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# California State Legislature

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## Joint Hearing

### Assembly and Senate Human Services Committees *2022-23 Community Services Block Grant State Plan*

**August 17, 2021 - 1:30 p.m.**  
**State Capitol, Assembly Chambers**

### BACKGROUND PAPER

#### Introduction

The Community Services Block Grant (CSBG) is an anti-poverty federal funding stream administered by the United States Department of Health and Human Services (HHS). The program funding is allocated to promote new economic opportunities for those living in poverty through locally controlled community-based activities. Through CSBG, local agencies can leverage federal funding to provide targeted approaches to address poverty in their community. In California, the Department of Community Services and Development (CSD) is the designated lead agency responsible for oversight of CSBG program compliance.

While California is often acknowledged for its booming economy and rising gross domestic product, a large number of Californians are living in poverty. With most available data reflecting poverty levels before the 2020 COVID-19 pandemic, the Public Policy Institute of California reports that in 2018, 12.8% of those living in the state lacked the resources to meet their basic needs. While there are many factors that contribute to poverty, systemic factors that lead to poverty include lack of access to transportation, education, child care, health care, and jobs with a living wage; limited housing options; racial disparities; mass incarceration and interaction with the justice system. In part due to this myriad of systemic factors, the cause of financial insecurity and the path to self-sufficiency is unique to each individual. Often, one's ability to successfully move out of poverty is tied to the assistance and services available in the surrounding community. The structural differences found across our state's local governments, combined with the complex and varied factors influencing poverty, creates a need for targeted approaches and local response.

The coronavirus pandemic, which began in March of 2020 and persists today, created economic challenges across multiple sectors, including families, retirees, employers and employees. During the height of the coronavirus pandemic, many businesses and business sectors were forced to close their doors, leading to 2,714,800 jobs lost in March and April 2020. Many of those who lost their jobs due to the pandemic were left to rely on unemployment payments for daily living expenses. The sudden and unprecedented economic downturn dramatically increased the numbers of individuals and families facing financial insecurity in urban, suburban and rural areas across California and people living at or near the poverty line were disproportionately affected by the pandemic. Efforts to fight the economic repercussions of the pandemic have included eviction and foreclosure moratoriums, enhanced CalFresh and unemployment benefits, and waiving normal eligibility rules for social services benefits in order to reduce exposure to the virus. By design, the CSBG provides a unique opportunity for grant recipients to pivot quickly which allowed the agencies receiving CSBG funds to respond to their community's changing needs stemming from the COVID-19 pandemic's local impact. Some of those COVID-19 responses are highlighted in this report.

California's response to the COVID-19 pandemic continues to evolve as knowledge about the virus improves and vaccines have become widely available. However, efforts to limit exposure to the virus continue to strain healthcare, education, supply chain, safety net and other systems. While an economic recovery may be forthcoming, the long-term economic effects of the pandemic, especially on those who were living in poverty prior to its onset, will likely be difficult to overcome. Now, more than ever, the CSBG is a powerful anti-poverty tool that can have a profound effect on those it is designed to serve. Due to the flexibility of the CSBG and the requirement that expenditures must be based on community needs assessments, California's 60 CSBG eligible entities can play a key role in helping vulnerable populations avoid homelessness, obtain the mental and behavioral health services, improve job skills, increase civic engagement and, ultimately, rise out of poverty.

### **Community Services Block Grant History & Administration**

CSBG originated with President Lyndon B. Johnson's War on Poverty. Through the Economic Opportunity Act of 1964 (Act), the federal government began providing states with funding to offer services and activities to reduce poverty. The Act created Community Action Agencies (CAAs), which were formed to promote self-sufficiency for low-income individuals and meet the immediate needs within their communities. As factors and rates of poverty changed with time, the federal structure adapted to focus on a localized response through the use of state block grants. The Omnibus Budget Reconciliation Action of 1981 transitioned the administration of the state block grants to state governments; however, the funding continues to support local programs and services aimed at reducing poverty and its impact on communities. Although the recent federal reauthorization expired, Congress has continued to fund the program through annual appropriations.

