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Community Services Block Grants: Background and Current Legislation

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Summary

Community Services Block Grants (CSBG) are funds that are provided to states, and then passed through to local agencies, for a wide variety of antipoverty activities. The CSBG program is administered by the Department of Health and Human Services (HHS) and is the modern day version of the antipoverty initiative launched by President Lyndon Johnson during the 1960s. In FY1998, the CSBG and several related activities are funded at \$542 million. The legislation authorizing the CSBG is scheduled to expire at the end of FY1998, and the Senate Labor and Human Resources Committee on June 23 approved S. 2206, which would reauthorize the program for an additional five years, through FY2003. This report provides background on the CSBG and related activities, including information on funding, and tracks the progress of relevant legislation and appropriations measures. This report is continually updated.

The Block Grant

Use of Funds. CSBG funds are used for activities designed to have a “measurable and potentially major impact on causes of poverty.” States generally must pass through at least 90% of their allotments to “eligible entities” — primarily Community Action Agencies (CAAs) that had been designated prior to 1981 under the former Economic Opportunity Act (see **Legislative History**, below). There are more than 1,000 eligible entities around the country, most of which are private, nonprofit organizations. Many of these organizations, in turn, contract with other groups to deliver services.

Local activities vary depending on the needs and circumstances of the local community. Each CAA is governed by a board of directors, of which at least one third of the members are representatives of the low-income community. Another third are local elected officials, and the remainder represent other community interests, such as business, labor, religious organizations, education, and others.

There is no typical CAA, since each agency designs its program based on a local community needs assessment. However, examples of CSBG-funded services include emergency assistance, home weatherization, activities for youth and senior citizens, transportation, income management and credit counseling, domestic violence crisis assistance, parenting education, food pantries, and emergency shelters. In addition, local agencies provide information and referral to other community services, such as job training and vocational education, depending on the needs of individual clients.

States may use no more than \$55,000 or 5% of their CSBG allotment for state administrative costs, and may transfer up to 5% of funds to the Older Americans Act, Head Start, low-income home energy assistance, or emergency food assistance.

Allocation of Funds. Of funds appropriated annually for the CSBG, HHS may reserve between half of 1% and 1% for training, technical assistance, planning, evaluation and data collection. Remaining funds are allotted to states based on the relative amount received in each state, in FY1981, under a section of the former Economic Opportunity Act. When CSBG appropriations reach \$345 million, each state is guaranteed at least half of 1% of the amount appropriated, except that no state may receive less than its FY1990 allotment or more than 140% of the amount received the preceding year. Half of 1% of the total appropriation is reserved for outlying territories. HHS may allow Indian tribes to receive their allotments directly, rather than through the state.

Related Activities

In addition to the block grant, the CSBG Act authorizes several related activities that are federally administered through the Office of Community Services within HHS. Currently, funds are appropriated separately for community economic development, rural community facilities, the national youth sports program (which is operated through the National Collegiate Athletic Association), and the community food and nutrition program. Activities that have been funded in the past include services for the homeless, rural housing-related activities, and services for migrants and seasonal farmworkers.

Recent Funding History

FY1999 Budget. For FY1999, President Clinton requested \$490.6 million for the CSBG, which is the same level provided in FY1998, and no funding for related activities. The Administration has proposed no funding for related activities for the last several years, noting that states can use block grant funds for these activities; however, Congress has repeatedly rejected this proposal. Of the funds requested for the block grant in FY1999, the Administration proposes to use \$4.9 million (1%) for training, technical assistance, planning, evaluation, and data collection, including activities to develop the capacity of state and local agencies to develop outcome data.

On June 23, the House Labor-HHS-Education Appropriations Subcommittee approved an FY1999 spending bill (not yet introduced) that includes a total of \$548.5 million for CSBG and related activities, consisting of the following: \$500 million for the block grant itself; \$30 million for community economic development; \$3.5 million for rural community facilities; and \$15 million for national youth sports.

FY1998 Budget. Congress appropriated \$542 million for CSBG and related activities in FY1998 (P.L. 105-78), which represented about a 1% increase over the FY1997 level and almost a 25% increase over the FY1996 level. Total FY1998 funding is broken down as follows: \$490.6 million for the CSBG; \$30.1 million for community economic development; \$3.5 million for rural community facilities; \$14 million for national youth sports; and \$4 million for the community food and nutrition program.

