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California Legislature

Joint Oversight Hearing

Senate and Assembly Human Services Committees
August 27, 2019 - 2:00 p.m.
State Capitol Room 3191

2020-21 Community Services Block Grant State Plan
Background Paper

Introduction

While many Californians are enjoying the benefits of a thriving economy, poverty persists for many others. California is one of three states tied for highest poverty rate in the country.[1] According to the Public Policy Institute, in 2017, 1.9 million people in California lived in deep poverty, five million lived at the poverty line, and 7.2 million were living near poverty. This means 14.1 million (36.4 percent) Californians were living at or near the poverty line.[2] Additionally, with about 130,000 people experiencing homelessness, California had the largest homeless population in the country in 2018. The high cost of living in California and increasingly unaffordable housing costs cause some to fall into poverty and make it especially difficult to move out of poverty. Often, people living in poverty need assistance in the form of education or services to help them achieve self-sufficiency.

The Community Services Blog Grant (CSBG) was designed to provide services that reduce poverty and promote self-sufficiency. CSBG is a federally-funded, locally-driven anti-poverty program that touches the lives of over one million Californians a year. 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. In recent years, CSBG funds have been focused on services related to nutrition, housing, career opportunities, and education. Additionally, the flexibility of CSBG funds allow eligible entities to be nimble during a crisis. For example, CSGB funds were used to respond in real time to the natural disasters (earthquakes, fires, and floods) that recently hit California and funds were used to provide food, shelter, and other basic necessities within hours of initial occurrence of those devastating disasters.

Community Services Block Grant

The CSBG provides federal dollars to states and other qualifying jurisdictions for the purpose of reducing poverty in the United States in ways that address the causes and conditions of poverty.

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[1] At 19 percent, California, Florida and Louisiana are tied for highest poverty rate in the country.
[2] PPIC used the California Poverty Measure poverty line, which is adjusted for the cost of living, including differences across counties in the state, to calculate this data.

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The CSBG is administered at the federal level by the U.S. Department of Health and Human Services (HHS) and at the state level by the Department of Community Services and Development (CSD). With regard to CSBG, CSD is responsible for implementing state policy, providing guidance to entities that are eligible to receive CSBG funds (such entities are referred to as eligible entities), disseminating CSBG funds, and monitoring and reporting on activities of entities that receive CSBG funds.

CSBG activities are carried out by a national network of over 1,000 CSBG eligible entities which provide a diverse range of services for, and advocacy on behalf of, low-income individuals and families to help them attain the skills and knowledge necessary to achieve self-sufficiency. The services offered through CSBG eligible entities vary, depending on local need, and include projects that:

- Lessen poverty in communities;
- Address the needs of low-income individuals including the homeless, migrants and the elderly; and,
- Provide services and activities addressing employment, education, better use of available income, housing, nutrition, emergency services and/or health.

The concept of the CSBG program originated with President Lyndon B. Johnson's War on Poverty and the 1964 Economic Opportunity Act. At that time, Community Action Agencies (CAAs) were formed to promote self-sufficiency and respond to immediate social and economic needs within their communities. In 1981, several funding streams were consolidated into what is now the CSBG program, as established in the Omnibus Budget Reconciliation Action of 1981.[3] While CSBG funding has retained its original purpose of alleviating poverty and promoting self-sufficiency, it was restructured into a block grant, which shifted implementation responsibilities from the federal government to individual states. In 1996, HHS produced a National Strategic Plan that identified the following goals for community action:

- Enable low-income people to become more self-sufficient;
- Improve the conditions in which low-income people live;
- Low-income people own a stake in their community;
- Promote partnerships between supporters, providers of services, and low-income people;
- Increase agency capacity to achieve results; and,
- Enable low-income people, especially vulnerable populations, to achieve their potential by strengthening family and other supportive systems.

These national goals help to further the purpose of the CSBG Act, which 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-

[3] 42 U.S.C. 9901 et. seq.

income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient." State law states 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. [4]

Purpose of the Hearing

Federal law requires states to prepare a State Plan and Application (State Plan)[5] every two years to be submitted at the federal level to the Secretary of HHS. By federal law, the lead agency – in California, the lead agency is CSD – is required to hold a public hearing in conjunction with the State Plan, as well as a legislative hearing every three years. The 2020-21 CSBG State Plan is due to the federal Office of Community Services by September 1, 2019. This Joint Oversight Hearing enables the state to meet both hearing requirements simultaneously.

Eligible Entities

Currently, CSBG funds are distributed to 50 states, U.S. Territories, Native American Indian Tribes and other organizations. These funds are passed on from state agencies to over 1,000 local eligible entities that provide community-level antipoverty services. In California, there are 35 private non-profit and 25 local governmental organizations (totaling 60 eligible agencies) that receive CSBG funds. There are three main types of eligible entities that receive CSBG funds in California:

- Community Action Agencies (CAAs) 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 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.