CSD, located within the California Health and Human Services Agency, is responsible for administering the state's CSBG block grant. The mission of CSD is to "reduce poverty for Californians by leading the development and coordination of effective and innovative programs to low-income individuals, families, and their communities." In addition to CSBG, CSD has oversight responsibility for various localized services that help recipients achieve and maintain

economic security, meet home energy needs, and reduce utility costs through energy efficiency upgrades.

For CSBG, the department implements state and federal policy changes, monitors the activities funded by grant dollars, provides program guidance to eligible entities, and prepares reports to the federal HHS Secretary and the state Legislature, as required by federal and state law. Eligible entities consist of private, non-profit, and local government community service providers in all 58 counties who provide services aimed at reducing poverty. CSD must submit a report, known as the State Plan and Application (State Plan), every two years to the federal Secretary of HHS that includes funding allocations and a summary of services funded via the grant dollars. In addition to creating the State Plan, federal law requires that each state holds a public hearing to receive feedback before the submission to HHS and a legislative oversight hearing every three years. The 2022-23 CSBG State Plan covers federal fiscal year (FFY) 2022 (October 1, 2021, to September 30, 2022) and FFY 2023 (October 1, 2022, to September 30, 2023) and is due to the federal Office of Community Services by September 1, 2021. This Joint Oversight Hearing enables the state to meet both hearing requirements simultaneously.

### **State Plan Development & Statewide Goals**

As a part of the CSBG State Plan, CSD must identify goals and objectives to accomplish during the grant period. These goals are shared with the public and members of the Legislature for review before they are submitted to the federal HHS Secretary. The 2022-23 CSBG State Plan identifies the following items as CSD's objectives for the next two years:

- Establish and maintain existing training and support programs for CSBG agencies' support staff: CSD will leverage its existing partnership with the California Community Action Partnership Association (CalCAPA) to establish new training and support programs and maintain existing CSBG agency executive and support staff programs.
- Assess and evaluate emergent community needs: CSD will continue to assess and evaluate emergent social issues within CSBG service areas that impact California's diverse low-income populations, including affordable housing, homelessness, equity, accessible healthcare, education, and disaster relief needs.
- Improve and streamline internal business processes: CSD will identify potential obstacles and update internal operations to streamline business processes, implement automation tools, and improve transparency and accountability between the state and CSBG agencies as needed.
- Sustain excellence through a highly skilled workforce: CSD will maintain service level excellence by providing ongoing training and professional development opportunities for staff to maintain a highly-skilled workforce.

### **State Oversight & Technical Assistance**

To meet federal and state requirements, CSD works closely with CalCAPA and each entity eligible for CSBG funding to ensure compliance with federal and state standards. CSD conducts an annual assessment for each eligible entity to determine if all organizational standards are met.

If the standards are not met, CSD initiates a technical assistance plan and provides technical assistance to support eligible entities in meeting the organizational standards. If CSD concludes that an eligible entity does not meet standards or requirements, the entity may opt to relinquish its eligibility status or CSD may revoke eligibility, following all state and federally required procedures.

While rare, when an entity loses its eligibility status CSD plays a significant role in transitioning from one eligible entity to the next. If a geographical area is not served by a CSBG eligible entity, CSD conducts a search for an appropriate replacement agency. The most recent instance occurred in 2017. In October 2016, due to concerns regarding the financial stability of the Economic Opportunity Council of San Francisco (EOCSF)—a private nonprofit CAA—CSD placed EOCSF on “high risk” status and increased scrutiny of reimbursements paid by EOCSF with federal Low Income Home Energy Assistance Program (LIHEAP) and CSBG funds. On July 17, 2017, EOCSF was formally notified that the audit findings could result in termination of their status as a CAA and loss of eligibility to receive federal grant funds. August 7, 2017, CSD was notified that the EOCSF Board of Directors passed a resolution to voluntarily relinquish EOCSF’s status as a CAA and terminate its contracts with CSD.

