

Subcommittee on Children and Families - Re-Authorization of the Community Services Block Grant Program

Bill Number: Oversight

Hearing Date: July 10, 2003 - 3:00 PM

Witness:

The Honorable Wade Horn

Assistant Secretary for Children and Families

Department of Health and Human Services

Testimony:

Mr. Chairman and members of the Committee, I appreciate the opportunity to testify before you today on the President's plan to reauthorize the Community Services Block Grant (CSBG) Act programs. Community Services programs help individuals and families attain and retain self-sufficiency. They provide flexibility to meet the unique needs of individual communities and work in concert with other programs and multiple funding streams emphasizing Federal, state, and local public and private partnerships. The Administration strongly supports the concept of community-based solutions to issues related to individuals in poverty and reauthorization of the CSBG Act. Our reauthorization proposal includes important recommendations the Administration believes will significantly improve the delivery of service under the Community Services authority within the existing community-based framework.

Before I discuss the details of our reauthorization proposal, I would like to briefly describe the programs currently funded under the Community Services Block Grant Act.

Background

CSBG is designed to alleviate poverty by funding initiatives that fight its causes, especially unemployment, inadequate housing, and lack of education opportunity. Services are administered in localities across the country primarily by entities called Community Action Agencies or CAAs, in coordination with other neighborhood-based entities. A network of 1,100 Community Action Agencies delivers a broad array of programs and services tailored to low-income Americans in each community. The CSBG program is uniquely designed to foster integrated problem solving. To focus and concentrate resources on those areas where action is most critical, CAAs conduct community needs assessments. The assessments direct how local agencies mobilize and allocate resources to plan, develop and integrate programs to meet community needs. Along with the block grant, the CSBG Act provides the Secretary with discretionary authority to use up to nine percent of the Community Services Block Grant funds to support employment or community development activities. We have used this authority to support funding for the Urban and Rural Community Economic Development program (URCED) and the Rural Community Facilities program (RCF).

The URCED funds competitive grants to locally-initiated, private, non-profit community organizations called Community Development Corporations, or CDCs, for projects that create employment, training and business opportunities for low-income residents. This program allows for a multifaceted approach to addressing poverty in communities through projects that support individual and commercial development in economically distressed communities.

The Rural Community Facilities program provides grant assistance to state and local government agencies, and private, non-profit entities to help low-income communities

develop affordable, safe water, and waste water treatment facilities. Activities supported by this grant facilitate the development and management of water and utility facilities in rural areas.

The CSBG Act provides additional funding for two other discretionary programs -- the Community Food and Nutrition Program (CFN) and the National Youth Sports Program (NYSP). The Community Food and Nutrition Program provides funding to states, tribes and territories, and public and private non-profit agencies to administer community-based, statewide, and national programs that identify, coordinate and disseminate food and nutrition resources. The National Youth Sports Program provides physical and educational development for low-income youth in communities across the nation. Funding under this authority has been awarded to the National Collegiate Athletic Association (NCAA) since the program's inception in 1968. NCAA operates this grant through its collegiate network to serve approximately 80,000 youth, ages 10 through 16, at 200 colleges in 46 states.

In FY 2003, \$704.2 million was appropriated for Community Services Act Programs. The preponderance of these funds (\$645.8 million) were provided for the block grant; \$27 million for Community Economic Development; \$7.2 million for Rural Community Facilities, \$16.9 million for National Youth Sports; and, \$7.3 million for Community Food and Nutrition.

I would like to turn to our proposal for addressing reauthorization of the programs supported by these funds.

#### Reauthorization

The cornerstone of our reauthorization proposal is to strengthen accountability of CSBG to ensure that this significant source of support for low-income families and communities is being administered as effectively as possible.

Community Action Agencies provide services in 96 percent of the counties in the nation and have nearly four decades of experience in addressing the problems of low-income individuals and families. They were designated to provide an array of social services to communities through direct Federal-to-local funding in the original War on Poverty legislation of 1964, the Economic Opportunity Act. More recently, the CSBG redirected Federal funding for these programs through the state human services agencies for administrative oversight and technical assistance. After administrative expenses, the states pass no less than 90 percent of the federal grant to the local CAAs, many of which remain unchanged since 1964. Annual awards are not open to competition.

In very rare occurrences, States have designated CAAs as deficient and terminated funding to the entity, but such cases have occurred infrequently. The current law does not provide a consistent means to require minimum standards of performance by CAAs in order to receive funding. As a result, the authority for the same local agencies to provide services and continue to receive funding in these impoverished communities has essentially been unchallenged, and subject to very little monitoring and evaluation.

We believe that the lack of competition in given communities has led in some cases to a static environment which could be stimulated by bringing new organizations as a part of this network. To address this concern, the President's 2004 reauthorization proposal calls for the development of, and adherence to national outcome measures for agencies funded under the CSBG, and the design of a means to review, monitor, and remove local organizations that are not providing adequate services to the community.

