

Report To The Congress

OF THE UNITED STATES

Community Services Block Grant: New State Role Brings Program And Administrative Changes

In 1981, the community services block grant replaced eight federal categorical programs and gave states primary administrative responsibility. States' authority was greatly expanded over their limited involvement in the prior program, and federal funds accompanying block grant implementation were substantially below the categorical levels. The 13 states GAO visited generally did not use their own funds to offset reduced federal support during 1982 and 1983, but 9 did institute new poverty-based formulas for distributing funds to grantees.

Community action agencies remained the predominant local service providers, but 91 percent of these agencies in the 13 states received less funds in 1983 than in 1981, with most experiencing reductions of 25 to 50 percent. The 47 local organizations GAO visited reported a wide variety of changes. Many had developed alternative funding sources and increased the use of volunteers to adjust for reduced funds, and most reported changes in staffing levels, services provided, and service delivery methods.

While local organizations remained the principal decision makers concerning service priorities and delivery, states began to assert their management prerogatives. Although different approaches were used, all 13 states had developed or planned to devise new administrative procedures and all had offered multiple opportunities for public input into decision making. Overall, state officials were pleased with the block grant, while most interest groups preferred the prior approach. Many interest groups were concerned about state funding decisions and the impact of the block grant on the groups and individuals they represented.



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COMPTROLLER GENERAL OF THE UNITED STATES
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To the President of the Senate and the
Speaker of the House of Representatives

Various committees of the Congress requested that the General Accounting Office review the implementation of the block grants created by the Omnibus Budget Reconciliation Act of 1981. The enclosed report provides comprehensive information concerning the progress states are making in implementing the community services block grant. It is one of several reports being issued on block grant implementation.

Copies of this report are being sent to the appropriate House and Senate committees; the Secretary of Health and Human Services; the Director, Office of Management and Budget; and the governors and legislatures of the states we visited.

Charles A. Bowsher
Comptroller General
of the United States

D I G E S T

The Omnibus Budget Reconciliation Act of 1981 substantially changed the administration of various federal assistance programs by consolidating numerous categorical programs into block grants and shifting primary administrative responsibility to states. This report--which focuses on the community services block grant (CSBG)--is one of a series GAO is issuing to give the Congress a status report on block grant implementation.

GAO did its work in 13 states: California, Colorado, Florida, Iowa, Kentucky, Massachusetts, Michigan, Mississippi, New York, Pennsylvania, Texas, Vermont, and Washington. Together these states account for about 43 percent of the national CSBG 1983 appropriations and about 48 percent of the nation's population. While these states represent a diverse cross-section, GAO's work cannot be projected for the entire country.

STATES ASSUME A NEW ROLE

The federal government has funded community services since 1964, when the Office of Economic Opportunity was established by the Economic Opportunity Act to administer several programs aimed at eliminating poverty. This office was abolished in 1975, and the Community Services Administration was established to administer programs authorized by the 1964 act. Through these programs a wide variety of services and activities were provided to the poor, including education, housing, and employment. Also, financial assistance was provided to community-based organizations to mobilize resources and coordinate government and other available programs.

Under both federal agencies, almost all grants were made directly to local providers. States' roles were essentially to provide

liaison activities and other support functions, usually through grants to state economic opportunity offices. Additionally, few states had state-supported community services programs. As a result, most states had limited experience administering community services programs and no existing framework for planning community services.

CSBG replaced eight federal categorical programs and gave states broad authority, within certain legislative limits, to allocate funds to local organizations and administer the program. The CSBG legislation has a purpose similar to that of the prior programs--ameliorating the causes of poverty--but it abolished the Community Services Administration and assigned federal oversight to the Office of Community Services within the Department of Health and Human Services. Like the predecessor programs, CSBG funds are used to support a wide range of services and activities.

For fiscal year 1982, \$366 million was appropriated for CSBG, which was about 30 percent below the \$525 million appropriated in fiscal year 1981 for the prior categorical programs. For fiscal year 1983, the Congress appropriated \$361 million for CSBG. In addition, \$25 million was appropriated through the Emergency Jobs Appropriations Act (jobs bill). For fiscal year 1984, \$352 million was appropriated.

STEPS TAKEN BY STATES DO NOT OFFSET REDUCED FEDERAL SUPPORT

In their new role, states had the authority to make community services funding decisions. Despite substantially reduced federal funds, however, the 13 states generally chose not to use their own funds to offset reduced federal support. None of the 10 states without state-supported community services activities before the block grant initiated state-supported funding for such activities during 1982 and 1983. In the three states that previously supported community services, state funding continued, but decreased or remained relatively stable between 1981 and 1983. Also,

only 1 of the 13 states transferred funds from other federal block grant programs to CSBG during 1982 or 1983.

Seven states required service providers to contribute some matching funds, but none imposed a larger match than required for the majority of categorical funds and therefore did not offset reduced federal funds. On the other hand, the existence of categorical funds available during early CSBG implementation helped providers adjust to lower funding levels, but such categorical funds had largely dissipated by 1983. Additionally, jobs bill funds provided added resources. (See pp. 11 to 14.)

MOST STATES ADOPT NEW METHODS FOR DISTRIBUTING FUNDS

Because states' involvement in prior community services programs was minimal, most had few ties to established distribution patterns. The 1981 block grant legislation and later amendments provided some continuity in service providers by requiring states to pass 90 percent of their allocations to certain types of organizations funded under prior programs. Although this requirement limited states' flexibility in deciding which entities could receive these funds, states had broad discretion over how to distribute funds among these entities.

States generally chose not to adhere strictly to the funding patterns established for the prior categorical programs and instead instituted new methods for distributing 90 percent of their community services funds. While each state's method contained some unique aspect, by 1983, 9 of the 13 states moved to formulas based in whole or in part on the incidence of poverty. These formulas typically included factors, such as minimum funding levels, to help ease the transition and avoid severe changes in individual providers' funding. (See pp. 14 to 17.)

MOST PROVIDERS RECEIVE LESS FUNDS

The new distribution formulas combined with the substantial decline in federal funding created numerous changes in the funding of individual providers.

As total community services funding decreased, 91 percent of the community action agencies (CAAs) in the 13 states sustained funding reductions, with larger CAAs experiencing the deepest cuts. However, CAAs funded under prior categorical programs remained by far the largest class of service provider. In 1981 and 1983, CAAs received about 80 percent of all CSBG funds awarded in the 13 states.

Other types of entities experienced more severe funding reductions than CAAs. While less than one-quarter of CAAs in the 13 states received funding reductions of 50 percent or more between 1981 and 1983, more than half of limited purpose agencies, Indian tribes, and other organizations experienced cuts exceeding 50 percent. (See pp. 17 to 24.)

WIDE VARIETY OF CHANGES AT THE LOCAL LEVEL

During the 1981-83 period, only 2 of the 13 states used their new authority to establish priorities for the types and amounts of services provided, and 4 prohibited using block grant funds to pay the cost of administering other federal programs. Local service providers continued to be the principal decision makers concerning service priorities and delivery approaches as they were under the categorical programs. (See pp. 28 and 29.)

GAO visited 47 service providers to obtain examples of how such organizations fared under the block grant. Over three-quarters received less community services funds in 1983 than in 1981, although only half experienced a decline in total funding from all sources. Typically, federal community services funding declined as a percentage of providers' total funding; the average percentage in 1983 was 21 percent compared to 28 percent in 1981. Many providers

took steps to compensate for reduced funds. Twenty-nine developed alternative funding sources, such as charging fees, soliciting private contributions, and/or seeking other federal funds. Fifteen said they increased the use of volunteers.

In addition to these funding changes, most providers said they made service-related adjustments. About 70 percent reported reduced staffing levels and/or organizational changes, slightly over 40 percent noted decreases in service delivery methods, and almost 60 percent reported reducing or eliminating services. At the same time a few providers reported increases in these areas. Providers' views on changes in the number of clients served were mixed.

Local service providers said that changes in federal community services funding frequently contributed to changes in their operations. At the same time, however, discerning the block grant's impact was often difficult because providers depended on federal community services funding to varying degrees and the size and scope of their operations varied substantially. In addition, 27 providers used federal community services funds to pay the cost of administering other programs, which made the link between CSBG funding and program changes obscure. Moreover, the direct relationship between CSBG and changes in providers' operations was clouded by other dynamics, such as changing client needs and local economic conditions, as well as fluctuating funding from other sources, like federal employment and training programs. (See pp. 29 to 33.)

STATES ASSERT ADMINISTRATIVE PREROGATIVES

States approached their new administrative responsibilities differently. Eight of the 13 states assumed CSBG responsibility on October 1, 1981, while 5 deferred acceptance and used the added time to prepare for the program. Also, six states initially adopted the former categorical administrative guidelines, but as the other seven states had done from the outset, they either developed or planned to devise their own procedures. (See pp. 39 to 41.)

States carried out their block grant management responsibilities by establishing program requirements, monitoring service providers, providing technical assistance, collecting data, and arranging for audits. Faced with assuming their new administrative responsibilities with only limited experience in providing community services, states used different approaches and emphasized different management aspects, although all monitored service providers and provided technical assistance. Eighteen of the 47 service providers GAO visited believed that state monitoring was more comprehensive than the prior federal monitoring, 9 believed federal efforts were more comprehensive, and the remainder saw no difference or were unable to compare monitoring efforts. Also, all but 5 of the 47 service providers said they received technical assistance, but 32 said they would like more. (See pp. 41 to 52.)

Service providers had mixed opinions regarding state versus federal administrative procedures and requirements. Overall, of the 35 that made comparisons, 12 said state administration was more burdensome, 11 said federal administration was more burdensome, and 12 said it was about equal. Also, between 1981 and 1983, federal administrative costs for community services decreased over \$37 million, and states reported increased administrative costs. (See pp. 52 to 55.)

PUBLIC PARTICIPATION ACHIEVED THROUGH VARIOUS MECHANISMS

States reported preparing required reports on the intended use of CSBG funds and conducting the mandated legislative hearings on the proposed use of funds. In addition, 11 states reported holding executive branch hearings, and 10 states used one or more advisory groups. State program officials said that advisory committees and comments on intended use reports were the most important sources of information in making decisions. Program officials also believed that governors and legislatures had become more involved in 10 states and 9 states, respectively, usually through the budget process. (See pp. 56 to 62.)

Interest group respondents across the 13 states were generally satisfied with their access to state officials, the time and location of hearings, and the time allotted at hearings. Major areas of dissatisfaction were the availability of information before hearings, the opportunity to comment on revised plans, and the amount of time between states' hearings and the comment period relative to the decision-making process. Interest groups that participated at hearings or submitted comments tended to be more satisfied.

Fifty-two percent of the 158 interest groups that responded to GAO's survey question regarding the effects of program changes believed that changes states made adversely affected individuals or groups they represented. Thirty-one percent viewed state changes favorably, while the remainder said there was no impact. (See pp. 62 to 65.)

OVERALL PERCEPTIONS DIFFER

State officials generally viewed the block grant as more desirable than the prior categorical approach. On the other hand, 54 percent of the interest group respondents saw the block grant as less desirable, while about 28 percent viewed it as more desirable, and the other 18 percent saw little or no difference. While interest groups and state officials had differing views, both expressed concern about the federal funding reductions; state officials believe reductions tended to diminish the block grant's advantages and interest groups were concerned about its impact on the individuals they represent. It was often difficult for individuals to separate block grants, the funding mechanism, from block grants, the budget-cutting mechanism. (See pp. 65 and 66.)

AGENCY COMMENTS

Department of Health and Human Services officials commented that this report was an objective and informative summary of the implementation of the CSBG program. They provided oral comments, which were generally limited to technical matters, and these were incorporated, where appropriate, into this report.

C o n t e n t s

	<u>Page</u>
DIGEST	i
CHAPTER	
1	INTRODUCTION 1
	History of community services programs 1
	The community services block grant 2
	Objectives, scope, and methodology 5
2	STATES USED NEW AUTHORITY TO CHANGE COMMUNITY SERVICES FUND DISTRIBUTION 10
	States assume new planning responsibilities 10
	Steps taken by states do not offset reduced federal support 11
	Availability of other federal funds mitigates the impact of reduced CSBG funds 13
	Most states adopt new methods for distributing funds 14
	Most states use poverty factors when distributing the 90-percent funds 14
	Ten-percent unrestricted funds used in various ways to meet state needs 16
	Most entities experience funding cuts but reductions to CAAs were least severe 17
	More organizations receive com- munity services funding 17
	Numerous adjustments made to level of funding for individual providers 19
	Federal requirements and achieving even geographic coverage are most influential factors in states' decision making 24
	Conclusions 26
3	CHANGES IN LOCAL COMMUNITY SERVICES GOVERNED PRIMARILY BY SERVICE PROVIDER DECISIONS 28
	States initiated few policy changes setting forth allowable CSBG services 28
	Wide variety of changes reported at the local level 29

CHAPTER

Page

	Many providers reported declines in funding and changes in their operations	30
	CSBG is one of many factors that influenced service provider operations	32
	Examples of variations in service providers' operations	33
	Detroit service provider's operations affected by funding changes and economic conditions	33
	Washington provider uses increased funding to meet new client needs	34
	New York's largest grant recipient operates more economically to help compensate for reduced community services funds	35
	Iowa provider reportedly not affected by reduced CSBG funding	36
	Massachusetts' largest provider sought alternative funding to help offset funding reductions	36
	Despite community services funding cuts, Houston provider expands services	37
	Conclusions	38
4	BLOCK GRANT SUBSTANTIALLY INCREASES STATES' ADMINISTRATIVE RESPONSIBILITIES	39
	States approach CSBG administrative responsibilities differently	39
	Some states deferred accepting block grant	39
	States assign CSBG responsibilities to different organizational units	40
	Some states initially used federal administrative procedures	41
	States are carrying out management responsibilities	41
	Requirements imposed on service providers	41
	States monitor CSBG differently	43
	States provide technical assistance, but service providers would like more	46
	State collection and use of data varied	48