At that time, EOCSF was the only designated CAA serving the City and County of San Francisco. CSD negotiated a termination agreement which detailed the timeline, transition plan, and budget necessary to ensure an orderly close out of EOCSF’s contracts. In August 2018, following a competitive procurement, Urban Services YMCA was designated the CSBG Agency for the City and County of San Francisco. Prior to receiving the CSBG designation, Urban Services had received funding from CSD to provide interim services in the wake of EOCSF’s closure.

### **CSBG Eligible Entities**

For an entity to be eligible for CSBG funding, it must meet certain statutory requirements. Eligible entities must do all of the following:

- 1) Be governed by a three-part (tripartite) community board consisting of one-third elected public officials, and at least one-third individuals representing the low-income community, with the remaining third comprised of a combination of leaders in the private sector, such as businesses, faith-based groups, and civic organizations;
- 2) Periodically assess the needs of the communities they serve and function as a source of information about efforts to reduce poverty;
- 3) Maintain a performance-focused system for assessing and reporting the effectiveness of its anti-poverty strategy;
- 4) Develop strategies to increase economic opportunity for low-income individuals in the community; and,
- 5) Mobilize and coordinate resources and partnerships to achieve these goals.

There are four types of eligible entities in California that receive CSBG funding: CAAs, Migrant and Seasonal Farmworker Agencies (MSFWs), Native American Indian Agencies (NAIs), and Limited Purpose Agencies (LPAs). Some entities hold joint designation and can use their CSBG funding to serve a greater number of people.

- 1) *Community Action Agencies*: CAAs are the most common type of eligible entity. They are local private and public non-profit organizations that offer services to low-income individuals, families, and communities. CAAs help people achieve self-sufficiency by providing services such as: child care, education, job training and employment services, energy assistance, emergency assistance, financial and legal services, food programs, health services, housing services, youth services, and transportation assistance. There are currently 52 CAAs in California receiving CSBG funds and administering services to low-income Californians.
- 2) *Migrant and Seasonal Farmworker Agencies*: MSFWs provide services to farmworkers throughout the state, with the goal of helping farmworkers and their families achieve self-sufficiency within or outside the agricultural industry. MSFWs are authorized to receive CSBG funds under both federal (42 U.S.C. § 9902) and state law (California Government Code Section [GOV] 12765 *et seq.*). Services offered by MSFWs include, but are not limited to, vocational education, remedial education, English Language instruction, housing assistance, energy payment assistance, energy efficiency and weatherization, emergency support services, youth and adult employment placement, and health care acquisition. There are currently four MSFWs in California that receive CSBG funds.
- 3) *Native American Indian Agencies*: State law (GOV 12770 through 12773) requires CSBG funds be set aside to aid "American Indians and Alaskan Natives residing in off-reservation and reservation areas of the state to achieve a greater degree of self-sufficiency through the principles of community self-help." While CSBG funding is provided to Native American Indian agencies, federal law allows Indian tribes to apply for funding directly from the federal government. In California, only the Quechan Indian Tribe receives CSBG funds directly from the federal government. CSD and the State of California do not play an active role in administering funds directly allocated to the Quechan Indian Tribe. There are currently three NAIs in California that receive CSBG funds that CSD does play an active role in administering.
- 4) *Limited Purpose Agencies*: LPAs are community-based nonprofit organizations that, in 1981, were designated as an LPA under the Economic Opportunity Act of 1964 and served the general purposes of a CAA under the Act. They have operated continuously as an LPA since 1981 and have not lost their designation. LPAs do not have to meet all of the same requirements as eligible entities such as having a tripartite board. LPAs are funded from CSBG discretionary funding and provide training, technical assistance, rural economic development, special support programs, or other activities supporting low-income Californians. There are currently five LPAs in California that receive CSBG funds<sup>1</sup>.

