



# California Legislature

## **Joint Oversight Hearing**

### **Senate and Assembly Human Services Committees 2026–27 Community Services Block Grant State Plan**

**August 19, 2025 at 1:30pm  
1021 O Street, Room 1200**

## **BACKGROUND PAPER**

### **Introduction**

The Community Services Block Grant (CSBG) is a federally-funded block grant that provides funding to states to support anti-poverty services in under resourced communities<sup>1</sup>. The CSBG is administered by the United States Department of Health and Human Services, Administration for Children and Families, Office of Community Services. In California, the Department of Community Services and Development (CSD) is the designated lead agency responsible for CSBG funding, program oversight, and compliance. States are required to submit a new CSBG State Plan every two years, which serves as the state’s application for federal funding. The purpose of this hearing is to provide legislative oversight over CSBG funding and services in fulfillment of federal CSBG Act requirements.

### **History of the CSBG**

In 1964, President Johnson established the Community Action Program through the Economic Opportunity Act (P.L. 88-452). Under this program, public agencies and private nonprofits designated as Community Action Agencies worked to promote self-sufficiency and respond to social and economic needs within their communities. In 1981, President Reagan signed the Omnibus Budget Reconciliation Act (P.L. 97-35), which consolidated several funding streams into the CSBG, including the Community Action Program. The purpose of CSBG funding was to reduce poverty, revitalize communities, and assist low-income families and individuals to become self-sufficient. The block grant model redistributed responsibility from the federal government to states. While critics of block grants argue that this shift resulted in deep cuts to programs aimed at assisting those most vulnerable, proponents cite improved government efficiency and program effectiveness.

---

<sup>1</sup> <https://acf.gov/ocs/programs/csbgs>, [https://shum.senate.ca.gov/sites/shum.senate.ca.gov/files/08-17-21\\_csbgs\\_hearing\\_background\\_paper.pdf](https://shum.senate.ca.gov/sites/shum.senate.ca.gov/files/08-17-21_csbgs_hearing_background_paper.pdf)

CSBG funding is distributed to government agencies in all 50 states, plus the District of Columbia, the Commonwealth of Puerto Rico, U.S. territories, and almost 50 American Indian Tribes. State CSBG agencies are responsible for setting policy, providing guidance to eligible entities, disseminating funds, monitoring, and reporting on activities undertaken by local entities.

### **California Department of Community Services and Development (CSD)**

The mission of CSD is to improve the economic security of vulnerable Californians through programs and partnerships that support the state's diverse communities. CSD achieves this mission in partnership with a statewide network of nonprofit and local government agencies that receive CSBG funding, called "eligible entities". As the lead agency for CSBG in California, CSD oversees the allocation of CSBG funding to eligible entities, provides training and technical assistance, maintains communication with eligible entities, performs monitoring and reporting, and allocates discretionary funding.

In addition to CSBG oversight, CSD also administers the Low Income Home Energy Assistance Program (LIHEAP), federal and state weatherization assistance programs, and the California Earned Income Tax Credit (CalEITC) education and outreach program.

### **CSBG Eligible Entities and Services**

The CSBG provides funding to states to support anti-poverty services. CSBG eligible entities offer supportive services to vulnerable populations, which may include low-income children, youth, at-risk youth, domestic violence survivors, seniors, veterans, disabled individuals, and chronically unhoused individuals and families.

CSD allocates CSBG funding to 60 eligible entities in California<sup>2</sup>. Community Action Agencies are the most common type of eligible entity; other types include local government agencies, migrant and seasonal farmworker organizations, Native American Indian Tribal entities, and limited purpose agencies (funded from CSBG discretionary funding). Eligible entities administer programs that assist individuals and families with low incomes to attain the skills, knowledge, and motivation necessary to achieve self-sufficiency. Services are available in all 58 counties, and services vary based on locally determined needs. CSBG services may include the following: child and youth services, education services, emergency services, employment services, food and nutrition services, health services, homeless services, housing services, income management services, senior services, and transportation services.

