

Written Testimony  
Pennsylvania Joint House and Senate  
Committee on Local Government  
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Chairman Freeman, Chairman Creighton, Chairman Eichelberger, Chairman Musto and all Members of House and Senate Local Government Committees: I wish to thank you for affording me this opportunity to discuss how the federal Community Services Block Grant (CSBG) plays a meaningful role in assisting the neediest and most vulnerable of Pennsylvania's families. The Department of Community and Economic Development (DCED) is a proud partner with the Community Action Agency network, the distribution network for CSBG. I would like to use this opportunity to orient the General Assembly on how DCED administers this important program, how funds are distributed and how our stellar network of 42 local agencies, covering all 67 counties, provides a comprehensive delivery system of programs and services, leveraging CSBG with other federal, state and private funds. As much or more than any program that the Commonwealth administers, the CSBG program addresses real needs and helps real families lead better lives.

As you are aware, according to the US Census Bureau in 2008, 12.1% of Pennsylvania's population lives at or below the poverty level – which ranks Pennsylvania 29<sup>th</sup> in the nation for those living in poverty. Nationally, the percentage is 13.2%. Rural areas of Pennsylvania have a higher percentage of those in poverty than do our cities.

CSBG, through federal legislation, is administered through the federal Department of Health and Human Services. DCED is the lead agency for the state's administration of CSBG funding. The Commonwealth of Pennsylvania, in deploying CSBG funds, commits to the same federal goals of providing services and activities to address the root causes of poverty in communities or in those neighborhoods where poverty is a particularly acute

problem. In addition, Pennsylvania, through its own state plan, emphasizes a better focus of human and financial resources with the objective of eliminating poverty by encouraging an efficient coordination of existing programs that are intended to address the challenges of those in poverty. While the goal of the program is to work to reduce and eliminate poverty, it is recognized that the cause of poverty has many contributing factors, (i.e. lack of education, lack of job opportunity). To these worthy goals, CSBG funding is truly one of our greatest tools. It provides funding for those activities which serve as a “safety net”; services and programs which are not found elsewhere, for those with the greatest need in our communities.

DCED develops both a state plan and a formula to administer CSBG funds. A state plan for CSBG funds is developed every two years. After full citizen participation, this plan sets forth the priorities for funding under this program – identifying problems to be addressed and prescribing tailored distribution of funds to address those problems. The current state plan is posted on our website at [www.NewPA.com](http://www.NewPA.com). The public hearing was held August 25, 2009. The current state plan covers federal fiscal years 2010 and 2011.

The statewide distribution of funds as prescribed by state plan for the CSBG program (and as approved by HHS) is as follows:

- No less than 90% of the CSBG funds are distributed to 44 eligible entities;
- 5% is used as discretionary funds for which there is a separate, competitive cycle;
- 5% is used for administration by the Commonwealth.

To reinforce Pennsylvania’s commitment to the federal goals, the focus of CSBG funds as delineated in the state plan will continue to be on the following priority areas:

- Provision of supportive services in coordination with the provision of housing;
- Innovative employment-related services, job training and related activities tailored; to the specific needs of individual communities with particular emphasis on

coordination with DCED's efforts in the geographic area to create or preserve job opportunities;

- Coordination of CSBG funded activities with other economic growth and employment opportunities through community development activities and strategic partnerships;
- Job creation, including micro-enterprise development and entrepreneurship training;
- Health issues of children, with an emphasis on childhood obesity, immunizations, and nutrition education;
- Non-acquisition, non-rehabilitation costs related to housing and economic and development projects.

Each year in order to receive their share of CSBG funding, all Community Action Agencies must submit their work plans, which outline their intended use of CSBG funds for that year. All work plans are reviewed to ensure that the proposed use of the funds address actual needs as identified in their local needs assessments; that the local agencies present efforts to leverage and coordinate CSBG funds with other resources, including resources and initiatives of other service providers and local agencies; and finally, that the proposed investments demonstrate sustainability and deliver measurable outcomes.

Allocations are distributed to the agencies according to a formula developed by the state. The current formula is comprised of two factors: the number of persons with incomes below 200% of poverty in each service area (based on the most current census data available) on which 75% of the allocation will be based; and the number of unemployed persons in each service area (Pennsylvania Center for Workforce, Pennsylvania Civilian Labor Force Data by county of Residence, 2000 Annual Average) on which 25% of the allocation will be based.

I would like to emphasize that this formula is determined by the state and this department. This formula of allocation can be changed as the needs of Pennsylvanians change. We do

recognize that other factors, such as high school graduation versus drop out rate, prevalence of blight, and teenage pregnancy rate, weigh heavily on the social service needs of a community. DCED believes that the formula for allocation of resources and the factors to be included in that consideration should be reexamined periodically. This hearing offers an opportunity to open that dialogue, and as we develop our next state plan in 2012, we will re-examine the issue. Of course at that time, DCED will invite the Community Action Agencies as well as other community stakeholders to be a part of the re-examination exercise and strategy development.

Now that I've covered the technical information about CSBG, I would like to tell you about how the funds have been used at the "grass roots" level; how these funds have significantly impacted our poorest residents, through the work of our partners, the Community Action Agency network and other non-profits and communities. These groups provide the services and programs in about 14 different categories which cover initiatives like housing/shelter, senior services, family development, employment/job training, advocacy, and health. Under these categories, there are about 88 different services and programs that are available to our communities. In most cases, the community action agency in that area is the only agency providing those much needed services. These include Head Start, child day care, micro-enterprise development, emergency food and shelter providers, budget counseling, food banks and food pantries, transportation to name a few. I have included a matrix which covers all of the agencies and the many services they provide.