	<u>Page</u>
CHAPTER	
States arrange for audits of CSBG funds	50
Differing opinions on relative burden of federal and state administrative procedures	52
Federal administrative costs decrease while state costs increase	53
Some administrative cost data available at federal level	54
State level administrative costs increased	54
State officials' perceptions about administrative costs	55
Conclusions	55
5 STATE ELECTED OFFICIALS AND CITIZEN GROUPS HAVE BECOME MORE INVOLVED IN PROGRAM DECISIONS UNDER THE BLOCK GRANT APPROACH	56
Expanded gubernatorial and legislative involvement	56
States use several mechanisms to obtain citizen input	58
States prepared required reports	58
States conducted legislative and executive hearings	59
Considerable use of advisory committees and task forces	60
Role of citizen input in CSBG decision making	61
Perceptions of interest groups and state officials on block grants	62
Interest groups give mixed reaction on state input process	62
Interest group and service provider satisfaction with the state process	64
State officials and interest groups have different perceptions of block grant approach	65
Conclusions	66
APPENDIX	
I GAO reports issued to date on states' implementation of block grants created by the Omnibus Budget Reconciliation Act of 1981	68

	<u>Page</u>	
APPENDIX		
II	Description of GAO's data collection methodology	69
III	Federal funding for community services activities in the 13 states, 1981-83	80
IV	Planned funding methods in 13 states to distribute 90-percent funds for 1983	81
V	Number and percentage of entities experiencing various changes in funding, 1981-83	82
VI	Number and percentage of entities experiencing various changes in funding in each sample state, 1981-83	83
VII	Funding ranges for selected service providers for fiscal years 1981 and 1983	84
VIII	Interest group opinions on the community services block grant	85

ILLUSTRATIONS

Federal appropriations for community services, FY 1981-FY 1984	4
States visited in standard federal regions	6
Number of entities receiving community services funding in 1981 and 1983	18
Federal funding for community services entities in 1981 and 1983	20
Changes in funding for entities between 1981 and 1983	21
Percent change in funding by size of 1981 grants from 1981 to 1983	22
Program officials' opinions about selected factors of great importance in setting community services block grant priorities	25

ILLUSTRATIONS

Number of states that imposed selected requirements on community services block grant service providers	42
Program officials' opinions about the degree of emphasis placed on monitoring selected community services block grant issue areas	44
Program officials' opinions about the extent they relied on selected techniques to monitor service providers under the community services block grant	45
Service providers' opinions about the comprehensiveness of federal and state monitoring	46
Number of community services block grant service providers receiving technical assistance in selected areas	47
Program officials' opinions about the influence selected factors had on the data collection effort for the community services block grant	49
Service providers' opinions about the burden of state administrative requirements as compared to federal requirements	53
State program officials' opinions about gubernatorial and legislative involvement in community services block grant decisions compared to prior categoricals	57
Program officials' opinions about the sources of information that were of great importance in community services block grant decisions	61
Community services interest group participation in the block grant input process	63
Percent of interest group participation in different aspects of hearing process	64
Interest group satisfaction with state responses to issues of great concern	65

ABBREVIATIONS

CAA	community action agency
CETA	Comprehensive Employment and Training Act
CSA	Community Services Administration
CSBG	community services block grant
GAO	General Accounting Office
HHS	Department of Health and Human Services
LPA	limited purpose agency
OMB	Office of Management and Budget

CHAPTER 1

INTRODUCTION

The Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, substantially changed the administration of various federal domestic assistance programs by consolidating numerous categorical programs into block grants and shifting primary administrative responsibility to states. Of the nine block grants enacted, four relate to health services, one to social services, one to low-income energy assistance, one to education, one to community services, and one to community development.

The 1981 act gives states greater discretion, within certain legislated limitations, to determine programmatic needs, set priorities, allocate funds, and establish oversight mechanisms. Since the act was passed, the Congress, as well as the public and private sectors, has been greatly interested in how the states have exercised their discretion and what changes the block grant approach has held for services provided to the people. In August 1982 we provided the Congress an initial assessment of the 1981 legislation in our report entitled Early Observations on Block Grant Implementation (GAO/GGD-82-79, Aug. 24, 1982).

Subsequently, we embarked on a program designed to provide the Congress with a series of comprehensive, updated reports on states' implementation of these programs. This report addresses the implementation of the community services block grant (CSBG). Other reports that have been issued are listed in appendix I.

HISTORY OF COMMUNITY SERVICES PROGRAMS

The federal government has funded community services programs designed to fight poverty since 1964, when the Economic Opportunity Act created the Office of Economic Opportunity and gave it responsibility for administering a number of activities to eliminate poverty. One unique activity was the Local Initiative Program, which was aimed at facilitating self-sufficiency and encouraging maximum feasible community participation. It funded a network of public and private nonprofit organizations to mobilize resources and provide and deliver to the poor a wide range of services and activities in such areas as housing, education, employment, and emergency services. Also, Local Initiative funds were used to support the administration of Local community organizations, including community action agencies (CAAs).

The Economic Opportunity Act imposed a number of requirements on grant recipients. For example, CAAs were required to have boards of directors composed so that one-third of the members represented the poor, one-third represented elected

officials, and the balance represented other community interests. In addition, grantees had to comply with requirements to match a varying percentage of federal funds with their own, as well as prohibitions against using funds to supplant nonfederal funds or for political purposes, such as providing transportation to voting polls or other related voter assistance.

Over the years community services activities provided under the 1964 act continued to be targeted toward eliminating poverty. However, some aspects of the programs changed. For example, several new programs were added, including the Community Food and Nutrition Program, which provided emergency financial assistance for food, supplies, and services to "counteract conditions of starvation or malnutrition among the poor," according to the act, as amended, and the Senior Opportunities and Services Program, which helped meet the needs of the elderly poor.

In 1975, the Office of Economic Opportunity was abolished, and the Community Services Administration (CSA) was established and given responsibility for administering programs authorized by the 1964 act. Despite federal level organizational changes, most community services funds continued to be distributed primarily through CAAs. In 1981 about 900 CAAs and many other qualifying organizations were receiving funds. Although states received prior categorical grants to provide liaison activities, coordination, and technical assistance, their roles in administering community services programs were limited.

THE COMMUNITY SERVICES BLOCK GRANT

CSBG became effective October 1, 1981, but states were given the option to defer assuming operational responsibility for the program until September 30, 1982. Fourteen states postponed accepting responsibility, but by October 1982 all were participating in the program.

CSBG's purpose is to ameliorate the causes of poverty. The block grant replaced eight categorical grant programs: Local Initiative, Community Food and Nutrition, Senior Opportunities and Services, State Agency Assistance, Community Economic Development, National Youth Sports, Housing and Community Development, and the Rural Development Loan Fund. In addition, it abolished CSA and established the Office of Community Services within the Department of Health and Human Services (HHS) to administer CSBG.

To receive CSBG funds, states must agree to

- provide a wide range of services having a measurable and potentially major impact on the causes of poverty in the community,
- provide activities designed to assist low-income individuals,
- coordinate and establish linkages between government and other social service programs to assure effective delivery of services to low-income individuals,
- provide emergency services and supplies, and
- encourage involvement of the private sector in ameliorating poverty.

CSBG also includes several restrictions, including one that requires most states to allocate 90 percent of their block grant funds to certain types of organizations. Originally, only organizations serving seasonal and migrant farmworkers or organizations officially designated as CAAs in fiscal year 1981 were eligible to receive the 90-percent funds, and the requirement was to apply only in fiscal year 1982. Subsequently, the requirement was extended through fiscal year 1984, and the types of organizations eligible for these funds were expanded to include limited purpose agencies¹ (LPAs) that performed the functions of CAAs and other organizations receiving Local Initiative funds in 1981. Subsequent legislation also authorized waivers to the 90-percent requirement for states that certified community services were not available in more than 45 percent of their counties in fiscal year 1982 and whose CSBG applications included plans to allocate fiscal year 1983 funds to political subdivisions. Nationwide, only three states--Colorado, Utah, and Wyoming--received such waivers.

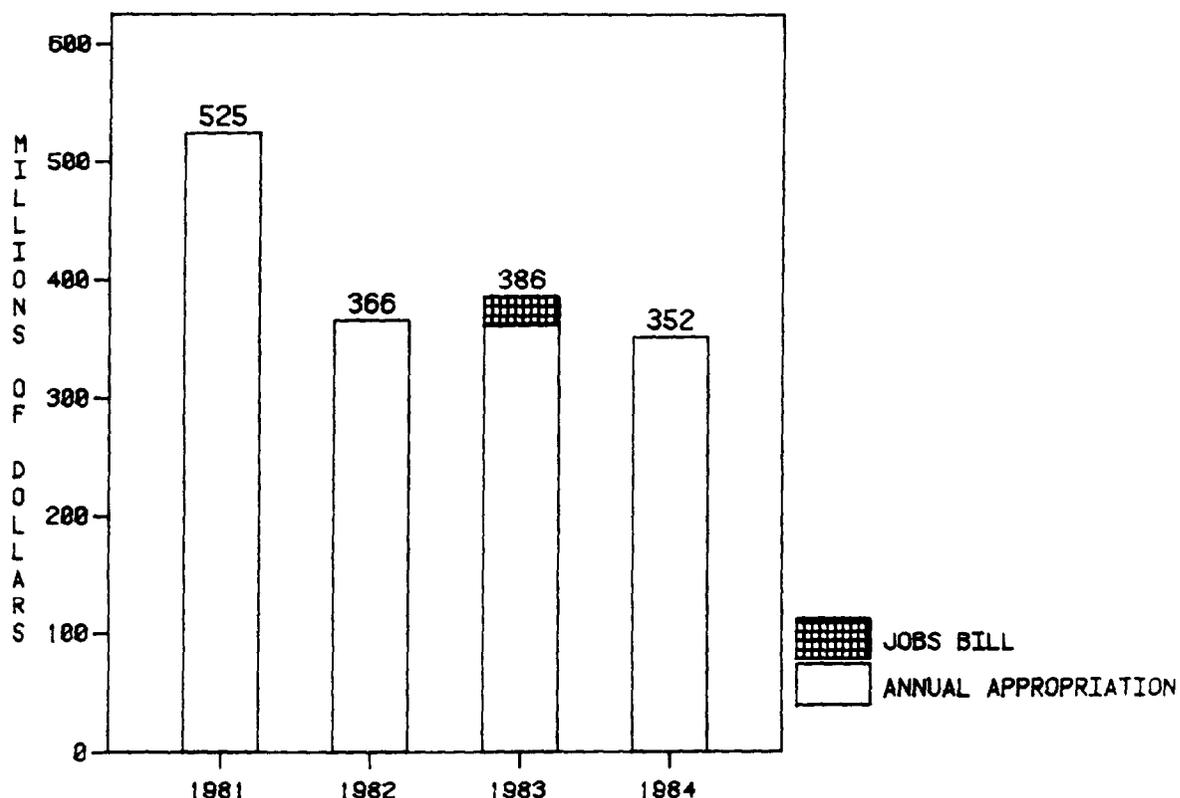
The 1981 block grant legislation also imposes a 5-percent limit on the funds that can be used for state administrative purposes and a 5-percent limit on the funds that can be transferred to certain other federal programs. In addition, the legislation contains a number of specific prohibitions on the use of funds, requires states to prepare and transmit certain information on CSBG activities to HHS, and requires the same composition of boards of directors of CAAs and other private nonprofit organizations that existed under the prior program. However, many federal requirements were discontinued, including the matching requirements and the prohibition against using certain funds for supplanting existing nonfederal funds.

¹LPAs were organizations that provided community services but were generally narrower in scope than CAAs.

The 1981 legislation authorized \$389.4 million for CSBG each year for fiscal years 1982-86. It also authorized the HHS Secretary to use up to 9 percent of the amounts appropriated for discretionary programs, which included activities similar to those supported under prior categorical programs. Through the appropriations legislation for 1983 and 1984, the Congress specifically identified the programs for which the 9-percent discretionary funds had to be used.

As shown in chart 1.1, funds actually appropriated for CSBG and the Office of Community Services' administrative expenses for fiscal year 1982 were about 30 percent below the 1981 level for programs consolidated into the block grant and their administration. In 1983, \$361 million was appropriated for CSBG, and an additional \$25 million was provided through the Emergency Jobs Appropriations Act (Public Law 98-8), commonly referred to as the jobs bill. These supplemental funds were to be used to expand assistance to the unemployed and disadvantaged. For fiscal year 1984, slightly over \$352 million has been appropriated.

CHART 1.1
 FEDERAL APPROPRIATIONS FOR COMMUNITY SERVICES
 (FY1981 -- FY1984)



In fiscal year 1983, HHS awarded about \$31 million for 77 discretionary projects across the country. Further, HHS made 103 direct grants totaling about \$1.9 million to Indian organizations. The remaining CSBG appropriations, less the funds for HHS' administration, were allocated to states and territories.

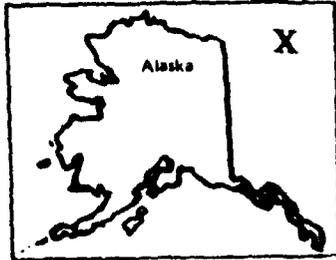
OBJECTIVES, SCOPE, AND METHODOLOGY

Our primary objective in work on all block grants is to provide the Congress with comprehensive reports on the states' progress in implementing them. The information presented in this report was developed to assess the status of CSBG implementation and not intended to evaluate states' effectiveness in devising or managing programs. As shown on the map on the following page, we did our work in 13 states: California, Colorado, Florida, Iowa, Kentucky, Massachusetts, Michigan, Mississippi, New York, Pennsylvania, Texas, Vermont, and Washington. These states were selected to attain geographic balance. The states had (1) differing fiscal conditions and varying ranges of per capita incomes, (2) varying degrees of involvement by state executive and legislative branches in overseeing and appropriating federal funds, and (3) a variety of types of organizations that ultimately provided community services. At least 1 state was selected in each standard federal region, and in total, the 13 states account for about 43 percent of the 1983 national CSBG appropriations, excluding jobs bill funds, and 48 percent of the nation's population. Our sample of 13 states was judgmentally selected and not intended for projection purposes.