### **Local Needs**

Eligible entities are required to complete a Community Needs Assessment every three years. The Community Needs Assessment consists of a narrative describing methodology, data gathered, and the conditions and causes contributing to poverty in their service area; and a summary of results, including needs identified in their service area, needs identified as priorities by the eligible entity, and the programs, services, and activities they will use to address these needs. Eligible entities are

---

<sup>2</sup> A complete list of CSBG eligible entities can be found in the draft 2026–27 CSBG State Plan, along with estimated funding allocations for the 2026 and 2027 calendar years.

required to create a two-year Community Action Plan based on the results of the Community Needs Assessment to demonstrate how the agency will use CSBG funds to respond to local needs. This bottom-up structure is considered the CSBG's greatest strength.

### **Poverty in California**

In 2023, about 6.4 million Californians were under the California Poverty Measure (CPM) poverty line<sup>3</sup>. This equates to \$43,990 annually, on average, for two working-age adults and two children. The CPM, published annually by the Public Policy Institute of California and Stanford Center on Poverty and Inequality, takes into account housing costs, child care costs, and regional differences to report data about families living in poverty. The CPM also considers the specific benefits and challenges of being a Californian. According to the CPM, the poverty rate rose to 16.9% in 2023 (the most recent data available), which is at pre-COVID-19 pandemic levels. For Californians over the age of 65, poverty levels are above pre-pandemic levels.

While there are a number of federal, state, and county safety net programs that keep families out of poverty, such as CalFresh and federal tax credits, the implementation of pandemic-era safety net programs effectively lowered the poverty rate. The expiration of these programs has caused the poverty rate to increase, both showing the effectiveness of these time-limited interventions and the need for ongoing assistance. The CPM estimates that without current safety net programs, poverty rates would be 6.7% higher for all ages, and 12.4% higher just among children.

Safety net program needs vary across the state. The CPM shows how different regions have different poverty levels, but also how the impact of safety net programs are disproportionate. For example, while the poverty rate in the Central Valley and Sierra are lower than the Los Angeles region (14% and 19.9%, respectively), the loss of safety net programs would increase poverty by 8% in Los Angeles but increase it by 12% in the Central Valley and Sierra. Each region has their own needs, challenges, and advantages for addressing poverty.

Studies have shown that conditions such as poverty, hunger, and homelessness can result in higher likelihood of mental and physical issues. The impact of poverty on young children is especially significant, as poverty is associated with greater risk for cardiovascular disease, diabetes, and psychological distress; below average academic achievement and higher high school dropout rates; developmental delays; behavioral problems; poor social emotional functioning; among other inhibiting consequences.<sup>4,5</sup> According to the National Center for Children in Poverty, the longer a child lives in poverty increases their likelihood of experiencing poverty as adults.<sup>6</sup> Children who spent eight to 14 years in poverty were five times more likely to be in poverty at age 35 compared to children who spent less than seven years in poverty. Poverty poses similar risks for adults.

---

<sup>3</sup> <https://www.ppic.org/publication/poverty-in-california/>

<sup>4</sup> <https://www.apa.org/topics/socioeconomic-status/poverty-hunger-homelessness-children>

<sup>5</sup> <https://www.clasp.org/blog/the-enduring-effects-of-childhood-poverty/>

<sup>6</sup> <https://www.nccp.org/publication/childhood-and-intergenerational-poverty/>

Adults living in poverty are at increased risk for mental illness, chronic disease, higher mortality, and lower life expectancy.<sup>7</sup>

## Eligibility

The CSBG is a funding source, not a program. Thus, eligibility for CSBG-funded services varies depending on a person's income as well as other factors. CSBG income eligibility levels are currently set at 200% of the Federal Poverty Guidelines<sup>8</sup>. This means a three-person household must have an annual income of \$53,300 or below to be eligible; a four-person household must have an annual income of \$64,300 or below. CSBG funding is often used to supplement other programs, such as CalAIM, Homekey and food banks. When this happens, CSBG funds “take on” the eligibility rules of the supported program, which can result in differences in eligibility requirements.