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<sup>1</sup> Karuk Tribe and Northern California Indian Development Council, Inc. are joint-designated NAI/LPAs; however, these agencies are funded solely out of the Native American Indian set-aside (3.9%) of the general eligible entity CSBG award. These agencies hold the joint designation of NAI/LPA to denote the accurate status for the historical NAIs that are also eligible entity LPAs.

In California, 60 eligible entities<sup>2</sup> that currently receive CSBG funding to offer a range of supportive services in all 58 counties across the state. Due to the flexible nature of the CSBG, agencies are able to provide services tailored to the specific needs of their community, that identify and reduce symptoms of poverty directly for individuals and families. CSD reports that in 2019, the services and strategies provided by California's CSBG network resulted in 1,048,885 services and outcomes<sup>3</sup> for participants and communities using \$58.8 million in federal funding. In 2019, 732,555 individuals received services throughout California. Characteristics of the individuals who were served by CSBG funds in California in 2019 are illustrated in the following tables and graphs:

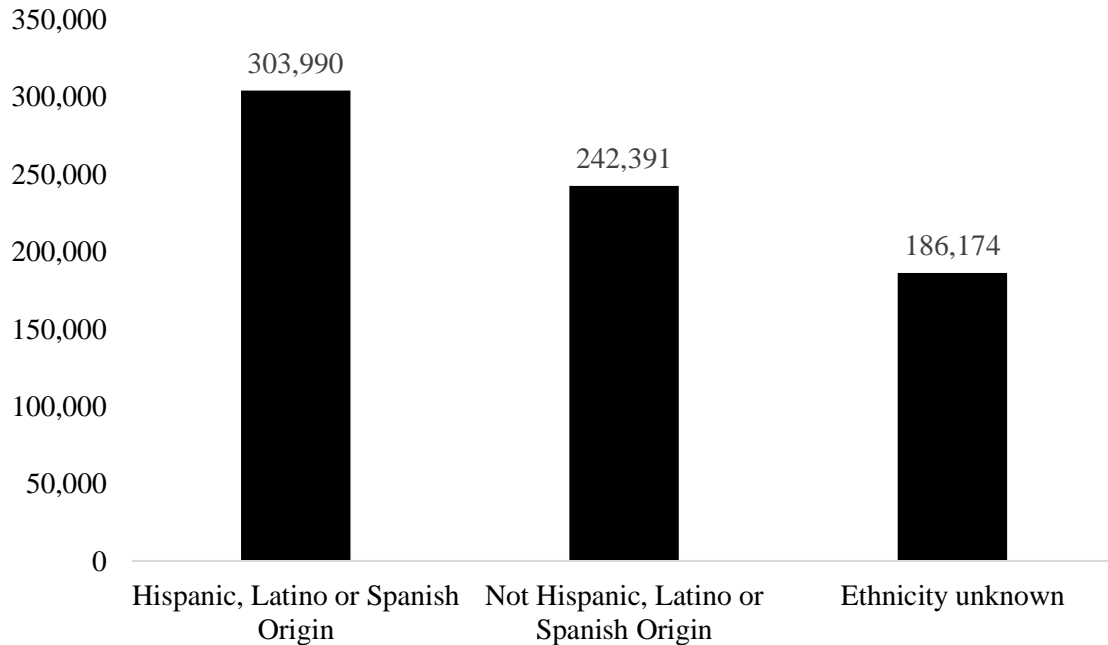
*Vulnerable population served*

Seniors	122,467
People with disabilities	80,117
People who lacked health insurance	46,284
Children	262,136