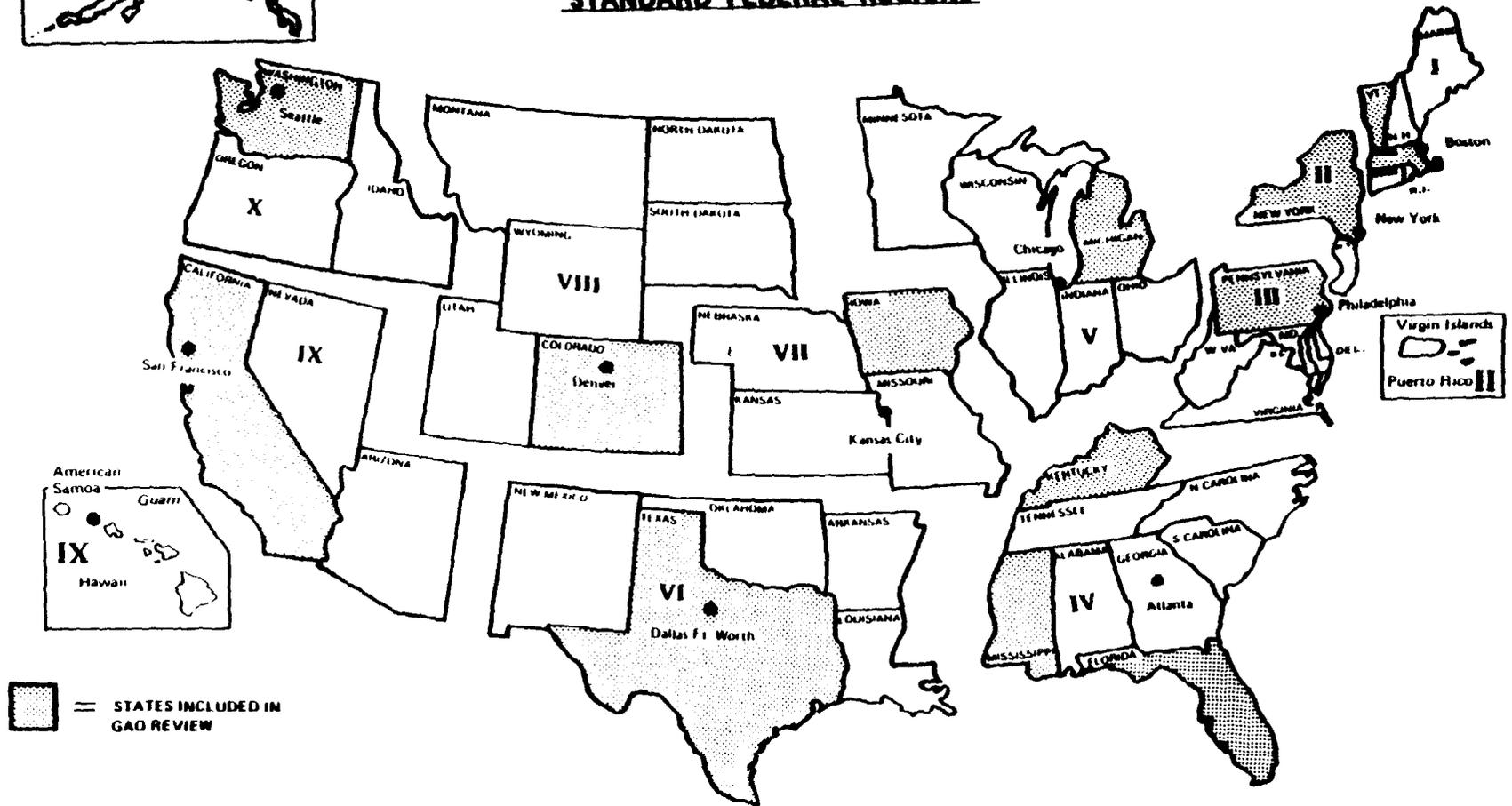
Our review focused on how states are implementing CSBG and what changes, particularly those related to the block grant, have occurred since the consolidation of the prior categorical programs. Information was obtained at three management levels: HHS headquarters, the state, and service providers.

At the federal level, we obtained CSBG fund allocations for fiscal years 1981-83 and certain program information from HHS headquarters in Washington, D.C. We also discussed with headquarters officials HHS policies for implementing and monitoring the program.

At the state and local levels we used a wide variety of data collection instruments and approaches to obtain information from two overall sources: (1) individuals or organizations responsible for or having an interest in a single block grant and (2) individuals or organizations responsible for or having an interest in multiple block grants. These instruments were designed to gather consistent information across states and across block grants, where reasonable and practical.



**STATES VISITED IN
STANDARD FEDERAL REGIONS**



9

☐ = STATES INCLUDED IN GAO REVIEW

The first set of information sources included state program officials responsible for administering CSBG and individual providers. To obtain information from these sources, we used a state program officials questionnaire, financial information schedules, a state audit guide, a service provider data collection guide, and an administrative cost guide.

Almost identical versions of the program officials questionnaire and administrative cost guide were used for all block grants. The other three instruments had to be tailored to each block grant because of differences in the types of programs and services provided under each block grant and the manner in which financial information had to be collected.

We used information obtained at the state level through the financial information schedules to examine changes in the amount of federal community services funds available in states and to determine states' use of block grant funds. We also used this information to identify changes in funding levels for local providers.

The service providers data collection guide was used, not to obtain comprehensive data from that level, but rather to identify examples of the implications, for service providers, of state policies and practices in block grant implementation. We visited 47 service providers which were judgmentally selected by taking into consideration type and size of organizations, location in the state (urban and rural areas), and types of predecessor categorical grants received. In our selection, we included at least three organizations from each state we visited, including at least one large recipient of 1983 CSBG funds. In most cases, we selected organizations that had received prior categorical grants so we would have a basis for comparing pre- and post-block grant community services; preference was given to organizations with significant changes in federal funds.

We used funding information obtained through the service providers data collection guide to examine the changes in federal community services and other federal, state, local, and private funds from 1981 to 1983 at the local level. These figures were also used as reported by service providers to discuss the impact of funding changes on providers' operations. In all cases, jobs bill moneys were not separately identified. However, six service providers did identify jobs bill funds, and in these cases such funds were considered to be CSBG funds. At four of the six providers, jobs bill funds were 6 percent or less of the community services funds, and at no provider were they greater than 8 percent.

The second set of information sources included representatives from the governors' office, various officials from the state legislature, and public interest groups. To obtain information from these sources, we used questionnaires which generally asked about the respondents' specific experience with the block grants and obtained perceptions concerning the block grant concept.

The questionnaire sent to public interest groups solicited their views concerning how the state in which the group is located had implemented and administered the block grant. We identified interest groups through several sources, such as contacting about 200 national level organizations, obtaining mailing lists provided by HHS and a private organization with extensive knowledge about block grants, and contacting officials in the states we visited. Although not a representative sample of all concerned public interest groups, we mailed out 1,662 questionnaires pertaining to all block grants under review and received 786 responses, of which 239 indicated having at least some knowledge of their state's implementation of CSBG. The 239 responses became the basis for our analysis of public interest groups for CSBG even though not all 239 responded to each question.

A detailed discussion of the content, source of information, and method of administration for each data collection instrument is included in appendix II. Our work was done in accordance with generally accepted government auditing standards.

All questionnaires were pretested and subjected to external review prior to their use. The extent of pretest and review varied, but in each case one or more knowledgeable state officials or other organizations provided their comments concerning the questionnaire or completed the questionnaire and discussed their observations with us. Also, the service provider data collection guide was discussed with various providers. The design of the financial information schedules was developed in consultation with the Urban Institute and HHS.

Our fieldwork on CSBG was carried out primarily between January and August 1983. At the conclusion of our work, individual state summaries were prepared containing the data developed using the financial information schedules and the state audit guide. We briefed state officials on the information contained in the summary and gave them an opportunity to comment on its accuracy and completeness. Particular attention was given to the financial information, and state officials were asked to review these data to ensure that the data accurately represented, to the best of their knowledge, trends in the use of categorical and block grant funds over the 1981-83 period. Our summaries were modified, where appropriate, on the basis of

comments provided by state officials. The final summaries, together with information received directly from questionnaire respondents, were used to prepare this report.

Additionally, we obtained information on state plans for auditing program expenditures. Because states were just beginning their audits at the time of our fieldwork, it was too early to evaluate the adequacy of the audits. Therefore, we concentrated on determining the status of state efforts to arrange for audits of block grant funds.

The following chapters focus on the funding patterns that have emerged under CSBG and how they differed from the prior categorical programs, the changes that have been made at the state and service provider level to the type of community services offered and how they are delivered, state organization and management changes that have been made, and the involvement of citizens, state elected officials, and interest groups in processes which led to decisions on how block grant funds would be used.

CHAPTER 2

STATES USED NEW AUTHORITY TO CHANGE

COMMUNITY SERVICES FUND DISTRIBUTION

CSBG legislation gives states more authority to establish funding priorities to meet their needs. However, it also requires states to use the vast majority of their block grant funds to continue supporting certain service providers funded under the prior categorical programs. Additionally, the amounts of federal community services funds made available to states were substantially below levels established under the former programs.

Because they had little involvement in administering the categorical programs, states had to make some fundamental decisions in planning their CSBG programs, including whether to compensate for reduced federal support and how to distribute block grant funds among eligible service providers. While states generally took few steps to offset declining federal support, most devised new poverty-based formulas to allocate block grant funds. Such state policy decisions, coupled with waning federal funds, prompted numerous changes in the funding of individual service providers.

STATES ASSUME NEW PLANNING RESPONSIBILITIES

Before the block grant, states' experience in planning for and administering federal community services programs was limited. Ninety-nine percent of the 1981 federal funds awarded under the predecessor categorical programs in the 13 states we visited went directly to local organizations--bypassing the states. Those few former categorical grants made to states, usually to state economic opportunity offices, were relatively small and often covered mainly liaison activities and other support functions, such as training and technical assistance provided through State Agency Assistance grants.

As a result, planning for the provision of community services under the block grant was essentially a new experience for most states. For example, Mississippi officials commented that before CSBG there was no statewide plan because the Governor's Office of Community Service historically served only as a liaison between the federal government and local service providers. Similarly, New York officials said that the block grant prompted them to focus on the community service needs of the poor from a state perspective for the first time.

Generally, states approached planning their CSBG programs as a separate activity. Ten of the 13 states did not fund or operate their own related community services programs. Only three states--Florida, Michigan, and Pennsylvania--supported related community services programs with their own funds during the 1981-83 period. Additionally, although both federal and state funds were used to support community services in Florida, the state prepared separate plans for each source of funds because there was no general support for merging the two programs. In contrast, Pennsylvania's block grant planning is done in conjunction with the state-supported program. Michigan officials said there was little change to their planning process and state funds were used to supplement block grant funds essentially in the same manner used under the prior categorical structure.

STEPS TAKEN BY STATES DO NOT
OFFSET REDUCED FEDERAL SUPPORT

As states assumed their new block grant responsibilities, federal community services funding was reduced substantially from levels available under the former categorical programs. In the aggregate, federal funding in the 13 states dropped from about \$249 million in 1981 to about \$149 million in 1982--a 40-percent decline. Although total federal support in the 13 states rose slightly to about \$156 million in 1983, it was still 37 percent below the 1981 level. As shown in appendix III, federal community services funding decreased in each of the 13 states between 1981 and 1983, with funding in 9 states dropping over 30 percent.

The use of state funds to compensate for reduced federal CSBG support was one option available to states. Of the 10 states without state-supported programs before the block grant, none chose to initiate such activities in 1982 or 1983. Generally, state officials have indicated that this trend has continued in 1984. The one exception was in Massachusetts, where \$350,000 of state funds were appropriated for CSBG programs for state fiscal year 1984.

In the three states that had existing state-funded community services programs, state funding continued but decreased or remained relatively stable between 1981 and 1983. For example, state funding in Florida provided through its Community Services Trust Fund remained at about \$1 million a year between 1981 and 1983, and no additional funds were appropriated to offset the drop in federal funds. Similarly, \$2.7 million was appropriated in Pennsylvania for community services type programs in both 1981 and 1983. In Michigan, appropriations for the state's Supplemental Assistance Program decreased from \$1.3 million in 1981 to \$1 million in 1983 because, according to

state officials, the state's declining economy contributed to budgetary problems. However for 1984, Michigan originally appropriated approximately \$1 million for its state program, which was later supplemented by an additional \$608,000.

Also, few states exercised other more limited options to help compensate for reduced federal community services funding, such as imposing local matching requirements or transferring funds from other block grant programs. The federal government required grant recipients to provide matching funds under some of the former categorical programs, and continuing or raising such requirements were state options to help maintain overall community services funding. Seven of the 13 states imposed matching requirements in 1983, but none were larger than those required from providers in 1981 for the majority of categorical funds. Because fewer federal funds were available, fewer matching funds had to be provided where required, and these funds did not offset reduced federal funds.

While none of the 13 states transferred funds from another block grant in 1982 to CSBG, in 1983, Washington transferred \$1.4 million from the low-income home energy assistance block grant to help compensate for reduced community services funding. On the other hand, two states transferred CSBG funds to other programs. In 1982, Pennsylvania shifted \$702,000 to the Head Start¹ program, while Kentucky moved \$272,000 to its Older Americans' program.² No transfers from CSBG occurred during 1983.

States are also encouraging the use of nonpublic resources to meet community services needs. Generally, state CSBG plans contain objectives encouraging the use of such resources and programs. In addition, laws in some states direct local agencies to mobilize both public and private resources to address the problems of poverty. For example, Kentucky requires CAAs to obtain additional private resources in seeking solutions to poverty-related problems of common concern.

¹Head Start is a federal program administered by HHS to provide comprehensive health, educational, and other services to economically disadvantaged children and their families.

²The Older American Act of 1965, as amended (42 U.S.C. 3001 (1982)), authorizes federal programs, now administered by HHS, to address the social and nutritional needs of the nation's elderly.

AVAILABILITY OF OTHER FEDERAL
FUNDS MITIGATES THE IMPACT
OF REDUCED CSBG FUNDS

While states generally took few steps to help close the gap created by reduced federal funds, the availability of federal funds in 1982 from grants awarded in 1981 under the former categorical programs helped mitigate the immediate impact of reduced funding. Most of the categorical programs consolidated into CSBG were project grants or had a project grant component funded for at least a 12-month period. Eighty-seven percent of the 1981 categorical grant awards for the 13 states extended into 1982. Because 1981 categorical funding continued to support certain community services providers during part of 1982, states assuming responsibility for the block grant did not have to fund all community service operations for the entire first year. As a result, states could fund providers at a higher level than would otherwise be possible for that portion of 1982 not covered by funds from former categorical awards. By 1983, such categorical funds were largely dissipated.