This builds on the 1998 reauthorization of CSBG which provided requirements aimed at strengthening accountability. The 1998 reauthorization mandated that States be accountable for performance of their CSBG programs through a performance measures system by FY 2001. States could design their own system, or replicate the Secretary's model program, the Results Oriented Management and Accountability (ROMA) or an alternative system for measuring performance and results.

Under the Act, Community Action Agencies were not required to report on an established set of national measures. It was argued then that because the CAAs are charged with addressing the particular anti-poverty needs of their respective service areas, that requiring and applying the same measures across-the-board would be difficult to achieve. As a result, states allowed their Community Action Agencies participating in performance evaluation to identify, collect and report outcome information related to goals their local programs identified. This lack of consistency in management has not allowed for much insight into the performance by individual CAAs, nor has it provided a means to ensure a minimum standard of performance for all CAAs.

Therefore, the reauthorization initiative for FY 2004 proposes to take the next step toward increased accountability in the Community Services Block Grant by streamlining the performance outcomes tool to require that all Community Action Agencies in the states participate in a uniform, results-focused system.

We are looking to use the ROMA foundation as the basis for establishing the national outcome measures. Specifically, the Administration is collaborating with State CSBG authorities and local entities to identify 10 – 12 national performance indicators for the CSBG program. Most of the outcome measures being considered are those for which data are now being collected by a majority of the States and eligible entities through ROMA. As I indicated, ROMA has been a bottom-up, mostly voluntary process over the past nine years. By building this system into the statute, more consistent data can be collected and program outcomes evaluated to ensure that CSBG is effectively serving at-risk individuals and communities.

Organizations, including those historically designated as Community Action Agencies, that are not found to be performing at an acceptable level could lose their designation as a service provider for CSBG if acceptable corrections are not made. A state-run competition would be held to designate a new CAA to replace the agency that fails to meet acceptable standards. Faith-based organizations, as well as other non-governmental community organizations, would be eligible to apply for funding under the proposed revised authority.

Our objective is to have consistently applied outcome measures to ensure that all agencies administering CSBG can assess their program effectiveness, and are accountable for the services supported by the program. Once enacted, we will be better equipped to ensure that CSBG funding is made to local community organizations that are effective in achieving the purposes of the Act.

Similar changes are proposed for the Urban and Rural Community Economic Development (URCED) Program. URCED grants are made on a competitive basis to Community Development Corporations (CDCs) for job creation, job training, and economic development projects. CDCs must have private, non-profit status as certified by the Internal Revenue Service. In most years, organizations that receive these funds come from the same group of applicants. While most activities under URCED have been

successful, some grantees have had difficulty implementing their projects in their communities, which we have documented in our Annual Reports to Congress. The current statute does not authorize significant monitoring to assist those grantees experiencing difficulty, or a way to consider applicants for grants under this program that have had repeated difficulty in implementing their projects.

In the FY 2004 reauthorization, the Administration proposes to strengthen the capability of this program by increasing accountability and monitoring, and expanding the pool of applicants by re-defining entities eligible to receive funding to embrace other private, faith-based and community-based organizations. The Administration is recommending reauthorization for this program because we believe the premise of providing economic development to under-developed neighborhoods and communities where low-income individuals live is an important element in addressing the issue of poverty. We believe by refocusing this program, and by casting a broader net, we can make this program work better for low-income communities and individuals.

Finally, we are not recommending reauthorization of the remaining CSBG Act discretionary programs. These programs largely duplicate the functions of other programs or provide services that can be addressed as a State or community finds necessary through the flexibility provided under other funding mechanism like CSBG, SSBG or in some cases, TANF.

For example, the Environmental Protection Agency and the Department of Agriculture's Rural Development programs provide services similar to those under the Rural Community Facilities program and USDA's Food and Nutrition Service (FNS) provides comprehensive support to communities to increase food security and reduce hunger through various programs, including programs similar to the CFN program.

In summary, the proposals I've outlined for reauthorization of the programs under the Community Services Block Grant Act reflect the lessons learned over the past 40 years. The issues attendant to poverty have changed significantly since the 1960s. There are new interventions such as family strengthening initiatives and asset accumulation strategies. There are developments that the public sector has made in addressing problems facing communities, such as the creation of the Environmental Protection Agency to help our nation's communities more comprehensively address their water, wastewater and facilities issues. There is also a growing understanding of the importance of the private sector and the faith community as invaluable allies with government in the strategy to address the issues of poverty in the 21st Century.

#### Conclusion

The Administration believes the programs authorized by the Community Services Block Grant Act, and the state and local community organizations that administer these funds, are vital to achieving the objective of sustainable communities and individuals. But the objective cannot be achieved if we maintain the status quo. This proposal puts forth the framework for a 21st Century model of addressing poverty that understands today's issues, requires uniform accountability to facilitate quality, supports competition to enable different ways of approaching the problem, and makes certain that the programs supported by funds under the Community Services Block Grant Act provide the highest quality of service.

We look forward to working with the Committee as it pursues reauthorization legislation for the CSBG program. I would be happy to answer any questions. Thank you.

