

**Joint Oversight Hearing**

**2016-17 Community Services Block Grant State Plan**

**Assembly and Senate Human Services Committees**

**August 25, 2015**

**1:30 pm, State Capitol Room 437**

**Background Paper**

**The Community Services Block Grant**

The Community Services Block Grant (CSBG) provides federal dollars to states and other jurisdictions to reduce poverty in the United States in ways that address both the causes and conditions of poverty at the local level. The CSBG is administered by the U.S. Department of Health and Human Services (HHS). Its roots date back to the War on Poverty when, in 1964, the Economic Opportunity Act established the Community Action Program within the Office of Economic Opportunity (OEO); the Community Action Program aimed to directly engage low-income individuals in the development and implementation of antipoverty activities in their local communities, requiring representation on local agency government boards. (Today, these local agencies – Community Action Agencies (CAAs) – comprise the largest of three categories of CSBG-funded “eligible entities,” discussed later.) The OEO went through a number of changes over the years: it was renamed the Community Services Administration (CSA) in 1975, and then the CSA was replaced by the CSBG in 1981, a block grant which was subsumed under a newly created office in HHS.

The CSBG Act, enacted in 1981, was last reauthorized in 1998 (P.L. 105-285). While the authorization of appropriations for the CSBG and related programs expired in FY 2003, Congress has continued to provide funding through annual appropriations. Legislation was introduced in March of this year to reauthorize and amend portions of the CSBG Act; H.R. 1655, the Community Economic Opportunity Act of 2015, would reauthorize the CSBG Act through Federal Fiscal Year (FFY) 2023, while also requiring certain changes, including requiring states to adopt performance measures and spend a portion of their CSBG funds on a new Community Action Innovations Program.

The FFY 2015 federal appropriation for CSBG block grants is \$674 million. In FFY 2013 (the most recent year for which data are available), 15.7 million individuals and 6.7 million families were served by 1,040 CSBG eligible entities across 99% of U.S. counties.

For FFY 2015, California’s CSBG block grant amounts to almost \$60 million, and FFY 2016 and 2017 funding levels are expected to remain constant. In FFY 2013, 1.2 million Californians (577,000 families) were served by CSBG eligible entities.

Federal law requires states to prepare a State Plan and Application (State Plan) every two years for submission to the Secretary of HHS. The lead agency – in California, the Department of Community Services and Development (CSD) – is required to hold a public hearing in conjunction with the State Plan, as well as a legislative hearing every three years. The 2016-17 CSBG State Plan is due to the federal Office of Community Services by September 1, 2015. This Joint Oversight Hearing enables the state to meet both hearing requirements simultaneously.

## **Who receives CSBG funding and services in California?**

### *CSBG-funded organizations*

HHS provides CSBG funds to states, territories, and tribes which, in turn, pass these monies on to local eligible entities for the provision of community-level antipoverty services (methods for funding allocation are discussed later).

There are three main types of eligible entities that receive CSBG funds in California:

- *Community Action Agencies*  
Community Action Agencies (CAAs) are non-profit public and private organizations that can offer a wide array of services to low-income individuals, families, and communities, including education, job training, emergency assistance, financial and legal services, food programs, housing services, and more. These agencies often provide services funded by other public and private monies in addition to CSBG funds. There are currently 52 CAAs<sup>1</sup> throughout the state that receive CSBG funds.
- *Migrant and Seasonal Farmworker agencies*  
Migrant and Seasonal Farmworker agencies provide services directed toward the state's farmworker population, with the goal of assisting farmworkers and their families in achieving greater self-sufficiency within or outside of the agricultural industry. As of FFY 2013, California was one of nine states that passed some CSBG funding on to migrant and seasonal farmworker agencies; there are currently four such organizations in the state that receive CSBG funds.
- *Native American Indian agencies*  
California Government Code Section 12770 provides for CSBG funds to be set aside to assist "American Indians and Alaskan Natives residing in off-reservation and reservation areas of this state to achieve a greater degree of self-sufficiency through the principles of community self-help." There are currently three Native American Indian agencies that receive CSBG funds throughout the state; these programs directly contract with tribes to provide funds that are used to enhance Native American Indian agencies. As of FFY 2013, California was one of four states that provided some CSBG funding to tribes and tribal organizations.