FY1997 Budget. For FY1997, Congress passed and President Clinton signed an appropriations law (P.L. 104-208) that contained \$536.4 million for the CSBG and related activities. This amount exceeded the FY1996 appropriation by \$100.9 million. Most of the increase was for the block grant itself. The House Appropriations Committee stated: "The Committee has become convinced that this program provides the kind of flexibility at the local level necessary to assist people who are in temporary need of government assistance to get back on their feet. ... The Committee expects to be able to see quantifiable results because of the increased funding" (H.Rept. 104-659).

Specific appropriations for FY1997 were: \$489.6 million for the CSBG; \$27.3 million for community economic development; \$3.5 million for rural community facilities; \$12 million for national youth sports; and \$4 million for community food and nutrition. The conference agreement (H.Rept. 104-863) directed HHS to use up to 1% of CSBG funds to correct allocation errors that were made in FY1995 and FY1996, so that no state would receive less than \$2,222,460 for each of those years.

The following table shows recent funding and the FY1999 request for the CSBG and related activities, as described above.

Appropriations for CSBG and Related Activities, FY1997 - FY1999
(in millions)

Program	FY1997	FY1998	FY1999 (request)	FY1999 (subcommittee)
Block Grant	\$489.6	\$490.6	\$490.6	\$500.0
Community Economic Development	27.3	30.1	0	30.0
Rural Community Facilities	3.5	3.5	0	3.5
National Youth Sports	12.0	14.0	0	15.0
Community Food and Nutrition	4.0	4.0	0	0
Total	\$536.4	\$542.2	\$490.6	\$548.5

Legislative History

The history of CSBG dates back to 1964, when the Economic Opportunity Act established the War on Poverty and authorized the Office of Economic Opportunity (OEO) as the lead agency in the federal antipoverty campaign. One of the most significant OEO programs was Community Action, under which a nationwide network of local CAAs was developed. In 1975, OEO was renamed the Community Services Administration (CSA), but remained an independent, executive branch agency. In 1981, CSA was abolished and replaced by the CSBG, to be administered by HHS. At the time CSA was abolished, it was administering nearly 900 CAAs, about 40 local Community Development Corporations, and several small categorical programs that were typically operated by local CAAs.

The CSBG Act was established in 1981 as a partial response to President Reagan's proposal to consolidate CSA with 11 other social services programs into a block grant to states. Congress rejected this proposal and instead created two new block grants — the Social Services Block Grant, under Title XX of the Social Security Act; and the CSBG, which consists of activities previously administered by CSA. The CSBG Act was enacted as part of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), and has been reauthorized four times — in 1984 under P.L. 98-558, in 1986 under P.L. 99-425, in 1990 under P.L. 101-501, and in 1994 under P.L. 103-252.

Legislation in the 105th Congress

Both the House Education and the Workforce Committee and the Senate Labor and Human Resources Committee have held hearings this year on reauthorization of the CSBG Act, which is scheduled to expire on September 30, 1998. On June 23, 1998, the Senate Labor and Human Resources Committee unanimously approved legislation (S. 2206), that would reauthorize the CSBG for five years, through FY2003. The legislation would also reauthorize Head Start and the Low-Income Home Energy Assistance Program, and would establish a new Assets for Independence program that would enable low-income individuals to accumulate assets in individual development accounts.

Among other things, S. 2206 would make the following changes in the current CSBG program:

- establish a statement of purpose and goals;
- allow states to recapture and reobligate funds that had been passed through to local agencies, if the local agency has not obligated a certain amount of funds in a given period of time;
- require states to designate a lead agency to develop the state's application and plan for CSBG funds;
- allow states to prepare two-year, rather than one-year, plans;

- require all states and local agencies to participate in a performance measurement system established by the Secretary of HHS, or an alternative performance measurement system;
- require the Secretary of HHS to develop a performance measurement system and to report annually on the performance of states and local agencies;
- require states to monitor local agencies, including a full on-site review at least once every three years, and establish provisions for corrective action and termination or reduction of funding;
- clarify that non-profit organizations include faith-based organizations, and establish provisions regarding their participation in the program; and
- establish a new federally administered program, called Neighborhood Innovation Projects, that would allow the Secretary to make grants to neighborhood-based nonprofit organizations.

On the House side, the Education and the Workforce Committee has not yet scheduled a markup session. On May 14, Representative Martinez introduced H.R. 3880, which would reauthorize the CSBG with few amendments through FY2002, along with Head Start, and the Low-Income Home Energy Assistance Program. Representative Martinez is the ranking Democrat on the Subcommittee on Early Childhood, Youth and Families.