Citizenship and immigration status are not considered when determining eligibility for CSBG-funded services. However, a June 2025 notice<sup>9</sup> issued by the U.S. Department of Health and Human Services revises the definition of “federal public benefits”, effectively adding programs to those restricted to individuals with a “qualified” immigration status. The CSBG is affected by this policy change. The notice was issued with an immediate effective date, before the conclusion of the 30-day public comment period on August 13, 2025. It is unclear how this policy change may affect CSBG-funded services and outcomes.

## 2023 CSBG Outcomes Data

The latest available data from the 2023 CSBG Annual Report indicate that California's CSBG network produced over 1.2 million services and outcomes for 1.5 million individuals in 2023.<sup>10</sup> Of the families served, 69% were living below 100% of the Federal Poverty Level, and 40% were living in severe poverty (below 50% of the Federal Poverty Level). Some service and outcome highlights from 2023 include:

- **Health and Social/Behavioral Development Services and Nutrition Services** comprised 23% of all CSBG service expenditures. 88,442 health, social, and behavioral development services and 4,654,244 meals and food parcels provided. 394,666 individuals with low incomes maintained independent living situations, improved their physical, mental, and behavioral health, or received nutrition services through distribution facilities.
- **Employment Services** comprised 18.6% of all CSBG service expenditures. 56,588 employment services provided to reduce or eliminate barriers to initial or continuous employment. 11,512 Californians achieved outcomes such as acquiring a job, increasing their income, or achieving living wage employment and benefits.

<sup>7</sup> <https://odphp.health.gov/healthypeople/priority-areas/social-determinants-health/literature-summaries/poverty>

<sup>8</sup> <https://www.csd.ca.gov/Pages/CSBG-Income-Eligibility.aspx>

<sup>9</sup> <https://www.federalregister.gov/documents/2025/07/14/2025-13118/personal-responsibility-and-work-opportunity-reconciliation-act-of-1996-prwora-interpretation-of>

<sup>10</sup> 2023 CSBG Annual Report

- **Housing Assistance Services** comprised 13.2% of all CSBG service expenditures. 312,285 housing assistance services provided. 50,416 individuals with low incomes received temporary shelter, affordable housing placement, eviction and foreclosure prevention, utility payment assistance, or home weatherization services.
- **Education and Cognitive Development Initiatives and Support Services** comprised 8.7% of all CSBG service expenditures. 116,056 education and cognitive development services provided. 55,446 children, youth, and parents enriched their home environments and increased their skills and knowledge to improve literacy and school readiness.

### **Recent CSBG Network Highlights<sup>11</sup>**

**Kings Community Action Organization** converted a short-term Project Roomkey motel shelter in Hanford into the Sunrise Apartments, creating affordable supportive housing for 22 unhoused individuals. The site, previously known as the Stardust Motel, was used during the pandemic to provide housing for those in need. It now features landscaping, parking, a picnic area, and a dog park. Kings Community Action Organization oversees operations and ownership of the complex.

**City of Los Angeles Community Investment for Families Department** and **County of Los Angeles Department of Public Social Services** remained operational during the 2025 Palisades and Eaton fires despite evacuations and internet and power outages to address urgent community needs. The City and County provided emergency supplies, helped families obtain records required to access FEMA services, increased check-ins with elderly residents, and extended after-school and educational supports.

**Center for Employment Training (CET)**, a migrant and seasonal farmworker agency, sought to address the lack of skilled Heavy Equipment Operators (HEO) in the agricultural industry. CET conducted a labor market survey and engaged industry employers to design an HEO training program tailored to meet industry needs. Students will learn from instructors with industry certifications, and will practice using industry-grade HEO simulators. CET is now developing externship opportunities with employers where students will be able to train on actual heavy equipment. The program will be available at CET's campuses in Soledad, Santa Maria, Watsonville, El Centro, and the Inland Empire.