Eight of the 13 states began implementing CSBG on October 1, 1981, and generally these states based their 1982 block grant distribution on the continued availability of 1981 categorical funds during 1982. For example, Iowa allocated its 1982 CSBG funds based on the number of months remaining in 1982 for each service provider after categorical support would be exhausted. Thus, the state was able to award each provider funds at the same monthly average as received under the categorical programs for the balance of 1982. While categorical funds helped offset reduced block grant funds in 1982, by 1983 aggregate funding for Iowa's providers was about 40 percent below 1981 levels.

In addition to aiding providers' transition to reduced funding levels, the availability of categorical funding made it easier for states to carry over 1982 block grant funds into 1983. Six of the eight states operating CSBG throughout 1982 carried over funds into 1983, ranging from 3 percent in Michigan to 21 percent in Vermont.

In March 1983 states also received additional federal funding when the Congress passed the jobs bill. Under this legislation, the 13 states received \$11.4 million, or about 46 percent of the total jobs bill funds allocated to CSBG. This additional funding increased these states' original 1983 federal allotments by about 8 percent. Nine of the 13 states used all or most of these funds in 1983; the other 4, in 1984.

Generally, states planned to use the jobs bill funds to supplement CSBG funds. At least 9 of the 13 states either called for service providers to use jobs bill funds for employment-related activities or distributed these funds based on unemployment. For example, Colorado planned to allocate its funds to 16 counties with the highest chronic unemployment rates. These counties were to address the needs of the unemployed and disadvantaged by meeting emergency needs or by helping individuals find jobs. Iowa allocated its jobs bill funds to 19 CAAs using the formula applicable to all CSBG funds, but recipients are required to maximize clients' employment opportunities.

MOST STATES ADOPT NEW METHODS FOR DISTRIBUTING FUNDS

While states took few steps to provide or generate further financial support for CSBG-related activities, most of the 13 states initiated new methods for distributing CSBG funds to service providers. Before the block grant, most federal community services funds were generally authorized to be distributed competitively. For example, the Economic Opportunity Act of 1964 provided that, for Local Initiative funding, national priorities would not be set and each application for financial assistance would be reviewed on its merits. Over time, CSA began placing increasing reliance on historical patterns in making these funding determinations.

In comparison, under CSBG most of the 13 states relied on formula distributions that included specific poverty factors, resulting, in their view, in more equitable distribution than the prior programs. However, state choices governing what organizations could receive 90 percent of their block grant allocations were restricted by federal legislation. States had great flexibility regarding the remaining 10 percent, and generally they employed a wide variety of approaches in using these funds.

Most states use poverty factors when distributing the 90-percent funds

Because state involvement in the prior community services programs was minimal, states had few ties to distribution patterns established under them. The 1981 block grant legislation and later amendments, however, required states to use 90 percent of their CSBG awards to fund organizations officially designated and funded for 1981 as CAAs, community action programs, LPAs performing the functions of CAAs, organizations receiving financial assistance under section 221 of the Economic Opportunity Act in 1981, or organizations serving migrant and seasonal

farmworkers. These requirements originally were to apply only in 1982 but were extended through 1984 under appropriations legislation.

For the most part, these provisions restricted state options for determining which organizations could be funded. The one exception among the 13 states we visited was Colorado, which was one of three states nationwide receiving a waiver under a law that became effective in December 1982. As a result, Colorado was able to distribute funds to counties beginning in 1983.

While federal law governed which entities could receive 90 percent of the funds, states had great flexibility in determining how to distribute funds among these entities. States generally chose not to adhere strictly to previously established funding patterns and instead instituted new methods for distributing community services funds. While each of these new methods contained some unique aspect, the common theme among nine of the states was to move to a formula allocation that would reflect, to varying degrees, the incidence of poverty throughout the state. Typically, poverty is measured using federal Bureau of the Census figures which estimate the number of people in specific geographic areas that fall within various poverty categories. The official poverty level, designated by the Office of Management and Budget (OMB), defines the annual income needed by various household sizes to maintain a nutritionally adequate diet and provide for other basic needs.

The extent to which the nine states relied on poverty factors to influence their 1983 resource allocations varied. However, as shown in appendix IV, two states relied solely on poverty factors, while the other seven combined poverty with other factors. Two of the seven combined poverty with continued partial reliance on historical patterns; three combined poverty with minimum funding levels; and two combined poverty with continued partial reliance on historical patterns, minimum funding levels, and funding ceilings and/or floors, which limit the amount by which an entity's funding will be allowed to increase and/or decrease.

These other factors served to ease the transition to new poverty-based formulas. For example, Michigan's poverty-based formula is being phased in over 4 years to minimize any severe changes to individual service providers. To accomplish this, the state has placed gradually decreasing reliance on historical funding, established a minimum funding level for service providers, which supplies a base funding level determined necessary to meet operating costs, and devised a funding floor which prevents a service provider from receiving an annual decrease greater than 20 percent. Furthermore, although Iowa relied solely on poverty factors in 1983, it chose to use 1970 as

opposed to 1980 census data in phasing in its poverty formula because more drastic funding changes were anticipated by some providers if 1980 data were used. Iowa planned to switch to 1980 census data in 1984.

Four of the 13 states--California, Florida, New York, and Pennsylvania--relied primarily on historical patterns in distributing 90 percent of their funds in 1983. New York did, however, provide for a minimum allocation of \$112,725 to each CAA. Additionally, California set aside part of its 90-percent funds for migrant and seasonal farmworker organizations and for Indian organizations. A June 1984 report by the auditor general of California questioned the state's distribution of 90-percent funds to Indian organizations in 1983 because most of these organizations were not eligible for such funds under the block grant legislation. The report noted that state law, which specifies that Indian tribes and organizations are eligible for 90-percent funds, is in conflict with the federal law. As of August 10, 1984, HHS' Region IX had received the auditor general's report and had sent it to headquarters for appropriate action. According to the audit report, the state planned to re-direct its 1984 funds to eligible community agencies.

Eleven of the 13 states' 1984 plans indicated continued use of the same types of distribution methods as were used in 1983. The nine states that had adopted poverty-based formulas generally planned to continue using such methods in 1984. In addition, some substituted 1980 for 1970 census data to update their poverty measurements. Moreover, of the four states that relied primarily on historical patterns to distribute 1983 funds, two--California and Pennsylvania--planned to implement poverty-based methods for 1984.

Ten-percent unrestricted funds used
in various ways to meet state needs

Although the federal restrictions on how states could distribute 90 percent of their CSBG allocations limited their flexibility, they were less constrained in using the other 10 percent. All 13 states used some of these funds--up to 5 percent of their allotments--for administration in 1983, as allowed by law. Ten of the 13 states used their flexibility to address specifically identified needs with the remaining funds. For example, after Florida distributed a base amount of \$5,000 for each county area, it then allocated the balance by county area using a poverty-based formula. New York distributed funds competitively, with state law giving first priority to counties which did not have an existing CAA, but which sought to establish an organization consistent with the objectives of an

eligible entity. In Michigan, up to 5 percent of the state's allotment was to be distributed to LPAs and for competitive projects to address economic activities and create jobs.

MOST ENTITIES EXPERIENCE FUNDING CUTS
BUT REDUCTIONS TO CAAS WERE LEAST SEVERE

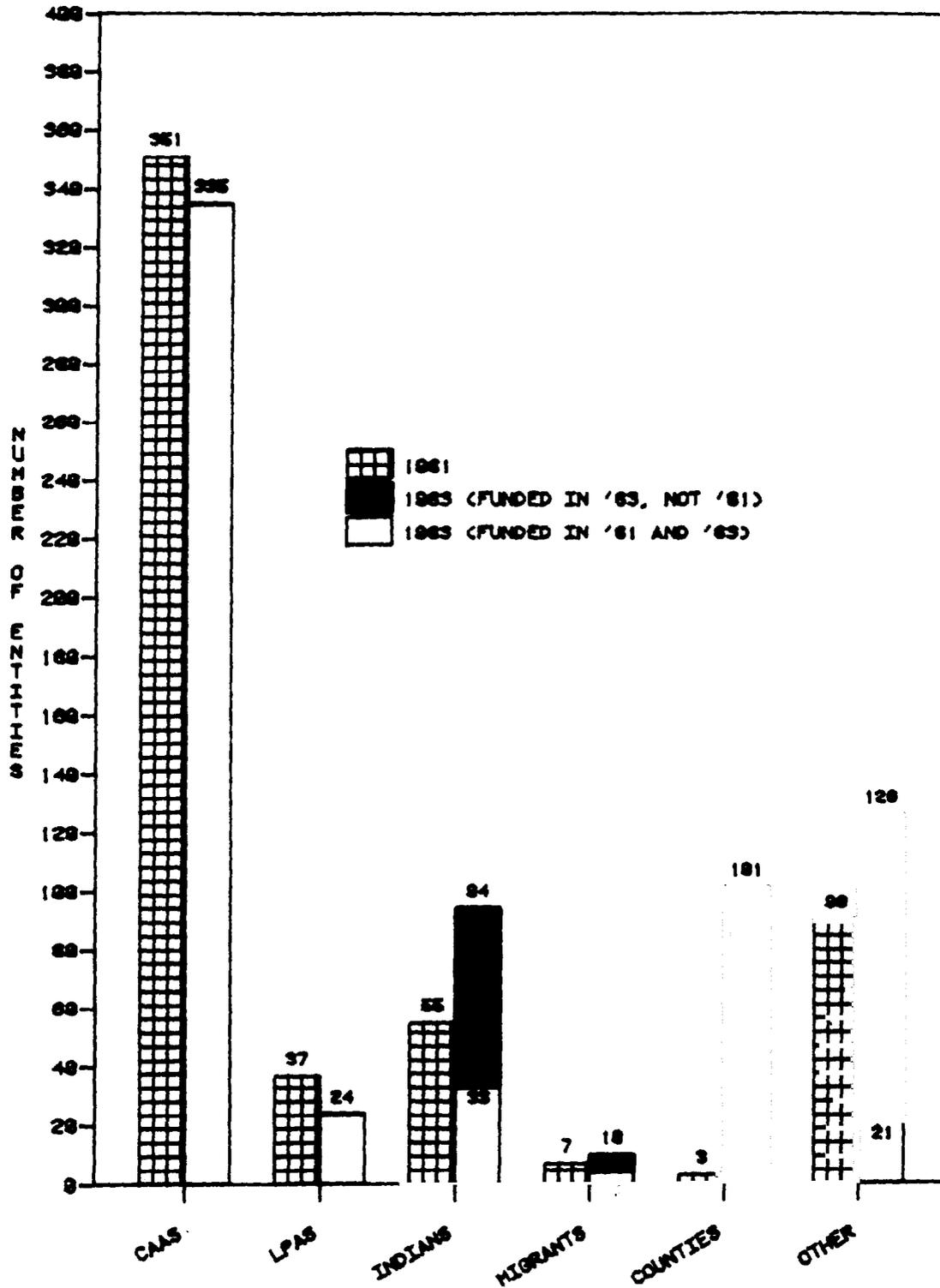
Although federal community services funding was reduced substantially, more entities received funds in 1983 than in 1981. Also, through new state formulas, many adjustments to the funding levels for individual service providers were made. Of all the entities in the 13 states that received federal community services grants in 1981, over 90 percent had their funding reduced in 1983, including nearly one-fourth that received no CSBG funding in that year. Most types of service providers were subject to funding cuts, but the reductions experienced by LPAs, Indian organizations, organizations serving migrant and seasonal farmworkers, and other organizations were larger than those sustained by CAAs³.

More organizations receive
community services funding

In 1983, 690 entities in the 13 states received federal community services funding compared to 543 in 1981. As shown in chart 2.1, the number of CAAs funded remained nearly constant over the period, while the numbers increased for counties and Indian, migrant, and other organizations. Such increases, however, were primarily attributable to the action of only a few states.

³LPAs that performed the functions of a CAA in fiscal year 1981 and organizations that received financial assistance under section 221 of the Economic Opportunity Act in 1981 are eligible for 90-percent restricted block grant funds. For the purposes of this report, all these organizations are classified as LPAs. Any LPA not considered eligible for 90-percent funds is grouped with those entities we have classified as other organizations. In addition, a few Indian organizations, counties, and migrant organizations also qualify as CAAs and have been classified as such.

CHART 2.1
 NUMBER OF ENTITIES RECEIVING COMMUNITY SERVICES FUNDING
 IN 1961 AND 1963



For example, the number of counties funded increased from 3 in 1981 to 101 in 1983, mostly due to 93 newly funded counties in Colorado and Florida. Similarly, increases in the number of Indian organizations and migrant organizations were primarily a result of California's decision to set aside a specific portion of its funds for these entities. Additionally, the bulk of the increase in the number of other organizations funded, such as private nonprofit organizations and community development corporations, occurred in four states--California, New York, Pennsylvania, and Massachusetts.

Numerous adjustments made to level
of funding for individual providers

The reduction in federal community services funding and some states' decisions to fund new entities prompted changes in the level of funding for certain types of entities. As shown in chart 2.2 on the following page, aggregate funding to counties and migrant organizations increased between 1981 and 1983. In contrast, funding to CAAs, LPAs, Indian organizations, and other entities was reduced substantially.

Despite such changes, CAAs remained by far the largest class of service provider. In both 1981 and 1983, CAAs received about 80 percent of funds awarded to all entities in the 13 states. As total community services funding decreased, however, 91 percent of individual CAAs sustained funding reductions during this period.

While individual CAAs received less funds, most underwent less severe reductions than those experienced by other types of entities. As shown in table 2.1 on page 21, over half of all CAAs in the 13 states received funding reductions of 25 to 50 percent between 1981 and 1983, whereas most LPAs, Indian tribes, and other organizations experienced reductions exceeding 50 percent. The trend in funding reductions for CAAs was fairly consistent across most of the 13 states, although Colorado and Mississippi were notable exceptions. In Colorado, most CAAs underwent larger reductions, while about three-fifths of the CAAs in Mississippi either experienced cuts of 25 percent or less or saw funding increases.