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<sup>1</sup> Note that there are a total of 58 CSBG-funded eligible entities in California; one entity, the Central Valley Opportunity Center, Inc., receives funding as both a CAA and a Migrant and Seasonal Farmworker agency.

CSBG discretionary funds (discussed later) may also be used to fund Limited Purpose Agencies (LPAs), which are private nonprofit organizations or public entities that, in 1981 (when the CSBG Act was adopted), received direct funding under the federal Economic Opportunity Act of 1964. LPAs do not have to meet all of the same requirements, such as having a tripartite board, as eligible entities. There are currently two LPAs in the state that use CSBG discretionary funds to provide local support.

### *Individuals receiving CSBG-funded services*

Many Californians benefit from the services provided by the 58 CSBG-funded eligible entities across the state. To be eligible for services in California, individuals must reside in households with incomes at or below 100% of the Federal Poverty Level (currently \$20,090 for a family of three); however, individuals from households with higher incomes may be counted as receiving CSBG-funded services due to the often wide-ranging scope and impact of CSBG-funded activities, as well as the fact that eligible entities often provide services funded by a variety of sources. As mentioned earlier, in FFY 2013, 1.2 million Californians (577,000 families) were served. While demographic information was not collected for all of these individuals, the following statistics were calculated using available data:

- Gender:
  - 58% female
  - 42% male
  
- Ethnicity:
  - 54% Hispanic or Latino
  - 46% not Hispanic or Latino
  
- Race:
  - 12% African American
  - 48% White
  - 6% Asian
  - 4% American Indian and Alaska Native
  - 1% Native Hawaiian and Other Pacific Islander
  - 9% multi-race
  - 21% other
  
- Age:
  - 21% were ages 0 to 5
  - 17% were 6 to 12
  - 43% were 18 to 54
  - 19% were 55 years old or older

- Years of school for individuals ages 24 and older:
  - 26% had 0 to 8 years of education
  - 23% had 9 to 12 years of education but had not graduated high school
  - 32% had a high school degree or equivalent
  - 13% had some post-secondary education
  - 7% had a 2- or 4-year college degree
  
- Household composition:
  - 22% single mother head of household
  - 3% single father head of household
  - 27% two parents
  - 29% single person
  - 12% two adults with no children
  - 8% other
  
- 18% reported having at least one disability
  
- Poverty status:
  - 99% of service recipients live in families with incomes at or below 200% of the federal poverty level
  - 92% of all recipients live in families with incomes at or below 150% of the poverty level
  - 76% of all recipients live in families at or below the poverty level
  - 36% of all recipients live in families facing “deep poverty” – with incomes at or below 50% of the poverty level