*Poverty level of recipients served*

Families living below 100% of FPL	74%
Families living below 50% of FPL	41%

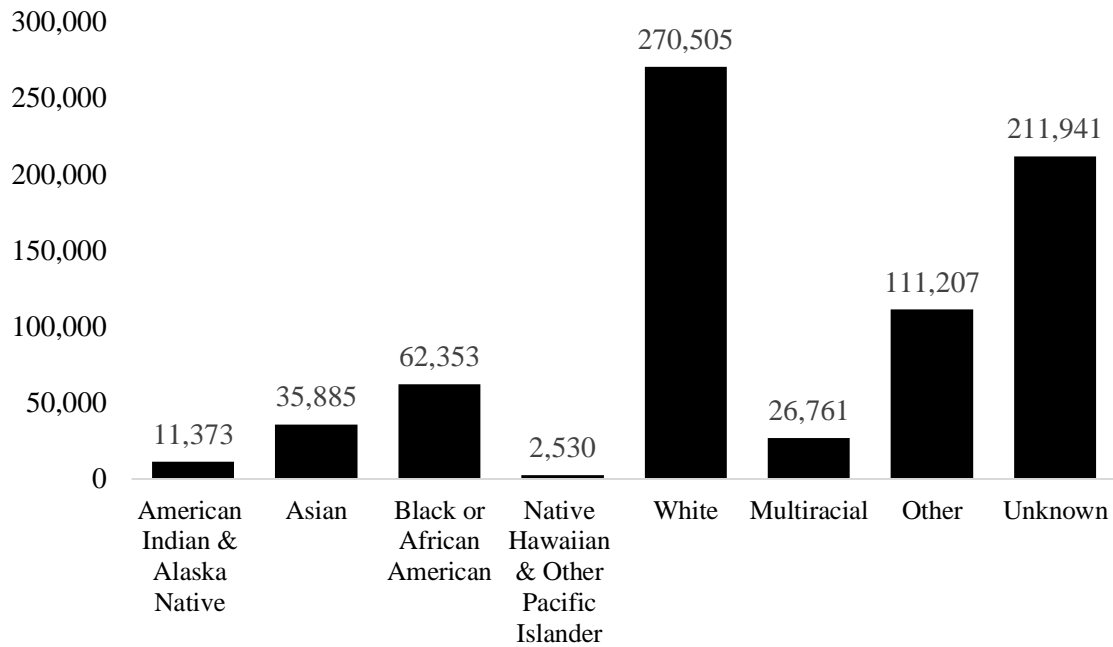
*Ethnicity of population served*



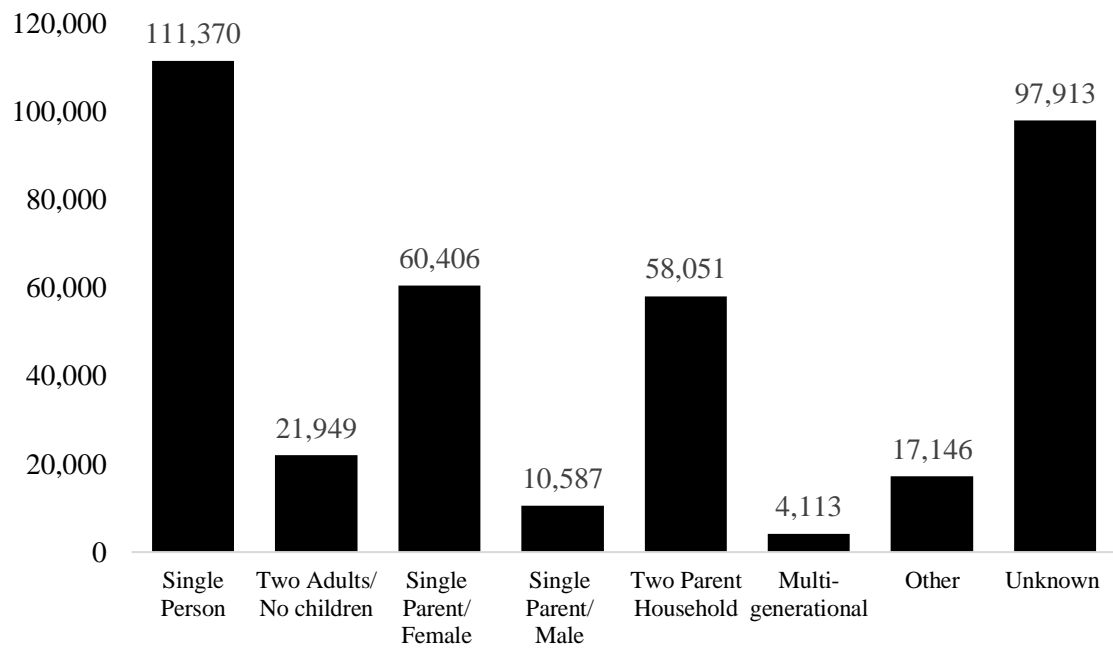
<sup>2</sup> Four of the eligible entities have dual designations: one MSFW is also designated as a CAA, two LPAs are also designated as Tribal organizations, and one LPA is also designated as a CAA.