CHART 2.2
 FEDERAL FUNDING FOR COMMUNITY SERVICES ENTITIES
 IN 1981 AND 1983

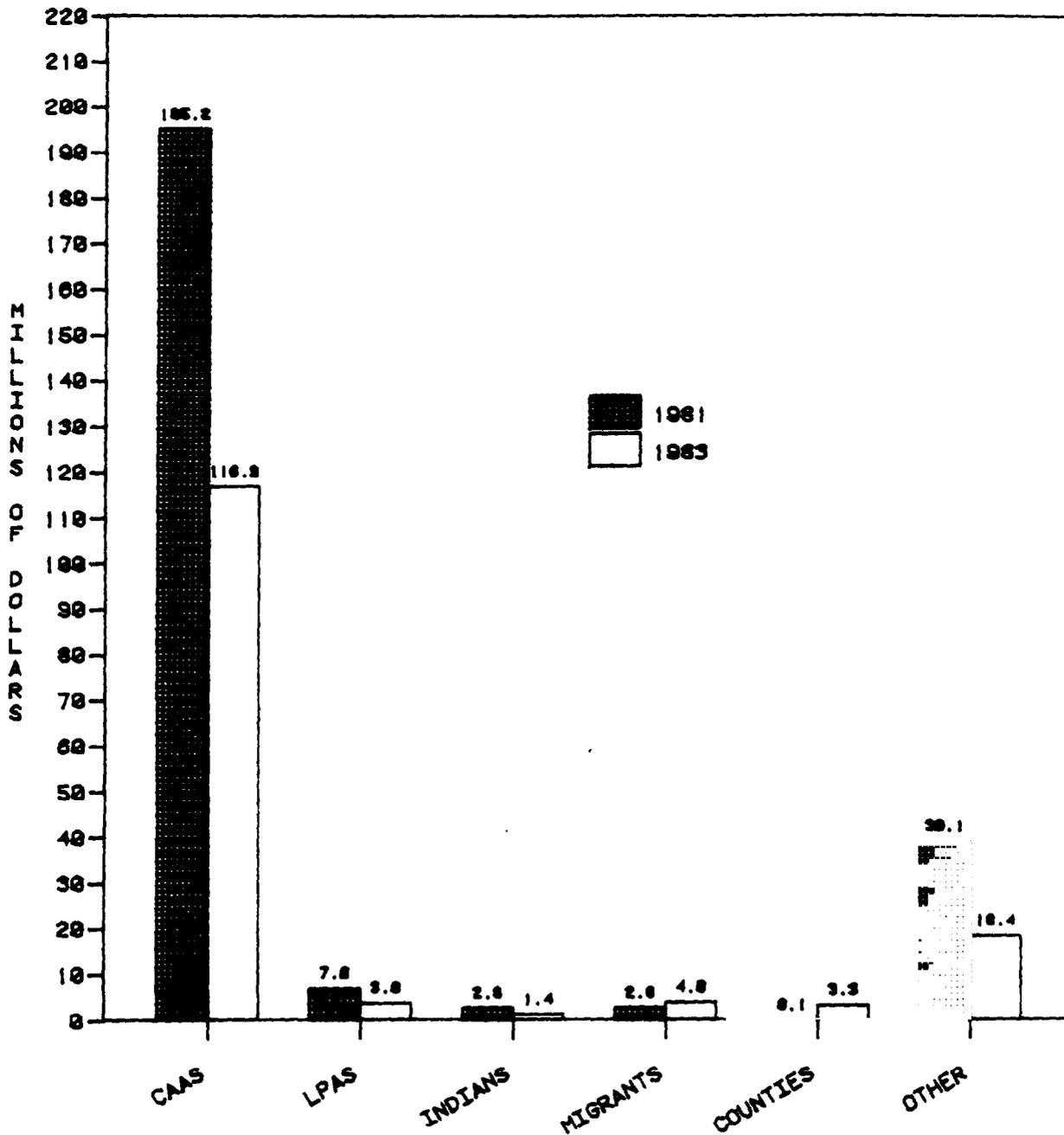


Table 2.1

Changes in Funding
for Entities Between 1981 and 1983^a

<u>Extent of funding change</u>	Percent ^b of entities experiencing funding change			
	<u>CAAs</u>	<u>LPAs</u>	<u>Indians</u>	<u>Other</u>
Over 50-percent decrease	24	54	76	89
Decrease of 25 to 50 percent	52	11	9	2
Decrease of up to 25 percent	16	5	5	3
No change	^c	3	2	1
Increased funding	8	27	7	4

^aCounties and migrant organizations excluded because only three and seven entities, respectively, received funding in 1981. Appendix V provides more information on the number and percentage of entities experiencing various changes in funding between 1981 and 1983.

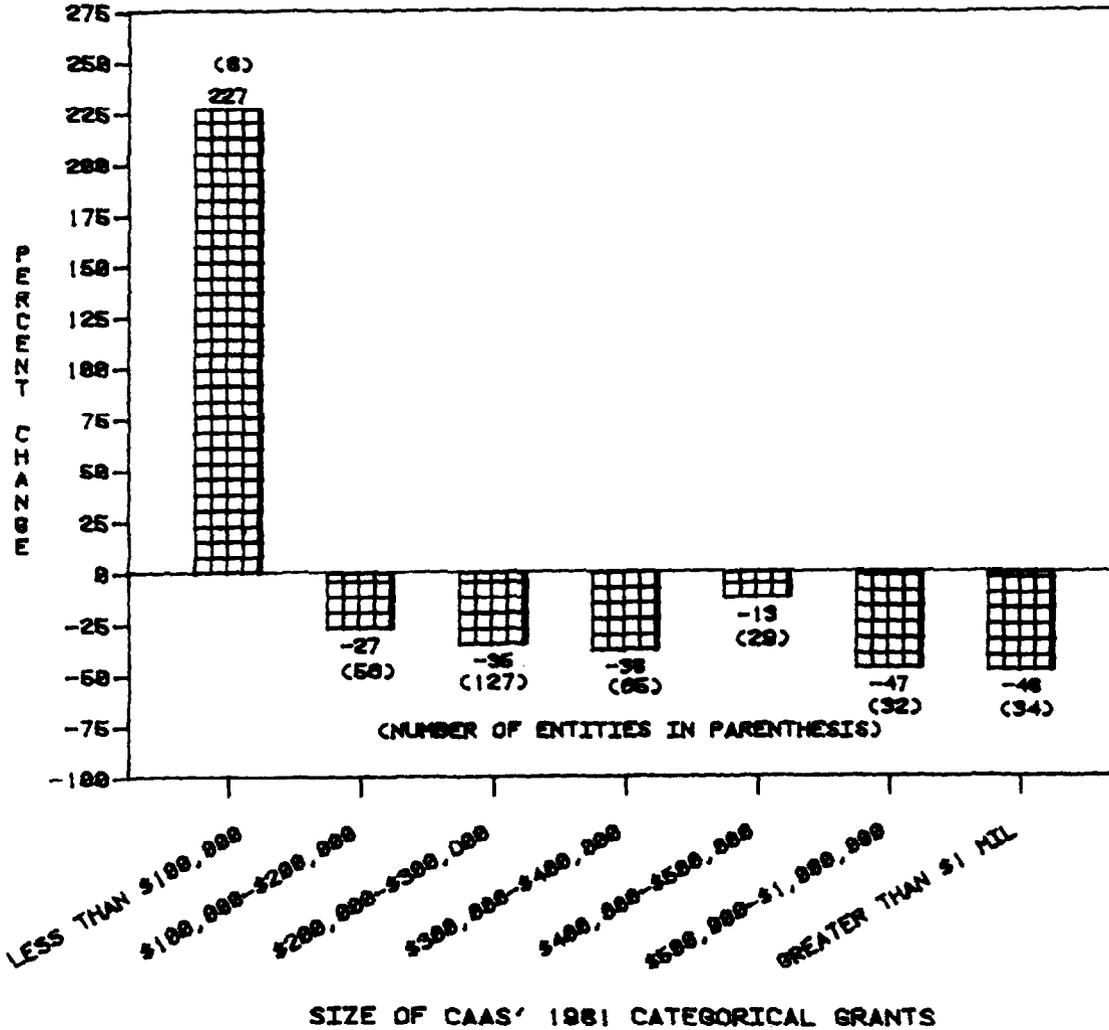
^bColumns may not add to 100 percent due to rounding.

^cLess than 1 percent.

Under the block grant, larger CAAs generally sustained deeper cuts than their smaller counterparts. As shown in chart 2.3, in the 13 states CAAs that received smaller 1981 categorical grants (\$500,000 or less) as a group experienced smaller average reductions in 1983 than CAAs that received larger grants (greater than \$500,000). The difference in average reductions was especially great between the smallest group of CAAs (grants of \$100,000 or less in 1981) and the two largest groups. However, few CAAs received less than \$100,000 in 1981.

Most CAAs in the 13 states received a larger proportion of the federal community services funds allotted in their states in 1983 than in 1981. Sixty-four percent of the CAAs were awarded a greater share of their state's federal community services funds under the block grant than under the 1981 categorical programs. Most CAAs in each state except Colorado, Texas, and Michigan received an increased proportion of community services funds in 1983. Colorado allocated most of its funds to counties. However, counties that received such funding typically subcontracted with CAAs to provide services for which they received a \$50,000 incentive from the state. Additionally, in the other 12 states, only 10 CAAs were excluded from funding under the block grant.

CHART 2.3
 PERCENT CHANGE IN FUNDING BY SIZE OF 1981 GRANTS
 FROM 1981 TO 1983



The increase in CAAs' share of community services funding under the block grant came in large part at the expense of the other service providers funded in 1981, particularly LPAs, Indian organizations, and other organizations. Twenty-six of the 37 LPAs funded in the 13 states during 1981 experienced funding reductions in 1983. Thirteen of the 26 did not get any block grant money in 1983, while 7 others received block grant awards that were less than 50 percent of their 1981 categorical grants. Most or all of the LPAs in California, Texas, and Massachusetts that received categorical grants in 1981 did not

receive block grant funding in 1983.⁴ However, few were funded in Texas and Massachusetts in 1981, while many of the LPAs in California were not funded in 1983 because the state was not certain of their eligibility until late in the grant year, when most of its CSBG funds had already been obligated.

Ten LPAs in four states did, however, receive more funds in 1983 than they did under their 1981 categorical grants. For example, Pennsylvania provided larger grants to LPAs in areas with limited community services programs as part of the state's effort to expand services in previously underserved areas. Moreover, 6 of the 10 LPAs saw their community services funding rise by more than 50 percent between 1981 and 1983.

Authorizing legislation gives an Indian tribe or tribal organization the option of (1) requesting CSBG funds directly from the Secretary of HHS, which the Secretary shall reserve from the respective state's allotment, and/or (2) obtaining CSBG funds from the state in which it is located. Most Indian organizations that were awarded 1981 categorical grants sustained large funding decreases under the block grant. Of the 55 Indian organizations funded in 1981, 50 underwent reductions in 1983. Twenty-two of these organizations had their federal community services funding terminated, and 20 others experienced decreases over 50 percent.

Few Indian organizations outside of California and Michigan received block grant funds from their states in 1983. California and Michigan awarded block grant money to 50 and 15 Indian organizations, respectively. Most of these organizations were not funded in 1981. In the other states, only seven Indian organizations received 1983 block grant funds through their states. Three of these 7, and 22 other Indian organizations funded in 1983, received direct awards from the HHS Secretary's Indian set-aside.

The most significant funding reduction for Indian organizations in 1983 occurred in Washington, where 17 of the 20 Indian organizations previously funded sustained cuts of 75 percent or more. Moreover, 7 of the 17 organizations received no federal funding in 1983. The state distributed block grant money to only one Indian organization in 1983, but encouraged the others to apply directly to the Secretary of HHS for funding. Thirteen organizations, including one not funded in 1981, were approved for direct grants from the Secretary, but these grants were for

⁴Appendix VI shows by state the number and percentage of entities experiencing various changes in funding.

the most part considerably smaller than those that participating Indian organizations received in 1981.

In addition to LPAs and Indian tribes, other organizations that received grants in 1981, such as LPAs ineligible for 90-percent funding, experienced large reductions in 1983. Over 80 percent of these organizations were subject to cuts of 75 percent or more, and most actually had their funding terminated. Because none of these organizations were eligible for the 90-percent restricted funds, they had to depend on either discretionary awards from the Secretary or grants from the unrestricted portion of their states' block grant allocation. Most of this funding, however, went to organizations that had not received community services categorical grants in 1981.