- Migrant and Seasonal Farmworker (MSFW) agencies 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 was 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.

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[4] Government Code 12725 et seq.

[5] https://www.csd.ca.gov/Shared%20Documents/2020-2021%20CSBG%20Draft%20State%20Plan%20and%20Application%20FINAL%20Watermark.pdf

- Native American Indian (NAI) agencies 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."[6] 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, Dept. of Public Social Services' Los Angeles Native American Commission (LANAIC). The Karuk Tribe provides direct services, LANAIC subcontracts funding to Native American Indian organizations, and NCIDC provides funding to recognized tribes throughout the state. 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.

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. [7]

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

Local Spending Priorities

By design, the priorities of CSBG eligible entities are driven by local need. As such, eligible entities are required to conduct needs assessments, which describe the current conditions of poverty within the community and are used to determine spending priorities. Each eligible entity must submit a Community Action Plan (CAP) on a biennial basis that includes a needs assessment and describes the immediate issues impacting the community. 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.

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[6] Government Code 12770

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

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.

CSBG-Funded Activities Address Poverty in California

Based on community needs assessments, eligible entities can spend CSBG funds on a wide array of services, all of which are designed to address the causes and consequences of poverty. According to data collected by CSD, services and strategies provided in 2018 by California's CSBG network resulted in over 1 million services[8] and outcomes[9] for low-income individuals, families, and their communities, as described below:

- 50,651 *Employment Services* were delivered, which reduced or eliminated barriers to initial or continuous employment and 17,965 Californians achieved outcomes such as acquiring a job, increased their income, or achieved "living wage" employment and benefits.

- 129,779 *Education and Cognitive Development Initiatives and Support Services* were delivered. Additionally, 98,639 children, youth, and parents increased skills and knowledge to improve literacy and school readiness, and enriched their home environments.

- 75,820 *Income and Asset Building Services* were delivered and 24,812 Californians increased their savings, purchased an asset, raised their credit scores, or improved their financial well-being.

- 184,797 *Housing Assistance Services* were delivered and 70,369 low-income individuals received temporary shelter, affordable housing placements, eviction and foreclosure prevention, utility payment assistance, or home weatherization services.

- 25,850 *Civic Engagement and Community Involvement* opportunities were created and 28,110 individuals increased their knowledge and leadership skills to improve conditions in their community and their social networks.

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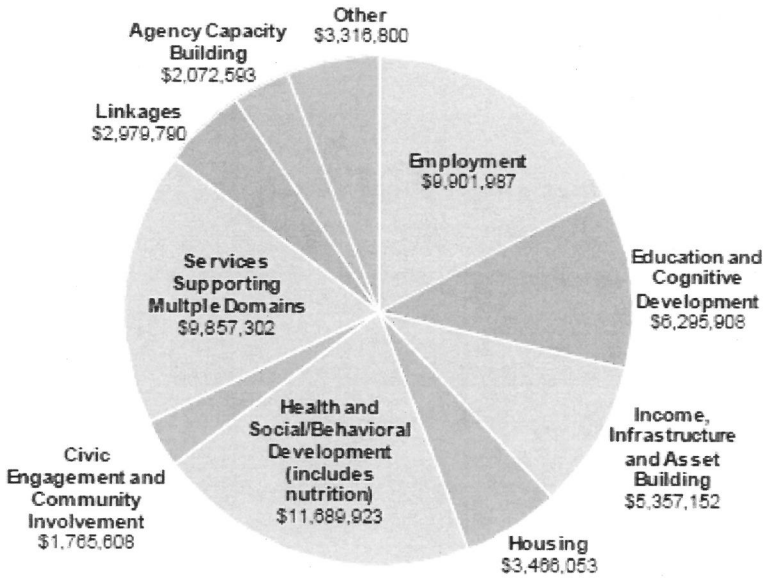
[8] Service are products of a program's activities, such as the number of meals provided, classes taught, or brochures distributed. A program's service should produce a desired outcome for the program's participants.

[9] An outcome is a change observed/reported after participation in a service or activity. For example, an unemployed client receives welding training and after the training obtains a job. The outcome is the client obtained a job.

- 201,439 *Health and Social/Behavioral Development Services* were delivered and 28,669,859 *Nutrition Services* were provided. Additionally, 158,104 low-income individuals maintained independent living situations, improved their physical, mental, and behavioral health or received prepared meals and food parcels through various distribution facilities.

In 2018, CSBG funding was expended as shown in the following chart.