<sup>3</sup> Definitions from the CSBG Annual Report Lexicon (1/10/2019) prepared by the National Association for State Community Services Programs (NASCSPP) “Outcomes” - benefits or changes for clients, households, or a community that are produced during or after participation in program activities. “Strategies” – activities intended to help participants obtain outcomes. “Services” – a type of strategy.

*Race of population served*



*Family Structure of population served*



**CSBG-Funded Activities & Service Outcomes**

The flexible nature of the CSBG allows eligible entities to use the funding to meet needs specific to their community, using innovative and tailored approaches to serve those experiencing poverty. As noted above, using locally driven strategies, California's CSBG network resulted in 1,048,885 services and outcomes throughout the communities receiving funding. The following

is a summary of the strategies provided by agencies using CSBG funding to support low-income individuals and families in 2019:

*Employment Services:*

Employment services are provided by partner entities to reduce or eliminate barriers to initial or continuous employment. CSD reports that 14,834 Californians achieved anti-poverty outcomes, including gaining employment or increasing wages, using CSBG funded services during the last grant period.

*Education and Cognitive Development Initiatives and Support Services:*

Educational and cognitive development services aim to increase the skills and knowledge of families to improve literacy and enrich home environments. The department reports that 77,506 children, youth, and parents participated in CSBG funded activities to increase school preparedness. These educational services became vital for families as the state transitioned to virtual learning options during the pandemic.

*Income and Asset Building Services:*

80,597 income and asset-building services were provided by partner agencies across California using CSBG funding during the recent grant period. These specific financial services aim to assist participants in improving their all-over financial well-being and include credit score guidance, savings management, and support with asset purchasing. 26,131 Californians who received these CSBG funded services improved their financial situation through various program strategies.

*Housing Assistance Services:*

As housing pricing and cost of living continue to increase in California, housing assistance services provide direct critical support to low-income individuals and families struggling to maintain stable shelter. With CSBG funding, local programs were able to provide assistance, including temporary shelter, eviction and foreclosure prevention, home weatherization, and more, to 67,979 individuals across the state.

*Civic Engagement and Community Involvement:*

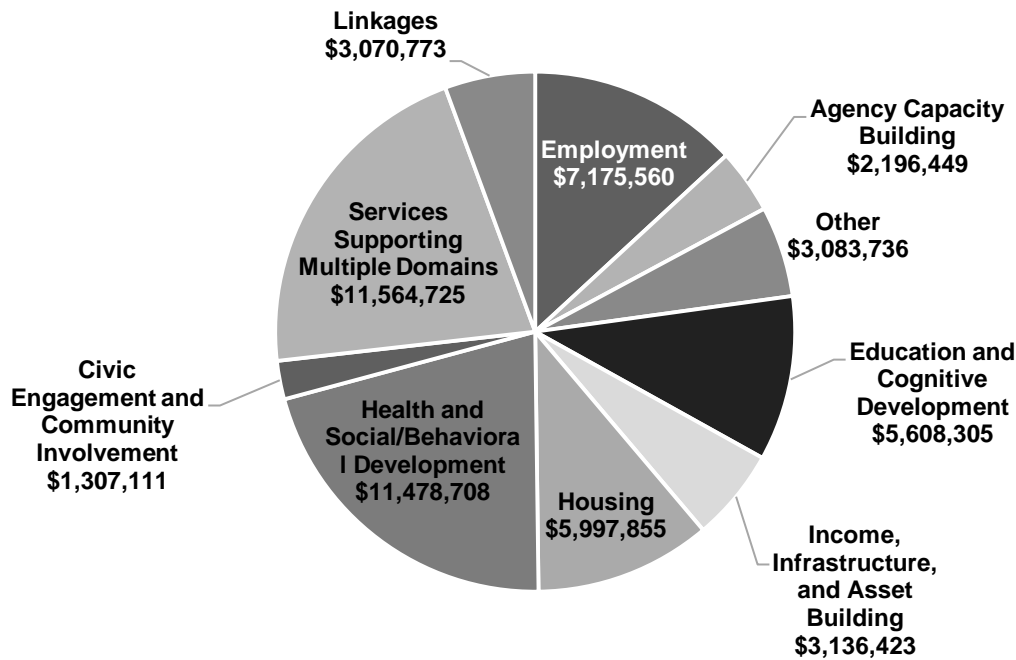
Civic engagement and community involvement activities are offered by local partners to improve individual's leadership skills and increase their knowledge to improve conditions within their communities. Through CSBG funding, programs provided these skill-building services to 51,384 participants in the last grant period, expanding social engagement within the region.

