



California Legislature

Joint Oversight Hearing

2024-25 Community Services Block Grant State Plan

Assembly and Senate Human Services Committees

August 22, 2023 - 1:30 p.m.

State Capitol Room 447

Background Paper

Overview

The United States Department of Health and Human Services (HHS), Administration for Children and Families, Office of Community Services works with state partners, tribes, and community-based organizations to address poverty and help increase economic security for individuals and families. The Office of Community Services administers the Community Services Block Grant (CSBG) by providing funds to states, territories, and tribes to administer support services that alleviate the causes and conditions of poverty in under-resourced communities. The CSBG Program was formed as a result of the Omnibus Budget Reconciliation Action of 1981 (1981 Budget Bill) when several federal funding streams and programs aimed at reducing poverty were consolidated, including the Community Action Program (CAP) that originated with President Lyndon B. Johnson's Economic Opportunity Act. While CSBG funding retains CAP's original goal of alleviating poverty, revitalizing communities, and promoting self-sufficiency, the 1981 Budget Bill, signed into law by President Ronald Reagan restructured the massive infusion of federal funds into a singular block grant, which shifted responsibility to individual states to determine eligibility and disburse funding. While critics of block grants argue that this shift resulted in deep cuts to programs aimed at assisting society's most vulnerable, proponents cite improved government efficiency and program effectiveness. While the CSBG Program continues to receive funding through the annual appropriations process, it has not been reauthorized since 1998. The purpose of the CSBG Program, as amended by the reauthorization, 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 individuals in rural and urban areas to become fully self-sufficient.”

CSBG activities are carried out by a national network of 53 states and territories, 66 tribes and tribal organizations, and 1,007 Community Action Agencies (CAAs) which provide a diverse range of services including housing, nutrition, utility, and transportation assistance; employment, education, and other income and asset building services; crisis and emergency services; and community asset building initiatives, among other things. Nationwide, over 9 million individuals are served by CSBG-funded programs annually.

In California, the Department of Community Services and Development (CSD) is the designated lead agency to administer funds, report activities, and ensure compliance. In 1964 after the passage of federal Economic Opportunity Act (informally known as the War on Poverty), the State Office of Economic Opportunity was founded and then later renamed as CSD. The Economic Opportunity Act provided funding to lead agencies designated to administer CSBG in each state, such as CSD. CSD's mission is to reduce poverty for Californians by leading the development and coordination of effective and innovative programs for low-income individuals, families, and their communities. Further, state law includes legislative intent that the CSBG be governed by "the principle of community self-help, thereby promoting new economic opportunities for Californians living in poverty through well-planned, broadly based and locally controlled programs of community action." CSD also administers California's federal funding share for the Low Income Home Energy Assistance Program and the U.S. Department of Energy Weatherization Assistance Program.

In regard to CSBG, CSD is responsible for state policy implementation, providing guidance to entities that are eligible to receive CSBG funds (such entities are referred to as eligible entities or CSBG agencies), disseminating CSBG funds, and monitoring and reporting on activities of entities that receive CSBG funds. There are 60 eligible entities in California: 34 private non-profit and 26 local governmental organizations that receive CSBG funds. CSD allocates funding within these three categories of eligibility:

Community Action Agencies are non-profit public and private organizations that offer a wide array of services to low-income individuals, families, and communities. CAAs are tasked with aiding individuals who live in poverty and help people achieve self-sufficiency and economic security by providing services, such as child care, education, job training, energy assistance, financial and legal services, food programs, health services, housing services, self-reliance programs, and youth services. These agencies often provide services funded by other public and private monies in addition to CSBG funds. CAAs received 76.1 percent of CSBG funds in California.

