

# Limitation on Social Services under the CDBG Program

April 5, 1984

Honorable Tom Ridge  
House of Representatives  
Washington, DC 20515

Dear Mr. Ridge:

Thank you for your letter dated March 6, 1984, concerning the limitation on social services under the Community Development Block Grant (CDBG) program.

In 1981, a statutory change occurred which limited the amount a grantee could spend on public services starting in Fiscal Year (FY) 1982 to 10 percent. A three-year transition period was provided for grantees who had previously been spending more than 10 percent to scale down to a 10 percent limit. The Housing and Urban-Rural Recovery Act of 1983 increased that statutory limit to 15 percent. It also provided that where a grantee received a waiver of the 10 percent limit under the 1981 amendment and obligated more than 15 percent of its FY 1983 grant for public services, it can use the FY 1983 public services amount or the percentage of the total it represents, whichever is greater, in each program year thereafter. (In determining if a grantee obligated more than 15 percent of its grant for public services in FY 1983, "Jobs Bill" funds obligated for public services are excluded, since these funds had a different kind of public services limit.)

In discussions with Mark Campbell of your staff we learned that Erie, Pennsylvania, an entitlement community, was the grantee you were specifically concerned about. If Erie received a waiver in FY 1983 and spent 18 percent of its grant in public services, then its public service expenditure for FY 1984 may be the greater of either the amount it spent in FY 1983 or 18 percent of its FY 1984 grant.

I hope this clarifies the issue to your satisfaction.

Sincerely,

(signed)

Stephen J. Bollinger  
Assistant Secretary