**El Dorado County Health and Human Services Agency** partners with the Area Agency on Aging Family Caregiver Support Program, which coordinates respite services for unpaid informal caregivers who assist family members, friends, or neighbors struggling with Alzheimer's disease or related disorders. Help with day-to-day activities enables seniors to remain in their homes. However, seniors without caregivers do not qualify for the program. In these cases, CSBG funding is used to provide short-term assistance from licensed, bonded in-home care providers to assist with home chores, light meal preparation, medication management, laundry, bedding, incontinence support, and hygiene assistance such as bathing.

---

<sup>11</sup> 2026–27 CSBG State Plan Summary

## 2026–27 CSBG State Plan

California was awarded \$69.3 million in CSBG funding for Federal Fiscal Year 2025<sup>12</sup>. Funds are distributed to local agencies based on their grant application and needs assessment. California distributes 90% of CSBG funding to eligible entities to support community and neighborhood-based initiatives. This funding is supports local programs and administration, and is frequently supplemented through linkages with programs delivered in partnership with local nonprofits, schools, Tribal councils, workforce development boards, legal aid groups, and public agencies.

CSD retains 5% of the state’s total CSBG allocation for administrative activities, and 5% as discretionary funds. These discretionary funds are used for a variety of purposes, including training and technical assistance for eligible entities, coordination of state-operated and local programs, analysis of the distribution of CSBG funds, set aside for disaster relief activities, and ongoing software costs, among others. Additionally, if there is a reduction in the state’s annual CSBG allocation, CSD will use discretionary funds to backfill eligible entities’ allocation to the extent possible.

The draft 2026–27 State Plan describes four goals for state administration of CSBG funding for the upcoming grant cycle. These goals are detailed below.

- **Expand existing training and support programs for eligible entities’ support staff.** CSD plans to leverage existing partnerships to expand training and support programs and to maintain existing programs for executive and support staff at CSBG eligible entities. Training and technical assistance include the following subject areas: fiscal, governance, reporting, strategic planning, community assessment, monitoring, and community economic development, among others.
- **Assess and evaluate emergent needs.** CSD will continue to assess and evaluate emergent needs in the following domains, as they impact California’s low-income populations: employment, education and cognitive development, income, infrastructure and asset building, housing, health and social/behavioral development, and civic engagement.
- **Improve administrative processes.** CSD plans to streamline administrative processes to increase transparency and accountability. Strategies to streamline processes will include automation and eliminating redundancies.
- **Sustain excellence through a highly skilled workforce.** CSD plans to provide ongoing training and professional development to internal staff, including continued participation in state and national training and conferences. CSD additionally plans to maintain continuity through knowledge transfer and succession planning to ensure the integrity of CSBG administration.

---

<sup>12</sup> <https://www.csd.ca.gov/Pages/CSBGProgram.aspx>

The State Plan also includes new administrative initiatives led by CSD. These are described below.