Migrant and Seasonal Farmworker (MSFW) organizations provide services for farmworkers throughout the state, with the goal of assisting farmworkers and their families in achieving greater self-sufficiency within or outside of the agricultural industry. MSFW agencies are authorized to receive CSBG funding under both federal and state law, and California is one of eight states to provide CSBG funding to migrant and seasonal farmworker agencies. There are currently four such organizations in the state that receive CSBG funds. Services offered by MSFWs include vocational education, remedial education, English Language instruction, housing assistance, energy payment assistance, energy efficiency and weatherization, solar, emergency support services, transportation, emergency food, youth and adult employment placement services, health care acquisition,

child care services and community education services. MSFW organizations received 10 percent of CSBG funds in California.

Native American Indian (NAI) entities are authorized by state law to use CSBG funds 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.” (Government Code Section 12770) There are currently three NAIs in California that receive CSBG funds: the Karuk Tribe of California, Northern California Indian Development Council (NCIDC), and the Los Angeles County, Department of Public Social Services’ Los Angeles Native American Commission (LANAIC). The Karuk Tribe provides direct services, NCIDC provides funding to recognized tribes throughout the state, and LANAIC subcontracts funding to Native American Indian organizations. Additionally, 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. Unlike with other entities, CSD does not play an active role in administering funds directly allocated to the Quechan Indian Tribe. NAI entities receive 3.9 percent of CSBG funds.

In order to receive CSBG funds, local entities must meet the following statutory requirements:

- Be governed by a tripartite board, which is a three-part community board consisting of one-third elected public officials and at least one-third representatives of the low-income community, with the balance drawn from leaders in the private sector including businesses, faith-based groups, and civic organizations;
- Conduct periodic assessments of the needs of their communities and serve as a principal source of information about, and advocate for, poverty-reduction actions;
- Maintain a performance-focused system for assessing and reporting the effectiveness of its anti-poverty strategy;
- Develop strategies for achieving the goals of increasing economic opportunity and security for their communities and low-income residents; and,
- Mobilize and coordinate resources and partnerships to achieve these goals.¹

Federal law also requires states to prepare a State Plan and Application (State Plan) every two years to be submitted at the federal level to the Secretary of HHS. The State Plan serves as a road map describing how CSD will administer the grant funds in California and is required to identify eligible activities and the eligible entities that will conduct those activities in order to meet the general and specific goals of the CSBG Program. By federal law, the lead agency – CSD – is required to hold a public hearing in conjunction with submission of the State Plan, and in order to be eligible to receive a grant or allotment, states are required to hold at least one legislative hearing every three years. The hearings provide the Legislature an opportunity to certify that the State Plan conforms to existing requirements and provide the public an opportunity to comment on the

¹ The Karuk Tribe of California is exempt from meeting the organizational standards applied to other eligible entities.

proposed use and distribution of funds. The 2024-25 CSBG State Plan is due to the federal Office of Community Services by September 1, 2023. This Joint Oversight Hearing enables the state to meet both hearing requirements simultaneously.

Poverty in California and CSBG-Supported Strategies

During the COVID-19 pandemic, social safety net programs expanded and California saw an impact on the poverty rate. According to the Public Policy Institute of California (PPIC) and Stanford Center on Poverty and Inequality's California Poverty Measure, the statewide poverty rate fell from 16.4 percent in 2019 to 11.7 percent in fall 2021. However, poverty rates varied from 5.1 percent to 21.3 percent across counties and legislative districts. PPIC reported that in fall 2021, 28.7 percent of Californians were poor or near poor.² Despite the trend showing correlation of poverty mitigation with safety net expansions, many of the expansions have reverted back to pre-pandemic norms or have been reduced. Additionally, the annual Point-in-Time Count reported that in February 2022, there were at least 171,521 people experiencing homelessness in California. California's population experiencing homelessness are disproportionately people of color, and the average age continues to increase due to the aging population. The high cost of living, lack of child care, and increasingly unaffordable housing costs cause some to fall into poverty and make it especially difficult to move out of poverty. Poverty assistance and safety net programs are critical to lifting people out of poverty.