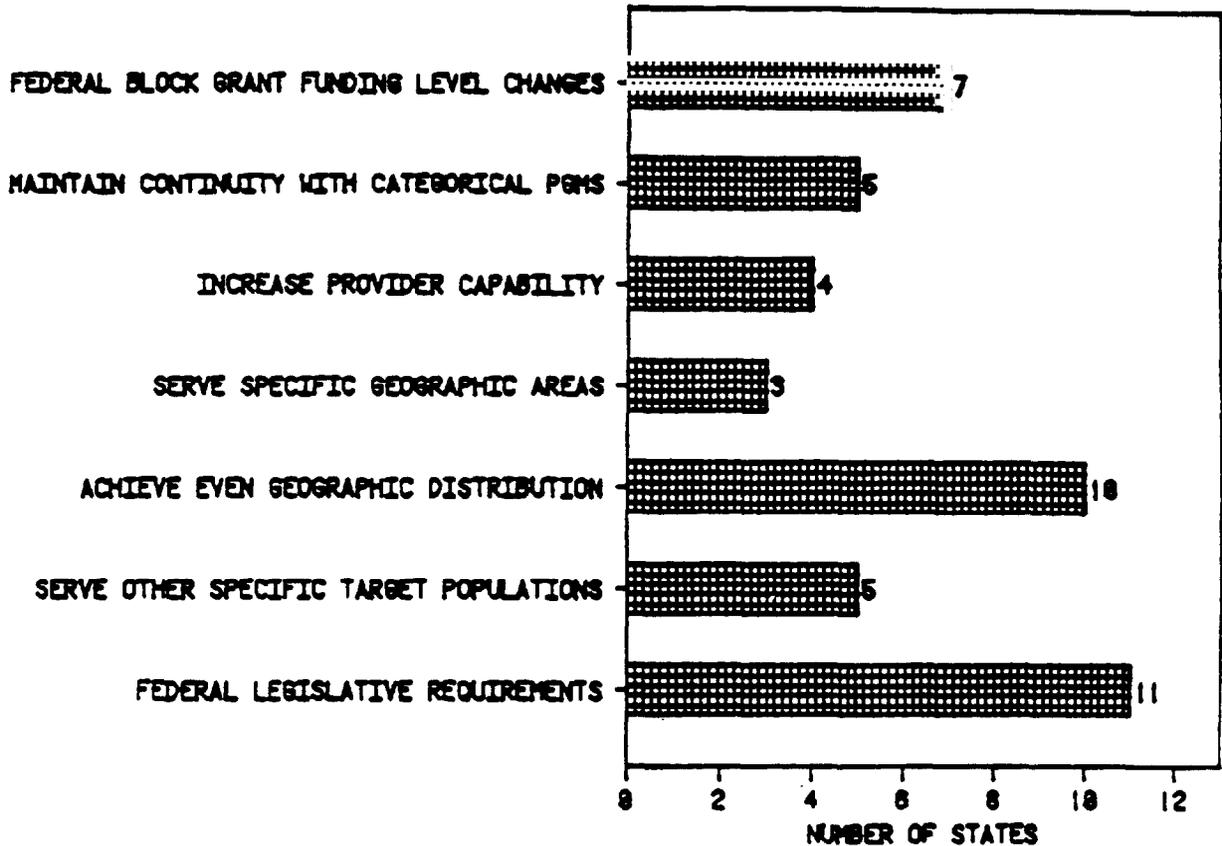
FEDERAL REQUIREMENTS AND ACHIEVING EVEN
GEOGRAPHIC COVERAGE ARE MOST INFLUENTIAL
FACTORS IN STATES' DECISION MAKING

States considered a number of factors in establishing program priorities and objectives for CSBG. As shown in chart 2.4, the factor most frequently ranked of great importance by program officials was federal legislative requirements. Officials often cited the 90-percent requirement as influencing their decisions. For example, Pennsylvania's original 1983 CSBG plan was to extend the block grant to all of the state's counties by distributing 75 percent of its 90-percent funds to "lead agencies" representing each of Pennsylvania's 67 counties or consortiums of counties plus the cities of Pittsburgh and Philadelphia. Although CAAs could have been lead agencies, this was not required. Additionally, a county or city that did not choose to be covered by a previously funded CAA would need to designate a new entity as its lead agency or serve as the lead agency itself. When the 90-percent restriction was continued in October 1982, Pennsylvania changed its plans and distributed its 90-percent funds to organizations that remained eligible.

Similarly, before the Congress extended the 90-percent requirement, Florida planned to distribute 25 percent of its 1983 allocation by county area to be available to the local governments. When the 90-percent requirement was continued, Florida altered its plans to comply with federal law. Continuation of the 90-percent requirement also temporarily kept Colorado from implementing its plans to distribute funds to counties. State officials first changed plans after the requirement was continued for all states through December 17, 1982, because no waiver provision was incorporated in the October 1982 federal

continuing resolution. However, they changed plans again when the waiver provision was incorporated in the December 1982 continuing resolution and reverted back to their original plan to fund counties.

CHART 2.4
PROGRAM OFFICIALS' OPINIONS ABOUT SELECTED
FACTORS OF GREAT IMPORTANCE IN SETTING
COMMUNITY SERVICES BLOCK GRANT PRIORITIES



Another factor of great importance in 10 states was achieving more even geographic distribution of funds. In addition, several states' efforts to more evenly distribute community services funds among the poor also resulted in wider geographic distribution. For example, both Michigan and Massachusetts revised their allocation formulas to include poverty factors. Since poverty was geographically disbursed throughout these states instead of being concentrated in the large cities which were heavily funded under previous funding patterns, the

poverty-based formulas resulted in broader geographic distribution.

Several states also took steps to extend services to previously unserved areas. For example, Texas extended services to 91 previously unserved counties by providing funds for expanding the areas to be covered by existing service providers. Similarly, officials in Mississippi gave existing providers the option to cover areas not previously served, and Washington identified current providers as eligible for proportionate funding for formerly unserved areas. Additionally, in 1983 Pennsylvania funded 14 new organizations because it wanted to serve new locations and provide additional services.

Another factor considered to be of great importance by over half the states was the change in federal funding. Massachusetts, for instance, made two major decisions based in part on the reduction of federal funds. The state decided to provide its 90-percent funds only to CAAS and to allocate funds partially on the basis of poverty. Similarly, Mississippi state program officials said reduced funding caused them to look more closely at local projects. They said that community services projects that had the same objectives as those supported by the state's employment security program were not funded in 1983 and projects that duplicated former energy projects were streamlined to complement rather than compete with such projects. Additionally, Washington officials said they transferred funds into CSBG from the low-income home energy assistance block grant because state officials thought CSBG was underfunded.

About one-third of the state officials also considered the need to maintain program continuity, serve other target populations, and increase providers' capabilities as factors of great importance. For example, a Michigan official said that the block grant program was essentially structured after the prior categorical programs because the former programs were well established and supported. Also, Mississippi officials made special efforts to target funds for serving low-income children, such as providing them transportation to doctors.

CONCLUSIONS

CSBG gave states greater authority and planning opportunities in an area where their prior involvement had been limited. In approaching their new responsibilities for establishing program objectives and priorities, states were influenced by a number of factors, especially federal legislative requirements, such as the 90-percent requirement, and a desire to achieve a more even geographic distribution of funds. Another factor of great importance was the level of federal block grant funding,

which was substantially below the levels under the prior categorical programs.

None of the 13 states used their own funds to help compensate for the reduction in federal funding in 1982 or 1983. This was not surprising given (1) their limited historical involvement in administering community services activities similar to those provided under the prior categorical programs and (2) budgetary pressures in several of the states. Seven states did, however, continue to require matching funds from service providers. Additionally, several states took advantage of the availability of 1981 categorical funds during 1982 and additional jobs bill funds during 1983, giving providers added time and resources for adjusting to reduced federal funding levels.

Most states used their authority to develop new methods of distributing community services funds which they preferred to methods used for allocating funds to local entities under the prior federal programs. While there was some variation from state to state, resource allocation was frequently based upon formulas which in whole or in part reflected the incidence of poverty. Generally, states also included factors in these formulas, such as minimum funding levels, to help ease the transition by minimizing severe changes in funding.

In addition to adopting new distribution formulas, several states made efforts to fund new entities and expand service coverage into previously unserved geographic areas. As a result of state policy initiatives and the substantial reduction in the level of available federal support, numerous changes occurred in the funding of individual service providers. Over 90 percent of entities funded in 1981 received less funds under the block grant, and the impact on CAAs, although substantial, was less severe than that upon LPAs, Indian tribes, and other organizations.

CHAPTER 3

CHANGES IN LOCAL COMMUNITY SERVICES GOVERNED

PRIMARILY BY SERVICE PROVIDER DECISIONS

State program officials in the 13 states reported few policy changes setting forth the types and amount of services which should be provided with CSBG funds. Local service providers continued to be the principal decision makers for service priorities and delivery. However, providers reported a wide variety of changes in their operations which emanated from a number of interrelated factors, including fluctuations in federal community services and other funding sources, changing client needs and economic conditions, and states' implementation of CSBG.

STATES INITIATED FEW POLICY CHANGES SETTING FORTH ALLOWABLE CSBG SERVICES

CSBG gave states broad flexibility to determine what community services would be offered and to design programs to meet state needs. Few states took advantage of this flexibility to establish service priorities. Instead, most relied on service providers to identify local needs and offer services to respond to those needs.

In 1983, only 2 of the 13 states established service priorities for their CSBG programs. Pennsylvania required local providers to use at least 50 percent of their CSBG allocations for economic development and/or employment training activities--the two areas that the state had considered to be the primary means of ameliorating poverty. Similarly, Mississippi specified services and activities related to combating poverty that providers had to address, including housing assistance, outreach and referral, and health and nutrition. For fiscal year 1984, Pennsylvania and Mississippi continued to set priorities; California officials identified, but did not mandate, two new service priorities for its program--economic/job development and resource development; and New York officials expressed the desire to get more involved in priority setting.

Four states did use their CSBG flexibility to prohibit providers from using block grant funds to pay the costs of administering other programs (such as Head Start). Under these states' policies, the use of CSBG funds was more restricted than under the prior Local Initiative Program, in which funds could be used to help absorb costs associated with administering other programs. The other nine states continued to allow CSBG funds to be used for administering other programs, and some states

actually encouraged providers to use CSBG funds this way. For example, Massachusetts program officials believed that CSBG funds were best used to support administrative planning, needs assessment, organizing the community and related resources, and advocacy for the poor rather than to support direct services to clients.

WIDE VARIETY OF CHANGES
REPORTED AT THE LOCAL LEVEL

We visited 47 CSBG service providers in the 13 states to obtain information about program changes that had occurred since block grant implementation and to elicit views on how CSBG influenced their operations. The organizations are not statistically representative of all CSBG providers, yet they represent a broad cross-section and provide examples of how such organizations have fared under the block grant.

The providers we visited varied significantly in size and scope of operation. In 1983, they ranged from a \$150,000 operation at the Economic Advancement for Rural Tribal Habitats in Ukiah, California, to a \$48.5 million operation at New York City's Community Development Agency. As shown in appendix VII, 33 of the 44 service providers we visited with comparable 1981 and 1983 funding data received over \$1 million in total annual 1983 funding.

Providers relied on CSBG funding to varying degrees. In 1983, the proportion of service providers' total funding represented by CSBG funds ranged from 2 to 95 percent, with 35 providers receiving less than 25 percent of their funds from the block grant. Providers' remaining support came from one or more federal, state, local, and private sources, to be used for a wide range of purposes. For example, in 1983, Action for Boston Community Development, Inc., one of the largest CAAs we visited, received \$3 million in block grant funds, \$23 million from other federal sources, \$3.5 million from the state, and about \$0.6 million from private groups and individuals. This organization, like many others in our review, received funds from various sources to support a wide range of activities, such as employment, education, housing, and emergency assistance programs.

All 47 service providers experienced funding changes and most experienced service-related changes from 1981 to 1983. Thirty-six indicated that changes brought about by CSBG were partially responsible for their operational changes. However, numerous other factors, such as changes in other sources of funds and changing economic conditions, also influenced providers' operations. The following sections (1) describe local

level changes in funding, services, clients, and service delivery, (2) discuss providers' perceptions of the factors contributing to the changes, and (3) provide examples of the types of changes made to provider operations.

Many providers reported declines in funding and changes in their operations

Of the 44 service providers, 39 (89 percent) reported receiving less federal community services funds (including jobs bill funds where identified) in 1983 than in 1981.¹ The reductions ranged from less than 1 percent at the Central Kentucky Community Action Council in Lebanon, Kentucky, to 91 percent at Colonias del Valle, Inc., in San Juan, Texas. Twenty-eight providers reported reductions of at least 33 percent.

Although most providers experienced reduced federal community services funding, only about half had less total overall funding because they had increases in other funds--federal, state, local, and/or private funds. Twenty-four of the 44 experienced a decline in overall funding ranging from about 3 percent at the Mexican American Development Association in Montrose, Colorado, to 83 percent at Colonias del Valle, Inc. Only nine had reductions of more than 33 percent. In addition, 20 had increases in overall funding.

As a result, federal community services funding declined as a percentage of providers' total funding at 37 of the 44 service providers in 1983. The average percentage in 1983 was 21 percent, down from 28 percent in 1981. Although CSBG funds accounted for only about one-fifth of providers' total funding, they were considered important because they provide a source of flexible funds to fill and address gaps in local needs, as noted by at least one provider in 5 of the 13 states.

Many providers took steps to develop alternative funding sources to adjust for significant declines in 1983 community services and/or other funds. Twenty-nine providers reported taking initiatives, such as seeking other federal funds, soliciting other public and private grants, charging membership fees or fees for services, and/or soliciting private contributions. For example, the six service providers we visited in Massachusetts said they used a variety of methods to obtain alternative funding, including private and public contributions, other

¹For the purpose of our analysis, providers' matching funds were not considered federal community services funds.

federal grants, and local funding. The Pennsylvania Directors' Association for Community Action expected to raise \$46,000 in 1983 by charging membership fees to its member agencies to help adjust for reduced federal community services funds. Similarly, the Mesa County Community Action Agency in Grand Junction, Colorado, earned income through a bookbinding service and contracted with a private consultant to identify other ways to generate income. Hawkeye Area Community Action Program in Cedar Rapids, Iowa, solicited assistance from six county boards of supervisors and received about \$40,000 in additional funds to keep six service centers open.

Of the 22 providers that made increased use of volunteers since the block grant came into effect, 15 said this action was prompted by reduced funding levels. For example, Louisville-Jefferson County Community Action Agency, in Kentucky, reported increasing the use of volunteers to help offset reductions in staff from 89 to 43 caused by reduced funds. Similarly, West Central Development Corporation in Harlan, Iowa, said its increase in the use of volunteers related to reduced funds.

In addition to these efforts, almost all service providers reported operational changes. Forty-one of the 44 service providers with comparable funding information reported that major changes in either funding levels or sources had an impact on one or more aspects of their operations. For example, 30 providers reported reduced staffing levels and/or changes in their organizational structure, 26 reported reducing or eliminating services, and 19 pointed to changes in their service delivery methods, such as closing service locations or shifting from providing direct services to offering referral assistance. Three stated that funding changes prompted staffing increases, one reported increased services, and two said that service delivery methods have been enhanced; the remaining providers either reported no changes in these areas or did not offer their views.

Service providers reported similar views concerning changes in those aspects of their operation supported with community services block grant funds. For example, of the 41 providers providing their views, 27 reported reductions in staffing and/or organizational structures, 4 cited increases, and 10 reported no change. Of the 45 providers providing their views on changes in the numbers of locations and/or size of area served, 16 reported decreases, 9 increases, and 20 no change. With regard to service delivery, caseloads per staff worker reportedly increased at 27 of the 43 respondents, remained the same for 15, and decreased at 1.

Also, of the 39 providers that responded to our question concerning major changes in services supported with CSBG funds, 31 said they had made major changes in services provided and/or changes in the emphasis placed on certain services; 8 providers said their services and related emphasis remained the same. Service changes varied and included the deletion of some services, such as financial budget counseling at the statewide rural New York Farmworkers Opportunities, Inc., and the addition of some services, such as the Emergency Food Assistance Program by the Burlington, Vermont, Champlain Valley Office of Economic Opportunities. Some providers also modified the type of services provided, such as offering short-term emergency services instead of services aimed at ameliorating long-term poverty.