### **How is CSBG funding allocated?**

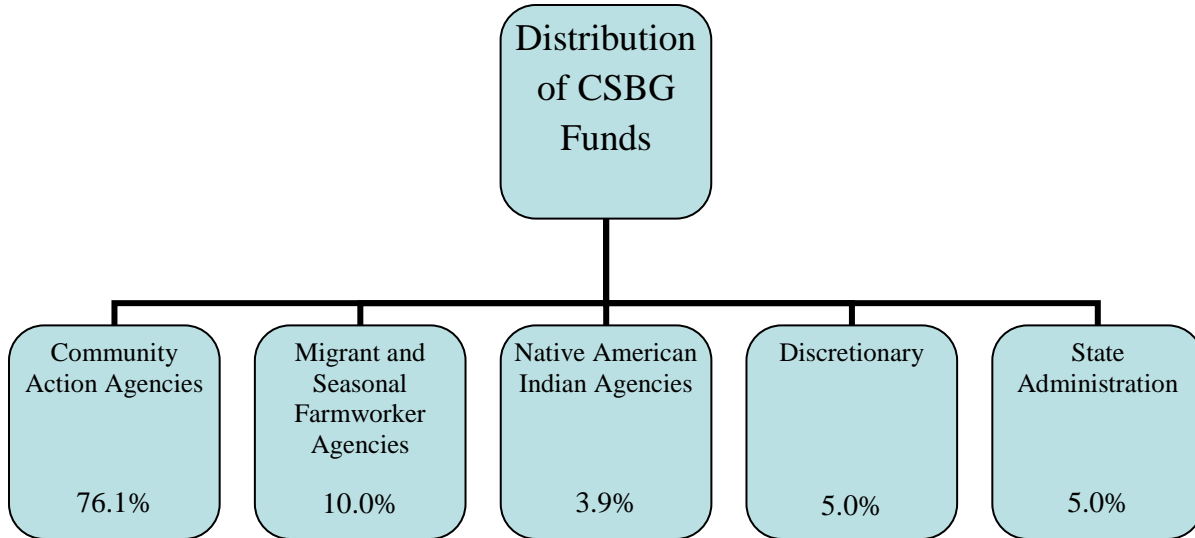
#### *Statewide allocation of funds*

The amount of CSBG funds received by states is based on historical allocations used in the former Economic Opportunity Act of 1964; each state is allotted block grant funds equivalent to the relative amount received in FFY 1981. States, in turn, must pass through no less than 90% of their federal allotment to local eligible entities. States may use up to 5% of their CSBG block grant to cover administrative costs, and up to 5% can be used for a variety of designated discretionary purposes, which can include providing training and technical assistance, funding LPAs, supporting asset-building programs (e.g., Individual Development Accounts and other savings and financial tools), and the like.

California uses a “base plus formula” allocation method to distribute CSBG funds to eligible entities. Generally, each entity receives an amount relative to the previous year’s allocation; in any year where there are increases or decreases in available federal funds, those must be allocated proportionately across all eligible entities. Additionally, allocations are adjusted whenever decennial census data are available, with adjustments reflecting changes (since the last

census) in the number of individuals living in households at or below the poverty level in the respective service area of each eligible entity.<sup>2</sup>

CSBG funds are currently distributed in California as follows:



### *Local spending priorities*

The CSBG enables communities to address local causes and conditions of poverty by requiring that local needs and spending priorities be determined. CSBG-funded eligible entities are required to have tripartite boards with representation made up of one-third elected officials (or their representatives), one-third service providers, and one-third low-income individuals. Federal law also allows for the use of other state-permitted entities in lieu of tripartite boards, provided such entities ensure the participation of low-income individuals in the development, planning, implementation, and evaluation of programs.

Eligible entities in California are required to submit a Community Action Plan (CAP) to CSD to assist in the preparation of the State Plan. Each CAP identifies activities to be funded using CSBG monies, as well as the needs each activity is designed to address. In order to determine needs and spending priorities, eligible entities are required to conduct a community needs assessment using surveys, public hearings, focus groups, and other methods.

### **How are CSBG monies used to address poverty in California?**

Federal statute (42 U.S.C. § 9901) states that the purpose of the CSBG Act is, “to provide 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

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<sup>2</sup> Government Code 12759

individuals in rural and urban areas to become fully self-sufficient.” The six national goals of the CSBG are: 1) Low-income people become more self-sufficient; 2) The conditions in which low-income people live are improved; 3) Low-income people own a stake in their community; 4) Partnerships among supporters and providers of service to low-income people are achieved; 5) Agencies increase their capacity to achieve results; and 6) Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other supportive systems.

Based on community needs assessments, eligible entities can spend CSBG funds on a wide array of services designed to address the causes and consequences of poverty. In calendar year 2014, California CSBG funds provided for the following services to low-income individuals, families, and their communities:

