



# National Association for State Community Services Programs

## ISSUE BRIEF

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### **The Community Services Block Grant: State Discretionary Spending** *How Discretionary Resources enhance and support anti-poverty efforts*

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#### **The Community Services Block Grant**

The Community Services Block Grant (CSBG) is a federal grant administered and supported by the US Department of Health and Human Services, Office of Community Services. This block grant funds the anti-poverty operations of a state-administered network of local agencies that create, coordinate and deliver programs and services to low-income Americans across the country. This CSBG network, comprised of more than 1,100 agencies, extends into every state including the District of Columbia and Puerto Rico. For simplicity, all of these grantees will be referred to as “states.” About eighty-five percent of the agencies in the CSBG network are Community Action Agencies (CAAs), created through the Economic Opportunity Act, a predecessor of the CSBG. For purposes of this report, “CAAs” will refer to all local agencies within the CSBG network. The unique quality of all CSBG funded agencies is that they rely on community leadership and accountability. By statute, CAAs are governed by a tri-partite board consisting of one-third elected public officials, at least one-third representatives of the low-income community, and the balance drawn from leaders within the private sector including business, faith-based groups, charities, and civic organizations. Because the CSBG funds the central management and core activities of these agencies, CAAs are able to mobilize additional resources to combat the central causes of poverty.

The goal of the CSBG is to eliminate the causes of poverty through local programs that attempt to meet the immediate needs of low-income community residents for employment, housing, nutrition, and healthcare while focusing on the long range goals of economic self-sufficiency. A key strength of the CSBG program is its commitment to empowering individuals and strengthening communities.

The CSBG statute requires that ninety percent of block grant funds to the states be passed through to the local eligible entities. In FY 1999, nineteen states passed more than ninety percent to their CAAs. A maximum of five percent of the funds can be used by states for administering the block grant. Thirteen states spent less than this amount. The balance of the funds, or up to ten percent, can be spent by the state at their discretion for special initiatives that accomplish the statutory purposes of the CSBG. While eleven states passed the balance of their CSBG funds directly through to CAAs, forty-one states allocated a total of \$21 million for discretionary projects. It is this latter category of funds which is the subject of this report.

#### **Discretionary Funds**

Discretionary funds allow states to support creative approaches tailored to the specific needs of their region and their commu-

ities. These funds also provide a unique opportunity for state CSBG offices to collaborate with other state and local agencies to fill gaps in services. This report will detail how these discretionary funds were spent, with special emphasis on innovative programs around the country.

The source for the data in this report is the Community Services Block Grant Information System (CSBG/IS) data for FY 1999. The CSBG/IS details administration of CSBG funds, as well as the sources and uses of other leveraged funds and the demographics of clients served in each state. This information provides a national picture of the CSBG program. The National Association for State Community Services Programs (NASCS) compiles state data and produces the CSBG/IS report annually. NASCS is the national association of the state administrators of the CSBG and of the US Department of Energy Weatherization Assistance Program (DOE/WAP).

### **Discretionary Spending**

The FY 1999 information comes from fifty-two states, including the District of Columbia and Puerto Rico. Forty states provided details on how they used \$17.3 million in discretionary funds. The table below lists the eight categories of programs they funded.

<b>Use of Discretionary Funds, FY 1999 In Forty States, DC and Puerto Rico</b>			
<b>Type of Discretionary Program</b>	<b>Expenditures</b>	<b>Number of States</b>	<b>Percent of Discretionary Funds</b>
Other Discretionary Uses	\$ 2,735,055	24	16%
Statewide Programs	\$ 2,921,102	16	17%
Training and Technical Assistance	\$ 2,453,451	22	14%
Competitive or Demonstration Grants	\$ 2,145,050	10	12%
Support of Subgrantee Associations	\$ 1,641,258	19	9%
Migrant & Farmworker Organizations	\$1,503,768	10	9%
Expansion to New Areas or Partners*	\$ 2,927,875	10	17%
Tribal Organizations	\$993,028	7	6%
<b>Total</b>	<b>\$ 17,320,587</b>		<b>100%</b>

\*Expansion: PA, MI, MN, DE, and ND -\$1,077,200.

Partner Networks: CA, GA, NC, MD, and VT - \$1,850,675.

### **A Closer Look at Discretionary Spending**

States reported their discretionary expenditures based on the eight categories outlined in the CSBG/IS. While many programs funded with discretionary funds fit into the categories provided in the survey, many states used discretionary funds to support programs that addressed particular local or statewide needs that didn't fit neatly into any of the survey categories. These pro-

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grams have conventionally been reported under the heading “statewide other” or the more generic “other” category of discretionary funding. However, these descriptions fail to capture both the diversity and the trends in discretionary spending around the country. Many notable programs that fall into these categories get overlooked. For this reason, this report will provide a detailed description of the activities covered by the survey categories as well as an examination of crosscutting programs in order to give more meaning to the way these funds are used and the impact they have on low-income communities.

## **CSBG Survey Categories**

### Competitive & Demonstration Grants

Ten states offered over \$2 million in competitive and demonstration program grants to support new or innovative programs aimed at eliminating one or more causes of poverty. For example, Massachusetts developed an innovative program to support families attempting to move from welfare to work. The purpose of the Family Mentoring Demonstration Program was to supplement case-management services with one-on-one supportive relationships. Mentors provided on-going support to families as they made the difficult transition into the workforce by building skills and confidence through social interaction.

Arkansas set aside a substantial portion of their discretionary funds for competitive grants that supported the start-up costs of new projects and initiatives to address unmet needs in the state. These funds provide a foundation for new programs to leverage additional funds to sustain them over the long-term. In 1999, Arkansas contributed competitive grant discretionary funds to a number of programs including:

- A dental clinic based on a sliding scale fee for underserved low-income individuals.
- A leadership program that encouraged personal development, social skill building and empowerment for youth in the community.
- A scholarship program specifically targeted at low-income, single parents to facilitate education and transition into living wage, skilled jobs.
- An interpreter to translate important medical, legal, and government documents for the increasing number of Spanish-speaking residents in one community.

The goal of the competitive grant funds is for programs to become self-sustaining after one year of state support. These funds stimulate growth in needed service areas and help with the start-up of innovative new programs to address poverty.

### Training & Technical Assistance

Almost \$2.5 million was spent by 22 states to provide training and technical assistance to local agencies. This included a wide range of assistance from board training to capacity building. In one case, in Minnesota, these funds were targeted specifically at providing intensive fiscal management assistance to CAAs. Many states used these funds for new management information systems to implement Results-Oriented Management and Accountability (ROMA).

### Migrant/Farmworker and Tribal Organizations

Migrant and farmworker organizations together received over \$1.5 million from discretionary funds in ten states. Seven states provided just under \$1 million to tribal organizations for a variety of programs. Michigan organizations for example, used

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these funds to provide legal services to help tribes gain federal recognition and to assist individuals with legal issues. These funds also supported health services for Native Americans.

### Expansion to New Areas or Partners

States may expand services to un-served geographic areas by creating new local eligible entities or by enlarging the assignments of neighboring CAAs. In addition, states may use any of their administrative funds to support ineligible local entities in un-served areas. Discretionary funds are a valuable resource during the start-up and transition phase of funding new entities or expanding a service area. These funds also provide a means for states to form significant community partnerships.

Five states used just over \$1 million to expand services to reach un-served areas. In addition, five other states made grants totaling nearly \$1.9 million to non-eligible local agencies, including Limited Purpose Agencies (LPAs), for activities that supported or were complimentary to CAA services. All of these funds are shown combined in the table and described collectively as, "Expansion to New Areas or Partners."

LPAs provide supplemental and supportive services to the CAA network and can be significant partners in states' efforts to meet the needs of their communities. These highly specialized agencies fill gaps in service and provide valuable technical assistance. For example, in California one LPA, called the Community Design Center, offers architectural planning and technical assistance to local housing agencies, including CAAs. It provides such services as design and modification plans for playgrounds, child care centers and low-income housing. It also helps agencies comply with housing regulations and the Americans with Disabilities Act.

Another California LPA, the Rural Community Assistance Corporation, worked with rural agencies on housing and community development issues. With the support of discretionary funds, it used its expertise to increase the capacity of local CAAs to advocate for and improve the quality of drinking water and education. These are further examples of how CSBG discretionary funds can help states build community partnerships that strengthen existing programs.

### Statewide Programs

Almost \$4.6 million in discretionary funds were used for a variety of statewide initiatives. Nineteen states used over \$1.6 million in statewide discretionary funds to support their state associations. Seven states spent \$227,978 on state-level planning to help them set priorities around the needs of the communities they served. The remainder of the statewide funding will be discussed in a later section of this report.

Many states found discretionary funds to be a useful tool to develop CAA coordination and management capabilities through direct funding of their state professional associations. State CAA associations offer their members an array of services including training and technical assistance; advocacy; and coordination of statewide efforts to implement new initiatives and coordinate information systems. By funding them directly, states have an opportunity to form a healthy partnership and pool their resources to better support CAAs.

Illinois targeted a sizeable portion of its discretionary funds at the state association to support a wide variety of statewide initiatives that affected the entire CAA network. Besides offering training and technical assistance, the Illinois CAA association

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used the state funds to support public awareness and outreach initiatives for the CAA network and to fund a community development corporation. The state and the association also collaborate annually during Community Action Month on a unique client recognition program, called Families of Distinction, where clients from CAAs around the state are honored with a banquet and an award certificate for making extraordinary strides in overcoming obstacles. The state association also served as a vehicle for the state to assist specific agencies with particular projects such as upgrading computer systems, and supporting special new programs.

Michigan supported its CAA association in conducting client surveys and needs assessment research to detail services and client demographics. The partnership allowed the state to use the research results to collaborate with the association on state planning. By the very nature of their relationship with the agencies, the association is a valuable resource for collecting CAA data.

Minnesota supported its state association's annual training event with discretionary funds. The training sessions provided technical assistance services that the state would otherwise have had to coordinate and administer centrally, such as ROMA training for boards and staff. By partnering on these training efforts the two entities avoided duplication and promoted a consistent message to the local agencies. Another joint state/association project in Minnesota was a unique software-purchasing cooperative funded in part by discretionary funds. The cooperative allowed member CAAs to work together on software development, acquisitions, and coordination.

About \$2.6 million in discretionary funding for statewide efforts in 12 states did not fall into any of the above statewide categories. These programs were innovative programs specifically designed to address other statewide needs. They are included under the discussion of crosscutting initiatives that follows.

## **Crosscutting Initiatives**

Many states supported projects that didn't fit neatly into any of the categories outlined above. Although discretionary programs are designed to address the circumstances particular to an individual community or state, many discretionary programs funded in 1999 addressed specific service needs common around the country. These included: coordination of services; children and youth; community building projects; disaster relief and emergency services; housing; employment and self-sufficiency; and transportation. The purpose of outlining some of these programs is to share the wealth of creativity and innovation that comes from giving states the discretion to spend CSBG funds on unique responses to the needs of their communities.

### **Coordination Efforts**

A significant portion of discretionary funding involved coordinating the efforts of the community service network in the state. Ten agencies reported funding efforts that helped CAAs communicate, collect data, or share information. These discretionary projects ranged from improving computer and Internet communication capacity, to developing automated data collection systems. Several states used discretionary funds to implement ROMA data collection systems while others funded training opportunities for CAAs and community leaders.

Pennsylvania, for example, held a Community Building training event to address specific local concerns. Community leaders

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met to discuss capacity building strategies such as capital improvements, educational investment, crime prevention, and community empowerment. Michigan funded statewide agency capacity building efforts that included software enhancements and quarterly training meetings. These examples demonstrate how discretionary funds strengthen the network and make CAAs more effective in serving communities.

### Children and Youth

Another popular use of discretionary funds was for programs specifically targeted at children and youth. The nine projects that fit in this category ranged from child abuse outreach in Oregon to youth crime prevention in Colorado and a “Youth Summit” in Indiana. Illinois and California’s innovative programs for youth are also good examples:

Illinois funds a scholarship program to help low-income youth in good academic standing in high school attend college or gain occupational training at an accredited Illinois higher education institution. The scholarship is not only a valuable academic incentive for students, but its popularity has become a significant public relations tool that increases CAAs’ visibility and standing in the community.

California partnered with other state agencies to support the California Mentor Initiative targeted to at-risk youth. This program addressed a wide range of pertinent issues for teens including pregnancy, gangs and violence, education, and alcohol and drug use. Discretionary funds such as these allow states the flexibility to develop creative programs that are necessary to engage and rally around the young people in their communities.

### Community Building Projects

As states and local agencies try to meet the challenge of serving low-income families, many have found it necessary to partner together and join forces to strengthen their communities. Discretionary funds are a critical resource in building stronger communities.

Washington’s Community Voice Mail project is an example of how discretionary funds encourage innovative responses to community needs. With a burgeoning homeless population in the state, it became clear to the community action network that efforts to assist individuals in finding housing and obtaining jobs were being thwarted by some basic unmet needs – namely, lack of telephone service. Homeless and low-income individuals without phone service had difficulty connecting with housing resources and potential employers because there was no phone number where they could be reached. The state decided to try something new. They used discretionary funds to partner with local agencies on a voice mail messaging system that allowed low-income and homeless community members to call in to the system to check for messages. The program was so successful that the state recently leveraged additional state funds to coordinate with CSBG funds to support a 1-800 service, which will make it easier for users to access their messages. The state hopes to extend this service to migrant farmworkers in 2001 to help them find harvest jobs and get news about services.

Kansas chose to use discretionary funds to participate in the multi-state National Dialogue on Poverty Support Project. This initiative brought together focus groups of community members who had an interest in and a stake in improving their communities. It involved community-wide participation from low-income residents, business and religious leaders, educators, legislators, policymakers, child care providers, and social service providers. These focus groups brought the community together

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to encourage open dialogue on the causes and conditions of poverty. Topics ranged from child care, and employment to barriers that low-income residents were facing. The information that was gathered from these meetings was then disseminated to community leaders and CAAs to assist them in planning and developing new programs. In addition to generating useful information, these focus groups gave the community a sense of shared purpose and goals and brought people together who wouldn't normally come in contact with each other.

Delaware was another state looking for creative ways to address community needs with discretionary funds. They partnered with the local CAA on the Strong Communities Initiative. This community development effort, targeted at reducing high crime and poverty rates, drew on community action's history of grass-roots organizing through door-to-door efforts to mobilize citizens and encourage civic involvement. This partnership brought together residents, law enforcement, CAAs, and state and local government to discuss solutions to the needs of their community. The planning meetings were successful in bringing about community improvements including new streetlights and better trash collection. In one community a trailer park, home to about thirty low-income residents, was condemned, but thanks to the leadership of the Strong Communities partnership, all the families were relocated to more suitable housing. The success of this effort is a testimony to CAAs' unique ability to unite communities and bring about positive change for low-income individuals.

### Disaster Relief and Emergency Services

Nine states used discretionary funds to provide disaster relief and emergency services to their communities in times of crisis. Discretionary funds become a valuable resource when states are hit with natural disasters and extensive upheaval. Nebraska, for example, partnered with faith-based organizations to provide farm crisis relief and Kansas supported communities experiencing devastation from floods, a tornado and a plant closing that left hundreds unemployed.

Emergency services were also enhanced by discretionary funds. These services assist low-income individuals and families with pressing, immediate needs. For example, discretionary funds in Delaware provided substantial support for emergency food and shelter services and in Oregon they funded a Family Emergency Assistance Center. One of the great strengths of the block grant is its inherent flexibility that allows states to step in and lend support to communities in crisis.

### Housing

States also directed a portion of discretionary funding at programs that address the unmet housing needs of low-income and homeless populations. They sponsored six different housing related programs with discretionary funds in FY 1999. Wisconsin and Oregon funded programs to support farmworker and rural housing needs.

Missouri funded the Homeless Challenge Program, which provides funding to local initiatives to provide safe, stable housing that facilitates self-sufficiency for families who are homeless or in danger of becoming homeless due to eviction. Recognizing that families experiencing housing crises often have additional service needs, this program was designed with an emphasis on collaboration between service providers in order to link clients to all available resources. This is an example of how discretionary funds can help to create an integrated and seamless homeless service delivery system for clients.

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## Employment & Self-Sufficiency

With so many families around the nation moving off of TANF and into the workforce, states are turning to discretionary funds to support employment and self-sufficiency programs. Four states supported unique employment related programs with discretionary funds in FY 1999. Massachusetts funded the Prison to Work project in partnership with several government and local agencies. The project works with prisoners prior to their release to prepare them to become productive members of the community.

Minnesota came up with an innovative strategy that allowed them to help low-income individuals move from welfare to work while also investing in the community. Four CAAs partnered together to open a Ben & Jerry's Ice Cream franchise that provides skill building and employment opportunities to low-income individuals who have little prior job experience. Discretionary funds supported the development of the business plan that set the stage for this innovative endeavor.

## Transportation

Transportation services are a crucial component of successful employment programs. However, unfortunately, with all of the pressing needs that low-income families face, there isn't always enough funding to provide additional supportive services. Several states have found discretionary funds to be a key resource for funding transportation services to link low-income working families with employment opportunities. In Massachusetts, the Cars for Jobs Project, funded in part with state discretionary funds, helps low-income people in urban communities get to higher paying jobs in the suburbs where public transportation isn't available. The project provides donated cars and ongoing vehicle maintenance.

## Conclusion

Discretionary projects like those highlighted in this report, as well as many more going on around the country, demonstrate the flexibility of the CSBG. Whether they address particular local concerns or initiate new strategies for solving old problems, these funds make the CSBG network more effective because they encourage innovative approaches and collaboration between state and local agencies. For this reason, despite the ever-changing economy in our increasingly diverse nation, the CSBG remains a viable tool for alleviating poverty and strengthening communities.