The CSBG aims to support services and activities for individuals and families with low incomes that alleviate the causes and conditions of poverty in communities. CSBG funds are used to provide services that are developed and offered in direct response to community need.

Local entities, while required to meet program and fiscal standards, are given the flexibility to determine the type of services that are most needed within their own communities. Based on community needs assessments (described below), eligible entities can spend CSBG funds on a wide array of services that have a measurable impact designed to address the causes and conditions of poverty to promote self-sufficiency, family stability and community revitalization. The flexibility of CSBG funds allow eligible entities to be nimble during emerging crises including the COVID-19 pandemic, wildfires, floods, and other unique community specific needs. According to data collected by CSD, services and strategies provided in 2021 by California's CSBG network resulted in over 1,034,422 services and outcomes for low-income individuals, families, and their communities, as described below:

47,226 Employment Services were provided to reduce or eliminate barriers to initial or continuous employment, and 10,837 Californians achieved outcomes such as acquiring a job, increasing their income, or achieving "living wage" employment and benefits.

87,329 Education and Cognitive Development services were provided, and 66,895 children, youth, and parents increased their skills and knowledge to improve literacy and school readiness and enriched their home environments.

53,569 Income and Asset-Building Services were provided, and 9,623 Californians increased their savings, purchased an asset, raised their credit scores, or improved their financial well-being.

² <https://www.ppic.org/publication/poverty-in-california/>

295,659 *Housing Assistance Services* were provided, and 55,652 low-income individuals received temporary shelter, affordable housing placement, eviction and foreclosure prevention, utility payment assistance, or home weatherization services.

13,789 *Civic Engagement and Community Involvement* opportunities were offered, and 32,555 individuals increased their knowledge and leadership skills to improve conditions in their community and their social networks.

237,997 *Health, Social, and Behavioral Development Services*, and 22,364,225 *Nutrition Services* such as meals and food parcels were provided. 123,291 low-income individuals maintained independent living situations, improved their physical, mental, and behavioral health, or received prepared meals and food parcels through distribution facilities.

CSBG participants served identified as 34.72 percent white, 7.67 percent Black or African American, 1.38 percent were American Indian and Alaska Native, 4.84 percent were Asian, .34 percent Native Hawaiian and other Pacific Islander 4.73 percent were multiracial, 10.23 percent were other, and 36.10 percent were unknown. Additionally, 271,538 were Hispanic, Latino or other Spanish Origin.

CSBG Funding

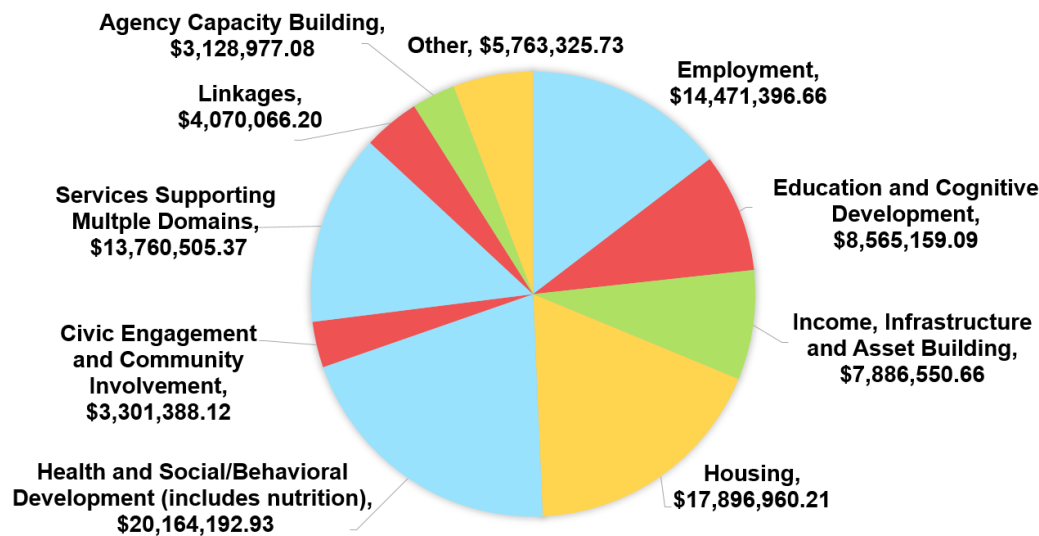
CSBG funds may be spent on three expense categories: grants to local eligible entities, state administrative costs, and discretionary projects. States are required to allocate 90 percent of the funding to local agencies, and may retain only five percent of their allocation for state administrative expenses. The remaining five percent may be used on discretionary spending at the state level, which can include providing training and technical assistance, funding limited purpose agencies, supporting asset-building programs (e.g., Individual Development Accounts and other savings and financial tools). According to the 2024-25 CSBG State Plan, CSD will distribute funding awards for Federal Fiscal Years 2024-25 and 2025-26 based on this formula:



In 2022, CSD convened a taskforce which include participants from CSBG agencies to discuss the 2020 U.S. Census data and update CSBG allocations in accordance with state law. (Government Code Section 12759 (e) (2)) Based on the taskforce and the impact of poverty data form the U.S. Census data, four agencies retained the same level of funding while 32 agencies received a reduced allocation, and 24 agencies received an allocation increase. Further, in order to address funding reductions, the taskforce recommended that CSD implement the revised CSBG allocation with the 2023 CSBG contract and utilize CSBG discretionary funds to backfill the funding reduction caused by the implementation of the 2020 census data with a one-time allocation in 2023. Beginning with

the 2024 CSBG contract, agencies will no longer receive additional discretionary funds to backfill their allocation.

The following chart depicts the breakdown of strategies that funds were used for in 2021:



The 2020 Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-36) temporarily adjusted federal CSBG eligibility from 125 percent of the Federal Poverty Level (FPL) to 200 percent of FPL. Prior to the pandemic, California state statute set eligibility for CSBG at 100 percent of FPL. Assembly Bill 135 (Committee on Budget), Chapter 85, Statutes of 2021, set CSBG income eligibility to the federal maximum allowable level. The federal maximum allowable level has remained at 200 percent FPL since the enactment of the CARES Act; however, this temporary adjustment is scheduled to end on September 30, 2023, and CSBG income eligibility in California will return to the maximum allowable level under federal law – 125 percent.

In federal fiscal year 2021, \$66.2 million was awarded to California. Of these funds, 71 percent of families served were below 100 percent of the FPL; and 40 percent of families served were living in severe poverty below 50 percent of the FPL.

Local Spending Priorities

By design, the priorities of CSBG eligible entities are driven by local need. As such and as a condition of funding, eligible entities are required to conduct a community needs assessment, which describe the current conditions of poverty within the community and are used to determine spending priorities. Agencies then collect and analyze quantitative and qualitative data to provide a landscape of the local conditions and barriers faced in their respective service area. Agencies use the results of their Community Needs Assessment to inform their CAP which are developed every two years.

CAPs also identify the service territory of an eligible entity as well as the service delivery system and allow for the customization of services to fit the specific needs of a community.

CAPs must include a detailed description of the data collection methods used to inform the delivery of services. According to CSD, eligible entities use several methods to collect quantitative and qualitative data, including: community forums, public comments, online and in-person surveys, interviews, and surveying community partners. Some CSBG entities have developed surveys in multiple languages. Based on these assessments, eligible entities have identified affordable housing, employment, public safety, childcare, and health access as main concerns impacting local communities. Based on the needs assessment, eligible entities develop plans to provide support services according to local needs.

CSD reviews all needs assessments and CAP responses to ensure the conditions of poverty and barriers to economic security are appropriately captured for each agency's service area and to confirm that data is dependable and verifiable.