

Strengthening Rural CAAs through updated CSBG Funding Formulas

A National Review of Variables Supporting Rural Communities

Executive Summary

Community Services Block Grant (CSBG) funding formulas across the nation are primarily driven by percent-of-poverty metrics; however, an increasing number of states have incorporated additional variables to better account for the unique cost structures and service delivery challenges faced by agencies operating in rural communities. This report identifies common variables, promising practices, and replicable options that can be utilized to support rural agencies and communities.

Purpose and Context

Rural Community Action Agencies (CAAs) face larger geographic service areas, lower population densities, higher per-capita service delivery costs, and limited economies of scale. Percent-of-poverty-based formulas alone often unintentionally underfund rural agencies because they do not account for these realities.

Key Rural Support Variables

1. Geographic Service Area Factors (AZ, KS, MD, NE, NH, OK, VA, WV)

States may incorporate square mileage, number of counties, and overall territory size to reflect and address rural service delivery scale.

2. Population Density Adjustments (CO, GA, OR)

Inverse population density is used to increase funding for sparsely populated areas, reflecting and addressing higher per-capita costs.

3. Base Allocations (CA, GA, HI, ID, IN, MD, MN, MO, MT, NC, ND, NE, NM, NY, OH, OK, OR, PA, RI, TX, UT, VA, WA, WV)

Base allocations ensure stability and fund fixed administrative costs. Examples include flat base funding, per-county bases, and minimum allocation floors.

4. Hybrid Models

Most states combine poverty data with geographic and rural factors, typically weighting the percent of poverty somewhere between 75–98% and rural factors between 2–25%.

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5. Minimum Allocations and Hold Harmless (NJ)

Minimum allocations and hold harmless provisions protect rural agencies from funding volatility.

Policy Recommendations

1. Consider explicitly rural factors
2. Incorporate geographic variables
3. Add population density adjustments
4. Establish minimum funding floors, or
5. Implement base funding allocations

Conclusion

Achieving rural equity in CSBG funding requires the inclusion of factors that accurately reflect the distinct challenges facing agencies that serve large, sparsely populated areas. Geographic considerations, population density adjustments, and base funding mechanisms appear to offer the strongest balance between the needs of rural and urban agencies. States that adopt these approaches are better positioned to promote more equitable outcomes for rural communities.