- **CSD Strategic Plan 2024–2029.** The department’s new strategic plan includes updates to its mission and vision statements, values, and strategic goals. CSD will continue to update its strategic plan as the department gains new insights from stakeholders and partners.
- **Upgrade of Legacy Systems.** CSD is modernizing its expenditure reporting and contract administration system to support effective administration of state and federal grants. The current system was built in the early 2000s as two separate structures, and is being replaced by a new Financial Management Module. The Financial Management Module will allow staff to quickly and effectively adjust grant structures, access data for contract monitoring, and produce new contracts. CSD began rolling out the Financial Management Module in 2025, and complete implementation is expected in the summer of 2025.
- **New Fiscal Review Implementation for CSBG Desk Reviews.** CSD must perform an onsite monitoring visit of eligible entities every three years, including both a fiscal and programmatic review. In the off years between onsite visits, CSD performs an administrative desk review. In response to feedback from the federal Office of Community Services, CSD has updated desk review procedures to incorporate fiscal monitoring, including an expenditure lifecycle review
- **California ROMA Representative Certificate.** State lead agencies and grantees are required to use a performance measurement system. Results-Oriented Management Accountability (ROMA) is the performance measurement system used most commonly in the national CSBG network. However, ROMA training can take candidates over six months to complete, which contributed, in part, to California having only 15 to 20 certified ROMA professionals for several years. CSD has partnered with the Association of Nationally Certified ROMA Professionals to design an alternative training that could be completed in three and a half days. CSD held the first training in October 2024, which produced 44 more ROMA professionals.

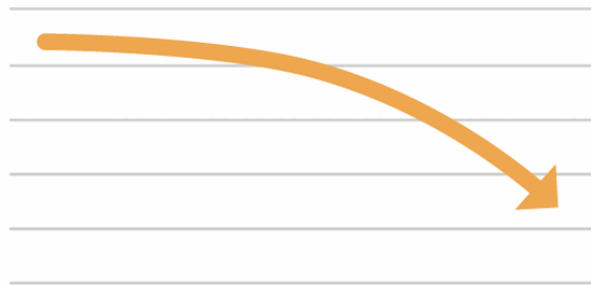
The State Plan identified the most common needs that local agencies plan to address as access to safe and affordable housing, employment skills training and job placement, addressing food insecurity, access to healthcare and mental health services, access to transportation, and asset building. Locally-identified initiatives to meet these needs include: providing permanent and temporary housing with wraparound supportive services, preparing clients for homeownership, down payment assistance, utility assistance, landlord and tenant dispute mediation services, home weatherization, vocational and skills training for youth and adults, comprehensive career services, youth mentorship, job preparedness training (resume drafting, application tips, interview skills), externships with local employer partners, food distribution and diversion, emergency food bags, summer meals for children, daily congregate meals for seniors, healthcare screenings, pre/post-natal care, counseling services, reproductive health and healthy relationship classes, services addressing Adverse Childhood Experiences and Social Determinants of Health, bus vouchers, and financial literacy and asset building training. Eligible entities also plan to provide services that increase civic engagement and community development in their service areas.

## Threats to CSBG Funding

While the CSBG Program continues to receive funding through the annual appropriations process, it has not been reauthorized since 1998. According to a 2025 report by the Center on Budget and Policy Priorities, since 2000 funding for the CSBG has decreased by 18% after adjusting for inflation, and by 33% after adjusting for inflation and population growth.<sup>13</sup> According to the report, block grants' structure makes them vulnerable to funding erosion over time. Although block grants provide state and local governments with broad flexibility, it can be difficult to measure the effectiveness of funding. Additionally, block grants cannot be responsive to changes in population or economy. These factors create disadvantages for block grants, which “makes it easier for national policymakers seeking resources for their own priorities to look to block grants for savings.”<sup>14</sup>

### The Problems With Block Grants

Block-granting programs that serve low-income and other vulnerable people would make these programs...



#### Less Responsive

Block grants don't respond to changes in need, such as those due to a strong or weak economy.

#### Less Accountable

State and local spending flexibility makes it hard to document the funding's impact.

#### Less Sustainable

History shows block grant funding tends to fall over time.