Quantifiable client data were not readily available in many locations, and providers' views on how changes in their services, service delivery methods, and staffing levels influenced the numbers of clients served were mixed. For example, 31 of the 44 providers with comparable funding data indicated a change in staffing and/or organizational structures. Of these 31, 12 believed that the change resulted in fewer clients being seen, 7 believed the change had no effect, 3 said it increased the number of clients, and 9 were uncertain as to the influence of the change on the number of clients served.

CSBG is one of many factors that
influenced service provider operations

Over three-fourths of the 47 providers we visited believed their operations were influenced by CSBG. Providers frequently associated operational changes with reduced federal community services funds. At least one provider in six states said changes in their funding levels were caused by revised funding formulas, such as in Michigan where formula revisions shifted funds from Detroit to rural areas.

Additionally, a Mississippi provider said state policies on allowable services required it to channel CSBG funds to activities which it believed did not address local needs. Pennsylvania providers said the state did not seek information on local needs before it established statewide service priorities. Some providers in Kentucky and Washington said state decisions to broaden geographic coverage required them to adjust their programs to accommodate the larger service area.

Several other factors in addition to CSBG implementation influenced providers' operations. About three-fourths said that their operations were affected by changes in other funding levels and sources--both increases and/or decreases. Providers cited changes in funding for other programs as the factor most

frequently influencing their operations, with changes in the Department of Labor's Comprehensive Employment and Training Act (CETA) program heading the list. Modifications of other federal programs, such as the replacement of federal energy programs by the low-income home energy assistance block grant, prompted adjustments.

Forty percent of the service providers' reported operational changes were caused by changing client needs. Typically, providers said that changing local economic conditions, especially rising unemployment, created an increased demand for food and other short-term emergency services, as opposed to services designed to address the causes of long-term poverty.

Moreover, the direct link between CSBG and providers' services and clients is obscured in many locations because block grant funds are used to pay the costs of administering other federal or local programs. Twenty-seven providers reported using CSBG funds to pay administrative costs of other programs, with the amount used varying from 2 percent at one provider to 100 percent in three locations. Fifteen used at least 25 percent of their funds to administer other programs, such as Head Start and the Emergency Food Assistance program. For example, Self Help, Inc., in Brockton, Massachusetts, said about 80 percent of its CSBG funds were used to administer other programs and, as a result, funding changes could not be translated into service changes. Officials from West Central Development Corporation, in Harlan, Iowa, which used almost all its CSBG funds to support other federal programs, said service changes between 1981 and 1983 were not related to CSBG implementation.

EXAMPLES OF VARIATIONS IN SERVICE PROVIDERS' OPERATIONS

Because each service provider was unique and operated in a complex environment, providers reported widely varying changes in their operations since the creation of the block grant. The following examples illustrate the differences in providers' situations and the ranges in programmatic changes as well as various interrelated factors that influence service providers' operations. Funding changes are based on information obtained from the providers.

Detroit service provider's operations affected by funding changes and economic conditions

Detroit's Neighborhood Services Department, a public CAA, experienced about a 37-percent reduction in federal community services funds between 1981 and 1983, from \$8.5 million to

\$5.4 million. At the same time, the department had an increase in overall federal funding of about \$0.5 million, due in part to a large increase in Head Start funds. When considering all funding--federal, state, local, and private--total funding increased from 1981 to 1983 by over \$5 million, from \$23.3 million to \$28.4 million. Because of the shifts in the department's reliance on different funding sources, federal community services funding decreased from about 37 percent of total funding in 1981 to 19 percent in 1983.

The department took several steps to compensate for anticipated funding and staffing reductions in some funding sources. For example, officials said they greatly increased the use of volunteers, but this practice was being questioned by labor unions, which claimed that union salaried jobs might be jeopardized. Officials also mobilized the resources of churches and other organizations that could provide community-related services.

Officials reported reducing the emphasis on some services, including homemaker, counseling, and outreach. Staff levels were also cut from 274 to 206, with further reductions expected in 1984. As a result, officials said the quality of services decreased because they could no longer concentrate on long-term solutions to poverty. Instead, service efforts were geared toward meeting the emergency needs of new clients caused by declining local economic conditions--referred to as the "new poor" by officials from the department.

While changing needs created increased demands for short-term emergency services as federal community services funds declined, measuring the block grant's specific impact on providers' operations was difficult. Officials estimated that about 50 percent of the department's CSBG funding is used to support service centers, administration, and supplies and equipment which support all the organization's activities.

Washington provider uses increased funding to meet new client needs

Compared to 1981, community services funding to the Spokane Neighborhood Centers/Catholic Charities, a private nonprofit CAA, increased from about \$240,000 to an estimated \$270,000 in 1983, while its overall funding increased from about \$2.5 million to an estimated \$4.1 million. The provider reported expanding operations and shifting program emphasis to meet increasing emergency housing, food, and employment needs of newly impoverished clients resulting from depressed local economic conditions. Part-time staffing and volunteer use increased, and the provider's staff caseload greatly increased because of a

rise in the number of clients served in 1983. Provider officials believed that the quality of some services had declined because staff spent less time with each client.

Although the provider received increased CSBG and overall funding and made programmatic changes, officials did not link these changes to CSBG implementation. Thirty-four percent of the provider's 1983 CSBG funding was used to support other federal programs.

New York's largest grant recipient
operates more economically to
help compensate for reduced
community services funds

New York City's Community Development Agency experienced about a 34-percent reduction in federal community service funds between 1981 and 1983 (\$25.5 million to \$16.8 million, including about \$950,000 from the jobs bill), coupled with a \$3.2 million (or 43.4-percent) decrease in community services funds received from the city. At the same time, total funding increased from \$34.3 million to \$48.5 million, up about 42 percent. This increase in total funds was attributed almost entirely to the agency's assuming responsibility for the low-income home energy assistance block grant. It accounted for about \$27.5 million of the agency's total funds in 1983 and was available to provide eligible households energy assistance, which is only one of several services the agency provides.

Agency officials said their approach to addressing poverty was not affected by the reductions in community services funds--local neighborhood organizations still made most program decisions, with input from the community. However, to absorb community services funding cuts, the agency took steps to operate more economically. These included reducing program administrative staff from 237 to 134, developing an in-house capability to provide technical assistance instead of providing it under contract, and reducing the fiscal administrative staff budget by 50 percent. In addition, funding for local neighborhood organizations was cut by about 20 percent, and agency officials reported that the number of clients served declined by about 12 percent, from about 227,000 clients to an estimated 200,000. In addition, all services except those for senior citizens were reduced, and staff caseloads increased.

Agency officials said they did not attempt to obtain private funds to help replace reduced community services funding because the agency is a public CAA--part of New York City. However, the agency officials said local neighborhood organizations sought out other resources, although sometimes with little

success; made increased use of volunteers; and took other steps, such as sharing facilities, to cut costs.

Iowa provider reportedly not
affected by reduced CSBG funding

The West Central Development Corporation, a private, non-profit CAA in Harlan, Iowa, experienced a reduction in federal community services funds and an increase in total funds between 1981 and 1983. Community services funding dropped from about \$339,000 in 1981 to \$314,000, or about 7 percent, in 1983, including jobs bill funds, while overall funding increased from about \$3.5 million to \$4.1 million, or 17 percent, during that period. The overall increase was primarily attributable to increases in funding for other federal programs, such as the low-income home energy assistance block grant and Head Start. State funds decreased from about \$102,000 to about \$12,000 during the period. Although federal community services funding as a percentage of overall funding fell from 10 to about 8 percent, officials do not believe the decrease significantly affected their approach to alleviating poverty.

Almost all of this service provider's CSBG funds are used to pay the costs of administering other federal programs. The provider said it increased service locations from 11 to 12 between 1981 and 1983, while the number of clients served, services offered, quality of services, and staff caseloads remained the same.

Massachusetts' largest provider
sought alternative funding to help
offset funding reductions

Total funds available for all activities, including community services, at Action for Boston Community Development, Inc., a private nonprofit CAA, decreased from about \$36 million in 1981 to about \$30 million in 1983. Total federal funds declined by about \$7.6 million, while state and other funds increased by \$1.9 million. Community services funds as a percentage of total funds declined from about 13 percent in 1981 to 10 percent in 1983. The changes in funding are shown below.

	<u>1981</u>	<u>1983</u>
	(millions)	
Federal funds:		
Community services	\$ 4.8	\$ 3.0
Energy assistance	13.2	10.6
CETA (through city)	7.7	3.5
Other	7.9	8.9
State	1.8	3.5
Private foundations, fees, and third-party payments	<u>.4</u>	<u>.6</u>
Total	<u>\$35.8</u>	<u>\$30.1</u>

According to provider officials, increases in state funds were primarily directed toward the energy assistance area. Officials also said they developed alternative sources of funds between 1981 and 1983 to adjust for reduced federal funds. For example, contributions were obtained from public corporations to support Head Start, day care, and various other activities. Additionally, arrangements were made with three banks to finance half the training costs and guarantee jobs for eligible applicants. While some clients were helped through the bank arrangements, the void created by CETA cuts was not filled. As a result of reductions in CETA funds, officials said the number of individuals served in youth employment programs declined from 555 in 1981 to 177 in 1983 and the number of adults in employment programs dropped from 833 to 406.

Officials said reductions in CSBG funds limited their ability to provide services, such as meals-on-wheels and transportation services for senior citizens. Additionally, community services staff was cut from 155 to 95, caseloads increased, and the number of service locations was reduced through consolidation. Officials said it was difficult, however, to relate CSBG cuts to changes in the number of clients served. They said most CSBG funds are distributed to local neighborhood organizations, which identify priorities and decide how to use funds to meet local needs. Often, according to staff officials, a large portion of the funds is used to support other programs, such as Head Start, youth programs, and fuel assistance.

Despite community services
funding cuts, Houston provider
expands services

Gulf Coast Community Services Association, a private non-profit CAA in Houston, received about \$944,000 more in total

funding in 1983 than in 1981--\$9.5 million versus \$8.6 million--while community services funding decreased from \$3.4 million to \$2.2 million. The increase in total funds was primarily attributed to a net increase of about \$867,000 in federal funds from such programs as Head Start and the Emergency Food Assistance Program. Additionally, increases in local funding and moneys from private groups and individuals more than offset a reduction in state funds. Provider officials said the funding changes had little impact on their operations.

Two new services were offered, however, to meet community needs. A learning center was established to increase adult reading abilities, and a formal job placement service was set up with the Texas Employment Agency. The quality of services, which were provided with less staff, was viewed by the provider as better. Also, although the number of clients reportedly increased from about 59,000 to an estimated 265,000, this was primarily because of counting individuals who had received food through the Emergency Food Assistance Program.

CONCLUSIONS

Because few states used the flexibility provided by CSBG to establish service priorities and specify how CSBG funds must be used, providers continued to be the principal program decision makers, as they were under prior categorical programs. Providers adopted widely varying strategies to deal with reduced funding and differing local community needs and conditions. To adjust for reduced funds, many providers sought alternate funding sources and relied more on volunteers. Also, most providers made service-related adjustments. About 70 percent reported reduced staffing levels and/or organizational changes, slightly over 40 percent noted decreases in service delivery methods, and almost 60 percent reported reducing or eliminating services. At the same time, a few providers reported increases in these areas. Providers' views on changes in the number of clients served were mixed.

Local service providers frequently said that changes in federal community services funding were a contributing factor to changes in their operations. However, discerning the exact impact of the block grant was often difficult because many providers, which varied in size and scope, used federal community services funds to administer other programs and the link between CSBG funding changes and program changes was obscure. Moreover, the relationship between CSBG and changes in providers' operations was clouded by other dynamics, such as changing client needs and local economic conditions, as well as fluctuations in other funding sources.

CHAPTER 4

BLOCK GRANT SUBSTANTIALLY INCREASES

STATES' ADMINISTRATIVE RESPONSIBILITIES

An important feature of the block grant was the flexibility it gave states to design and administer their community services programs. Because states had little involvement in administering the prior community services categorical programs, CSBG brought states new or expanded responsibilities and substantial opportunities to use their administrative flexibility.

States approached their new responsibilities differently and were managing CSBG by establishing program requirements, monitoring service providers, providing technical assistance, collecting data, and arranging for audits. Federal administrative costs for community services had clearly decreased, while state administrative costs had increased. However, because cost data are either not available or not comparable among the 13 states, CSBG's impact on administrative costs cannot be quantified.

STATES APPROACH CSBG ADMINISTRATIVE RESPONSIBILITIES DIFFERENTLY

States approached their new administrative role differently. Some deferred accepting the block grant and used the additional time to prepare for the program; others accepted it as soon as possible. Some states assigned block grant administrative responsibility to new organizational units, while others looked to units that had some limited experience under the prior programs. Also, some states used existing federal administrative procedures to ease the transition to CSBG, while others developed and used their own procedures from the outset.

Some states deferred accepting block grant

The 1981 block grant legislation allowed states to postpone accepting CSBG for up to 1 year (until October 1, 1982). While 8 of the 13 states assumed responsibility on October 1, 1981, 5 elected to defer acceptance and allow more time to prepare for the program. For example, although it deferred accepting block grant responsibility until October 1, 1982, Colorado established an advisory committee in January 1982 composed of state legislators, county and city representatives, and service providers. The committee assessed the community needs, with input from local elected officials, and recommended

a program plan. By the time Colorado accepted the block grant, the committee had designed the basic program, including the fund allocation methodology.

Likewise, New York deferred accepting the block grant and took steps to assume responsibility during the interim period. In May 1982, New York's Weatherization Policy Advisory Council formed a subcommittee to help prepare for the block grant program. Meeting several times during 1982, the subcommittee reviewed relevant issues, considered alternative funding methods, and discussed the state's proposed community services plan. Like Colorado, by the time New York accepted CSBG responsibility, the basic program framework had been developed.

States assign CSBG responsibilities to different organizational units

Because states' prior administrative experience was very limited, an established framework within the state for accepting CSBG responsibilities was not always present. As a result, four states assigned CSBG administrative responsibility to either new or different organizational units from those used in prior years. Florida, for example, created a block grant section in its Bureau of Local Government Assistance, within the Department of Community Affairs. Similarly, Kentucky assigned CSBG responsibilities to its Department of Social Services instead of its former economic opportunity office. In contrast, 9 of the 13 states assigned CSBG responsibilities to the organizational units that had previously administered certain community services categorical grants.