[1]As reported in the *2018 CSBG Annual Report*, data subject to final approval

"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.

Recipients of CSBG-Funded Services

Many low-income Californians benefit from services provided by the 60 eligible entities operating throughout the state. In 2018, over one million Californians and 400,000 households received services. To be eligible for services, individuals must reside in households with incomes at or below 100 percent of the Federal Poverty Level (currently $21,330.00 for a family of three). In 2018, 40 percent of recipients were living in families facing "deep poverty" – with incomes at or below 50 percent of the poverty level

While demographic information during calendar year 2018 was not collected for every person served with CSBG funding, the following statistics were calculated using the data that was collected:[10]

People Served in 2018 with CSBG Funds

Gender	
Male	33 %
Female	45 %
Unknown	22 %
Age	
0 – 17	36 %
18 – 24	7 %
24 – 59	32 %
60 – 74	9 %
75 and older	3 %
Unknown	13 %
Race	
American Indian and Alaska Native	3 %
Asian	5 %
Black or African American	7 %
Multiracial	3 %
Other	19 %
Unknown	29 %
White	34 %
Vulnerable Populations Served	
Seniors	129,361
People with Disabilities	63,973
People who Lacked Health Insurance	55,714
Children	267,510

The majority of households receiving services in 2018 were single person households (29 percent). Nineteen percent of households were single parent households; 15 percent were two parent households; seven percent were households with two adults without children; and five percent were multi-generational, nonrelated adults with children or other. The household makeup of the remaining 25 percent was not identified.

The majority of individuals served in 2018 had achieved a high school degree or equivalent (39 percent). Thirty-eight percent had not completed high school, half of which had less than eight

[10] Data for 2019 will be compiled after the end of the year.

years of education. Fifteen percent had some post-secondary education and nine percent had a two- or four-year degree.

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 keep 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 LPAs, supporting asset-building programs (e.g., Individual Development Accounts and other savings and financial tools).

In 2018 and 2019, CSBG funds were distributed in California as follows:

	Percentage	2018 Allocation	2019 Allocation
CAA	76.1	$ 48,343,394	$ 48,525,767
MSFW	10.0	6,352,614	6,376,579
NAI	3.9	2,477,519	2,486,866
Discretionary	5.0	3,176,307	3,188,289
Administrative	5.0	3,176,307	3,188,289
Total Allocation		$ 63,526,141	$ 63,765,790

For Federal Fiscal Year (FFY) 2020 California's projected allocation of CSBG funds is $63.2 million, which is an increase of from the FFY 2018-19 allocation of $62.8 million. The 2020-21 CSBG State Plan and Application anticipates that 90 percent ($57.3 million) of funds will be distributed to CSBG eligible entities, five percent ($3.1 million) will be allocated for discretionary funding, and five percent ($3.1 million) will be allocated for administration purposes, such as training and technical assistance.

The 2020 appropriation for CSBG has not yet been formally adopted. It passed the House and is currently pending in the Senate. However, the block grant has continued to receive support from Congress, and funding to California has been stable since 2016 at approximately $63 million per year.

Oversight by CSD

By federal and state law, CSD is required to administer and oversee the CSBG program. In meeting this mandate, CSD works closely with the California Community Action Partnership Association and each individual eligible entity to ensure compliance with federal and state standards. CSD provides technical assistance and training as well as annual agency-wide audits in order to determine the financial health of eligible entities. If CSD determines that an eligible entity does not meet requirements, the entity may opt to relinquish its eligibility status or CSD may revoke eligibility, provided all state and federally required steps are taken.

While rare, when such circumstances occur, CSD plays a significant role when transitioning from one eligible entity to the next. In the event that a particular geographical area is not served by a CSBG eligible entity, CSD conducts a search for a replacement agency. All newly eligible entities are required to meet the same programmatic and fiscal requirements as existing eligible entities.

The most recent CSD intervention took place in 2017 when CSD became aware of possible fiscal and management problems at Economic Opportunity Council of San Francisco (EOCSF). At that time, CSD began working with EOCSF and provided technical assistance to address areas of concern. CSD also conducted an independent audit of EOCSF financial operations, which found deficient internal controls and financial practices, questionable costs, commingling of funds, and conflicts of interest. In addition, the report indicated that EOCSF was insolvent by more than $1 million. On 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.

Since its designation, Urban Services has established its tripartite board, developed its bylaws, and filled a majority of its board seats. Additionally, the agency has received training and technical assistance from CSD on its contractual requirements for financial accountability and programmatic compliance in accordance with Federal and State laws and CSD regulations and policies. In its first year of operation, Urban Services has focused on utilizing its CSBG funding to provide direct client services in the areas of housing, education, and employment.