*Health and Social/Behavioral Development Services and Nutrition Services:*

Food insecurity is a pressing issue across California, despite the bounty of our agricultural industry. Those experiencing food insecurity often face the consequential effects of prolonged stress, including negative impacts on mental and physical health. CSBG funded partners that provided health, social, and behavioral development services aimed at improving the well-being of participants; worked to secure independent living situations; and, distributed nutrition benefits. Local programs offered 184,680 health, social, and behavioral development services and 35,040,255 nutrition services using CSBG dollars.



In 2019, CSBG funding was expended as shown in the following chart:



“Linkages,” as noted in the pie chart above refers to activities aimed at bringing together community members or groups with government and commercial organizations in order to better serve individuals in their communities, such as connecting multiple parties to facilitate community-based projects.

### Supplemental CSBG Funding

The 2020-21 State Plan submission process was completed in 2019, as required by the federal timeline. After the 2020-2021 CSBG State Plan was submitted, the federal government allocated additional CSBG funds in 2020 in order to provide recovery assistance to those impacted by natural disasters and to aid with responding to the emerging COVID-19 pandemic. This included Disaster Relief Supplemental Funds and supplemental funding under the Coronavirus Aid, Relief, and Economic Security Act (CARES).

A total of \$89,150,063 in CSBG CARES funding was allocated throughout California. In order to receive CSBG CARES funding, CSD was required to collect plans from eligible entities on the immediate needs of the populations they serve and strategies to address them. Eligible entities adapted to local public health mandates and adjusted service delivery to ensure the community's safety while providing assistance to those experiencing unprecedented financial insecurity.

Disaster Relief funding was allocated based on an assessment of local needs resulting from Presidentially Declared Disasters. In California, several wildfire events were eligible for Disaster Relief Act money, including the Butte County Camp Fire, Lake County Mendocino Complex Fire, Los Angeles County Woolsey Fire, Shasta County Carr Fire, and the Woolsey Fire within Ventura County. These communities were awarded extra money to address the consequences of

the fires, providing services to those experiencing homelessness, activating new partnerships between the state and local businesses, and working to rebuild structural damage.

### **COVID-19 Pandemic Response**

CSBG agencies had to quickly pivot service delivery models in early 2020 as coronavirus infection rates increased and governments began to implement state and county public health restrictions. Agency staff shifted to working remotely while modifying service delivery to ensure the community's changing needs were met. Creating telephone intake processes, operating drive-through food banks, and establishing virtual training opportunities were just some of the strategies CSBG partners deployed throughout the pandemic and it is expected that these entities will continue to apply lessons learned in the future. The following are some examples of how eligible entities used CSBG funds to respond to community needs that emerged during the COVID-19 pandemic and for disaster response.