In 2008 our state grant was \$ 27,529,000. With those funds, the Community Action agencies leveraged approximately \$366,000,000 to assist 356,338 low-income constituents, equaling approximately \$ 14.82 for each CSBG dollar expended.

- 6,511 unemployed, low-income persons obtained a job;
- 1,237 persons obtained an increase in employment income;

- 7,456 persons obtained pre-employment skills and competencies required for employment and received training program certificates;
- 1,231 jobs that provide enough income needed for a family to adequately meet their basic needs without public or private assistance were created or retained;
- 4,739 organizations worked in partnership with the CAA's to promote family and community outcomes, of which 672 were faith-based organizations.

I would like to share a few examples of how diverse the community action agencies are and some stories of how they are successfully assisting their communities. In some cases, the community action agencies have become not just service providers but are themselves entrepreneurs, creating jobs, and leveraging CSBG funding to become both community and economic development engines for their respective communities.

#### **Lawrence County Community Action Partnership**

The Lawrence County Community Action Partnership is the lead provider of Head Start for Lawrence County. With the Head Start student population increasing in the City of New Castle, and the need to coordinate student and family services, the agency needed more space than at various existing locations. They didn't need to look far to see that a local public school building, the former Ben Franklin High School and vacant for many years, was a perfect solution. The Community Action Agency purchased the building from the school district then began a rehabilitation of the building using a work crew from their in-house job training program called the Green Building Employment Program. This program took 12 teens from Youth Corp. and 10 unemployed adults, gave them training and gave them the experience they needed by working on various phases of the building reconstruction. The trainees then went on to become employed directly into the Agency's housing work crew, or employed by county contractors who focus on housing rehabilitation.

Now 411 students are housed within the building: 60 Pre-K students funded through the Governor's Pre-K initiative, and 351 Head Start students. The Agency provides CSBG funded food and nutritional services which support the pre-school students.

The new facility also is a model for a new energy saving initiative which was supported by Mitsubishi as a model for other school buildings and commercial building projects. The heating/cooling system is computer driven through small refrigerator lines, located within the ceilings. The computer system indicates energy use throughout the building then regulates and redistributes heat and air conditioning as the building needs change throughout the day. Other CSBG programs that are served within the building are the Housing Rehabilitation and First Time Homebuyers Program, and the Job Preparedness and Career Awareness for youth between 16-19 years old.

#### **Community Action Commission**

The Community Action Commission, right here in Harrisburg, also serves as the agency for our Elm Street program, rehabilitating homes for resale and providing services for the residents in the Allison Hill area of Harrisburg. They provide services for self-sufficiency as well as for housing activities. Here is an individual success story which highlights their assistance:

A local young woman of 30, with a tough history of drug use and decline, came to the Community Action Commission for assistance to get her life turned around for herself and her young daughter. As a result of some poor choices, she was incarcerated twice over a three year period. But she had employment and knew she wanted to buy a home. So while still incarcerated, she was allowed to attend Homebuyers Workshop conducted by the Community Action Commission. She attended all workshop classes and received her Certificate of Completion. The CAC assisted with transportation (CSBG funded) to ensure that she was able to complete the classes. When she first attended the classes her credit rating was in the low 400's. As part of the overall homebuyers program, she received credit counseling and budget counseling. When she completed the program her credit

report increased to approximately 680 at which time she was pre-approved for a mortgage amount of \$95,000. With CAC assistance, she was able to receive an FHA loan for the home purchase.

### **TREHAB**

An example of one of our rural agencies is Trehab which covers the counties of Bradford, Tioga, Wayne, Sullivan, Susquehanna and Wyoming.

Trehab is the Elm Street Administrator for the Borough of Susquehanna, a small municipality in Susquehanna County. Development staff funded by CSBG identified a small anchor building in the downtown that was in need of renovation. Total renovation of the building was 1.8 million dollars, utilizing DCED HOME Investment Partnership Program (HOME) Funds, Housing and Redevelopment Assistance (HRA) funds, Pennsylvania Housing Finance Age (PHFA) multi funds, Federal HOME funds, Act 137 funds, and Neighborhood Assistance donated funds. In total, twenty five subcontractors were utilized with a General Contractor.

The building is currently being used for six units of apartments for the elderly and Trehab offices which will provide Workforce Investment Job Training and other community services.

In response to high energy costs for homeowners and small farms, Trehab Development Staff implemented a startup company, Trehab Renewable Energy, a for profit subsidiary to explore feasibility of selling Wind Turbines to small farmers, residential homeowners and commercial businesses. Since 7/1/08, the startup company has hired two full time Energy Specialists and one part time staff person; also two subcontractors retaining two workers for each installation subcontractor. Trehab Renewable Energy sold and installed thirty-five wind turbines during the period of 7/1/08 - 2/28/10. Total value of the startup business during the above time frame was \$593,000.

And finally, I should point out that the American Reinvestment and Recovery Act (ARRA) of 2009 provided DCED an allocation of \$42.3 million for the CSBG-Recovery funds which will allow community action agencies to undertake a variety of community activities to stimulate economic recovery and job creation/retention. These funds expire September 30, 2010 and are being used to meet emergency needs as well as provision of employment-related services, legal services, financial literacy assistance, family counseling and other services designed to move clients toward self-sufficiency. All contracts are fully executed. \$8,495,869 has been drawn down as of January 5, 2010 with 91.54 jobs created for the first quarter reporting period.

In summary, CSBG is a funding source that helps create capacity at the local level, through Community Action Agencies, to address the critical problems of poverty. These agencies receive CSBG funding as the foundation for the wide variety services and improvements in which they leverage other federal, state, and local funding sources. In so doing, these agencies are able to respond with multi-faceted approaches to promote community revitalization across the Commonwealth.