compliance with the specific purposes and uses of funds outlined in rules 441—58.2(216A,PL97-35) and 441—58.3(216A,PL97-35);

b. Inclusion of assurances that the eligible entity will conduct the CSBG in compliance with all applicable laws; and

c. Inclusion and proper completion of all forms and instructions included in the request for community action plans.

58.7(2) Performance. Acceptance of community action plans is dependent on the satisfactory performance of the eligible entity in the past funding year(s). Additionally, available records, audits, and determinations from other relevant state and federal agencies may be utilized.

441—58.8(216A,PL97-35) Ineligible items. CSBG funds cannot be used for the following activities or costs:

1. Any partisan or nonpartisan political activity or any political activity associated with a candidate, or faction group, in an election for public or party office; any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or any voter registration activity.

2. 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. Exceptions shall only be provided through the waiver procedure described in Section 678F(a) of the CSBG Act.

441—58.9(216A) Audits and records. Eligible entities shall arrange and pay for an annual audit. Audits shall be performed by a certified public accountant and in accordance with generally accepted auditing standards. Audit procedures shall conform to 2 CFR Chapter I, Office of Management and Budget Governmentwide Guidance for Grants and Agreements as amended to August 1, 2026, and Chapter II, Part 200, et al., Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards as amended to August 1, 2026. In addition, the department may request more frequent audits or examinations of financial records of the eligible entity in order to ensure adequate financial controls are in place and operating.

441—58.10(216A,PL97-35) Designating eligible entities for unserved areas. If any geographic area of the state is not, or ceases to be, served by a community action agency and the governor decides to serve such area, the department will adhere to the requirements in Section 676A of the CSBG Act, U.S. Department of Health and Human Services statutory guidance, and other federal and state laws to solicit applications from qualified organizations.

441—58.11(216A,PL97-35) Termination and reduction of funding. The department may terminate the designation of or reduce the share of CSBG funds allocated to an eligible entity if the department determines that an eligible entity fails to comply with the terms of an agreement, or the Iowa CSBG State Plan as amended to August 1, 2026, to provide CSBG services or to meet appropriate standards, goals, and other requirements established by the department, including performance objectives. If the department finds cause to terminate the designation of or reduce the funding of an eligible entity, the department will adhere to the requirements in Section 678C of the CSBG Act, U.S. Department of Health and Human Services statutory guidance, and other federal and state laws, including provisions of notification, technical assistance, corrective action, opportunity for a hearing under 441—Chapter 2506, and federal review, to initiate proceedings to terminate the designation of or reduce the funding of the eligible entity.

441—58.12(216A,PL97-35) Client grievance and appeal process.

58.12(1) Eligible entities shall adopt client grievance procedures to address CSBG client complaints. The grievance procedures must be approved by the department. The procedures shall be used for all clients to file a complaint for nonappealable items. If complaints are unable to be resolved, the eligible entity shall forward the issue to the department for assistance with resolution.

58.12(2) The department will handle client appeals pursuant to 441—Chapter 2506. Items that are appealable are denial of eligibility, services, or benefits when services are solely CSBG-funded assistance or for services provided through co-funded programs where there is no other dispute resolution avenue.

441—58.13(216A,PL97-35) Further criteria. The Iowa CSBG State Plan and Application as amended to August 1, 2026, and the Iowa CSBG Policies and Procedures Manual as amended to August 1, 2026, are incorporated by reference as part of these rules. If any rule in this chapter conflicts with federal law or rules, federal law or rules shall prevail.

These rules are intended to implement Iowa Code chapter 216A and PL 97-35.