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

<sup>13</sup> <https://www.cbpp.org/research/federal-budget/history-shows-that-block-granting-low-income-programs-leads-to-large>

<sup>14</sup> <https://www.cbpp.org/research/federal-budget/block-granting-low-income-programs-leads-to-large-funding-declines-over>



In May 2025, the federal administration announced President Trump’s recommendations<sup>15</sup> on discretionary funding levels for federal fiscal year 2026. The recommendations included budget adjustments to several programs, including the elimination of CSBG funding. The Office of Management and Budget letter reads:

“The Budget proposes to eliminate dollars that flow to Community Action Agencies who carry out their own agendas. These grants are laden with equity-building and green energy initiatives, such as the California Community Action Partnership, that focus its efforts on bringing ‘DEI to the forefront,’ by ‘offering focus groups, extensive training opportunities, and engaging in fruitful partnerships,’ on ‘how we could transform the systems and structures that hold these inequities in place, looking at policies and resource flows, power dynamics and really mental models that we need to shift in order to change the system.’ According to HHS, a Community Action Agency in Wisconsin used ‘CSBG funds to combine clean energy with affordable housing in the pursuit of both economic and environmental justice.’ Americans in need of job-training and a helping hand would be better served by programs funded at the Departments of Labor and Agriculture. According to GAO’s 2019 study of the program, HHS ‘cannot assure the Congress and the American public that the funding is meeting its intended purpose to reduce the causes of poverty.’”

This proposed cut follows other proposed cuts to health and human services programs and programs deemed synonymous with diversity, equity, and inclusion (DEI) initiatives. In an opinion piece<sup>16</sup>, David Knight, executive director of the California Community Action Partnership Association, stated that Community Action Agencies design solutions to address community needs and priorities. Mr. Knight wrote, “These programs, after all, don’t impose federal solutions; they empower local groups to decide what’s best.”

The Trump Administration proposed similar cuts in 2017, however the CSBG was ultimately unaffected by budget changes. However, previous federal budget decisions may not be predictive of the current proposed cuts. The status of CSBG funding for the 2026–27 grant cycle remains unclear.

### **Funding Cuts to Other Programs**

In addition to the uncertainty of CSBG funding, the federal government has reduced funding to other programs that benefit similar populations, including Medicaid, SNAP, and LIHEAP. Cuts to other social programs will likely result in greater need for community programs supported by CSBG funding.

In April 2025, the Trump Administration laid off the entire staff running the Low Income Home Energy Assistance Program (LIHEAP) as part of restructure of the U.S. Department of Health and Human Services<sup>17</sup>. LIHEAP provides assistance to low-income households with managing and meeting their immediate home heating and cooling needs through financial assistance, free energy efficiency upgrades, and education. Without federal staff to oversee the distribution of funding, it

<sup>15</sup> <https://www.whitehouse.gov/wp-content/uploads/2025/05/Fiscal-Year-2026-Discretionary-Budget-Request.pdf>

<sup>16</sup> <https://www.sfchronicle.com/opinion/openforum/article/dei-california-budget-trump-20390101.php>

<sup>17</sup> <https://apnews.com/article/heating-assistance-hhs-layoffs-kennedy-trump-91e466c458ac804b098be00867a92106>

is unclear whether states will receive funding allocations this year. In California, CSD oversees both the CSBG and LIHEAP. Cuts to both programs jeopardize the department's ability to achieve its mission to improve the economic security of vulnerable Californians. Additionally, half of the state's LIHEAP providers are also CSBG eligible entities, meaning cuts to funding pose significant risks to the state's network of community service providers.

On July 4, 2025, President Trump signed into law the 2025 reconciliation bill (P.L. 119-21), which includes significant reductions to Medicaid (Medi-Cal) and SNAP (CalFresh). The Center on Budget and Policy Priorities estimates roughly 15 million people will lose access to Medicaid in the next decade as a result.<sup>18</sup> The Urban Institute estimates that over 3.1 million California families will lose some or all of their SNAP benefits.<sup>19</sup>

---

<sup>18</sup> <https://www.cbpp.org/research/health/house-republican-health-agenda-cuts-coverage-raises-peoples-costs>

<sup>19</sup> <https://www.urban.org/sites/default/files/2025-07/How-the-Senate-Budget-Reconciliation-SNAP-Proposals-Will-Affect-Families-in-Every-US-State.pdf>