*Personal Protective Equipment (PPE) Distribution* – To address the lack of protective materials readily available throughout the pandemic, CSD partnered with CSBG agencies, CalCAPA, SupplyBank.org, and the Central Valley Opportunity Center (CVOC) to distribute PPE and other health supplies at the local level. Essential workers who continued to serve the public, including migrant and seasonal farmworkers and childcare providers, directly received PPE with an estimated in-store value of \$1,015,237.27. While distributing protective equipment, agencies provided COVID-19 safety and symptom information pamphlets and offered additional referral information as necessary.

CVOC used the PPE distribution program to provide its truck-driving students real-life job skills, including handling inventory, managing logistics, creating and completing bills of lading, completing deliveries, and customer service.

*Financial Empowerment Program* – The Community Action Partnership of Orange County (CAP OC) continued to offer their successful financial empowerment training, based on the Consumer Financial Protection Bureau's exercise entitled "Your Money, Your Goals" using CSBG funds. In response to the need to provide virtual training due to COVID-19 precautions, along with unprecedented financial insecurity that grew during the pandemic, CAP OC utilized supplemental CARES funding to transition to workshops on Facebook. The online public classes were presented in English and Spanish and offered two days a week, with an archived inventory of past courses. CSD reports that the financial empowerment-related activity during the 2020 pandemic resulted in over \$1,750,000 in direct assistance to families and individuals in Orange County.

*Northern California Indian Development Council, Inc. (NCIDC) Adaptations* – In some cases, the modifications necessary for COVID-19 protocols proved to be beneficial to service utilization levels. While the NCIDC faced reduced service capacity at the start of the pandemic, they collaborated with subcontractors to transition to providing supportive services through Zoom and other online platforms, which created more accessibility to support for the community. One subcontractor, the Southern California American Indian Resource Center (SCAIR), saw a dramatic increase in the utilization of services by families. SCAIR used CSBG funding to provide remote mental health counseling, career assistance, academic tutorials, and other vital skill-building services to their community in ways that ensured the safety of agency

workers and clients. NCIDC also invested CSBG CARES funding in a state-of-the-art online database designed to protect client personally identifiable information while allowing each agency to move towards a paperless system.

*Youth Center Youth Learning Pods* – As schools transitioned to virtual learning in 2020, students in low-income communities struggled to receive the same level of instruction as in-person classes. The Community Action Partnership of Kern (CAPK) Youth Center responded to this disparity by developing the Learning Pods program for young students in their community. CARES Act funding allowed CAPK to collaborate with the Friendship House Community Center and Shafter Youth Center to offer direct support to students through the challenging school year and summer vacation. Using the Learning Pods program, students in the area without virtual access could attend school in reduced class sizes with strict safety and sanitization efforts. Through these creative modified service delivery options, approximately 130 students received support and guided instruction.

### **Disaster Response**

*North Coast Opportunity* – Utilizing federal disaster relief funds, the California Workforce Development Board's Building Homes, Building Lives Project provided training for homeless and low-income participants across the state. The project offered 6-months of training, including classroom instruction, on-the-job training, work experience, and opportunities to network with local construction employers. Through the program, private landowners with rental properties needing improvements partnered with Building Homes, Building Lives, and participants remodeled the available units. Using this disaster funding, CSBG agencies administered this workforce preparedness service while also addressing housing insecurity in their service population as remodeled units were rented to participants experiencing homelessness upon completion. The CSBG network structure and funding flexibility allowed agencies to use innovative approaches, like the Building Homes, Building Lives Project, to serve their communities.

### **Conclusion**

CSD has drafted a new State Plan for federal fiscal years 2022 and 2023. Per California law, the purpose of this hearing is to “determine whether the concerns of the poor have been included” in the draft State Plan. Public input, particularly from representatives of low-income communities, is inherent in the CSBG planning process. According to CSD, all eligible entities have participated in the planning process and they have all completed the required community needs assessments, which informed the State Plan. The CSBG planning process gives voice to many vulnerable populations including those who are low-income, elderly, or disabled, and their input is reflected in the draft State Plan.