Also, the location of the CSBG administering unit within the states' organizational structure also varied among the 13 states. Seven assigned the responsibility to departments or offices of community or local affairs. However, in Kentucky and Vermont, it was assigned to the social services agency; in Michigan, to the Department of Labor; in New York, to the Department of State; and in California and Mississippi, the program was administered by the governor's office.

In addition, states' limited involvement in administering the prior community services programs often resulted in staffing increases. For the seven states where we were able to obtain comparable data, six increased their staff in conjunction with assuming CSBG; the staffing increases ranged from 1 in Vermont to 17 in Texas. Although staff decreased from eight to five in the remaining state--Washington--officials told us that the administering unit also lost certain other activities when it was assigned CSBG responsibility.

Some states initially used
federal administrative procedures

Six of the 13 states initially adopted the former categorical federal administrative procedures, but later either established, or planned to establish, their own procedures. For example, Michigan officials said they used federal procedures initially to ease the transition to the block grant. However, at the time of our fieldwork, the state planned to change certain prior federal policies to conform with state requirements and was in the process of reviewing and streamlining others.

In contrast, officials in 7 of the 13 states said they developed new procedures for block grant administration soon after they accepted program responsibility. For example, Florida officials explained that new procedures were required because differences existed between the prior categorical program and the block grant. Essentially, existing federal regulations and forms were geared to programs that no longer existed. Also, Colorado officials said the decision to administer CSBG through county governments necessitated new procedures. Mississippi and Iowa developed new procedures because officials wanted greater oversight.

STATES ARE CARRYING OUT
MANAGEMENT RESPONSIBILITIES

In accepting CSBG, all states assumed new or expanded grant management responsibilities related to establishing program requirements, monitoring, providing technical assistance, collecting data, and arranging for audits. Generally, the 13 states were carrying out these responsibilities although different approaches and emphases were noted. Also, both state officials and service providers had differing views of whether states' administrative requirements were more or less burdensome than requirements imposed by the federal government under the prior programs.

Requirements imposed on
service providers

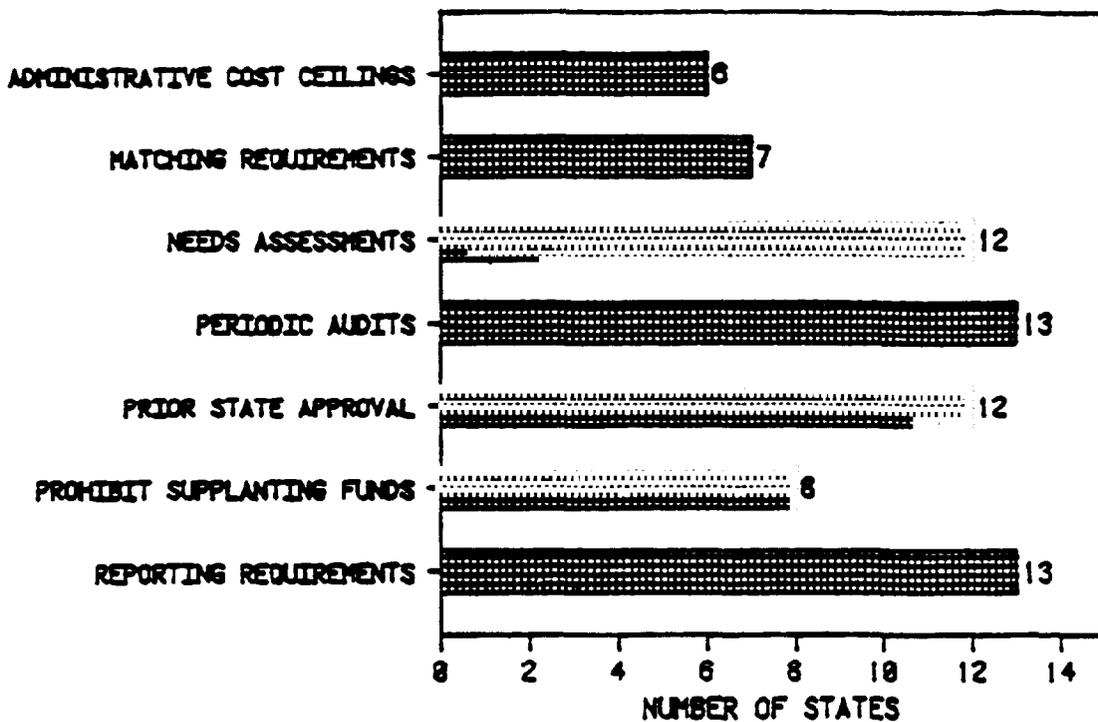
The prior categorical programs imposed numerous federal requirements on grant recipients. The 1981 block grant legislation removed many of these federal requirements, but the Congress did establish certain prohibitions and restrictions pertaining to the use of CSBG funds, such as discriminating; using funds for certain political purposes; and purchasing or improving land or purchasing, constructing, or permanently improving a building (other than low-cost residential weatherization or

other energy-related home repairs).¹ All 13 states required service providers to comply with these federal requirements.

The 1981 block grant legislation also permits states, at their option, to impose additional requirements on service providers. All 13 imposed auditing and reporting requirements, and 12 required service providers to conduct needs assessments or to obtain prior state approval for certain actions, such as making major purchases. Chart 4.1 shows the number of states that imposed various requirements.

Chart 4.1

Number of States That Imposed Selected
Requirements on Community Services
Block Grant Service Providers



¹pursuant to the 1981 legislation, the Office of Community Services has established procedures through which some states have received waivers to the prohibition against using funds for capital improvements.

States used various means to make service providers aware of applicable federal and state requirements. All 13 states included requirements in contracts and/or agreements, and most incorporated requirements into their laws, regulations, or state policy guidance. For example, Colorado put the federal requirements relating to civil rights and political activities as well as the state requirement mandating periodic audits into state laws. Mississippi included state requirements on matching, reporting, needs assessment, and prior state approval in its policy guidance to service providers.

In addition to these requirements, 5 of the 13 states relaxed or planned to relax client eligibility requirements. All 13 states used OMB income poverty guidelines as a measure for establishing participant eligibility, but not all set the same criteria. For fiscal year 1983, 9 of the 13 states established eligibility criteria at 100 percent of the OMB poverty guidelines--the same criterion used for most of the prior categorical grant programs--while 4 states set the criterion at 125 percent. Colorado changed the eligibility criterion from 100 percent to 125 percent in 1983 so the requirement would coincide with its low-income home energy assistance block grant. Similarly, Washington planned to change to 125 percent in 1984 to coincide with that program.

States monitor CSBG differently

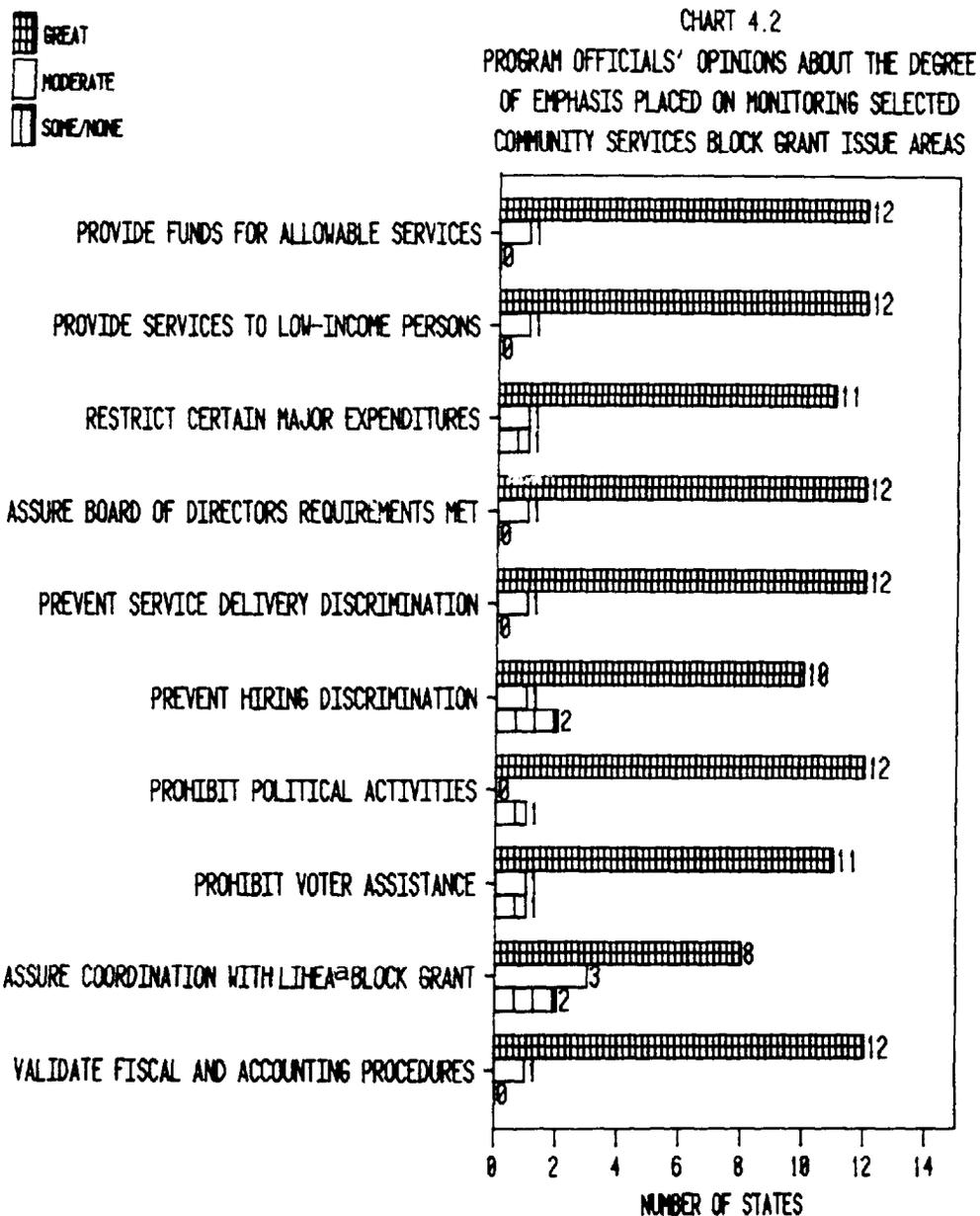
All states reported monitoring service providers' compliance with federal and state requirements. However, they approached monitoring differently and made different use of monitoring results. Some service providers believed that state monitoring was more frequent and comprehensive in scope than previous federal monitoring, although their perceptions varied on this issue.

The organizations responsible for monitoring varied among states. In 11 of the 13 states, only the CSBG administering unit monitored the block grant program, while in Michigan and Pennsylvania monitoring was done by the administering unit and other organizations. For example, in Pennsylvania, the attorney general's, the treasury's, and comptroller's offices monitored CSBG activities.

Officials in 6 of the 13 states said they monitored community services programs in conjunction with other programs. For example, Pennsylvania officials told us that because service providers in two counties did considerable housing renovation work under contracts funded with both block grant and state moneys, Pennsylvania's administering agency reviewed those contracts jointly. Similarly, New York officials told us that

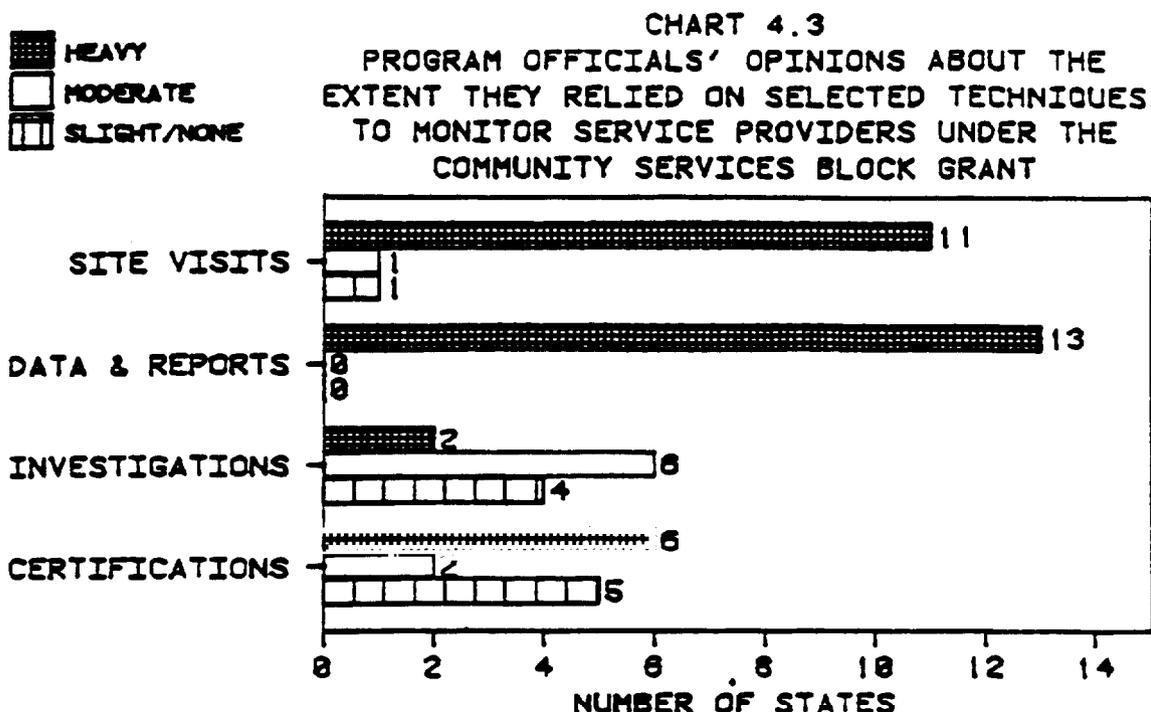
if a service provider administered CSBG and a categorical program, the administering office monitored both at the same time.

State officials told us they emphasized various issues when monitoring service providers. As chart 4.2 shows, states reported considerable consistency in the emphasis placed on monitoring various federal requirements.



^aLow-income home energy assistance.

Also, as shown in chart 4.3, states relied most heavily on reviewing data and reports and making site visits to monitor service providers.



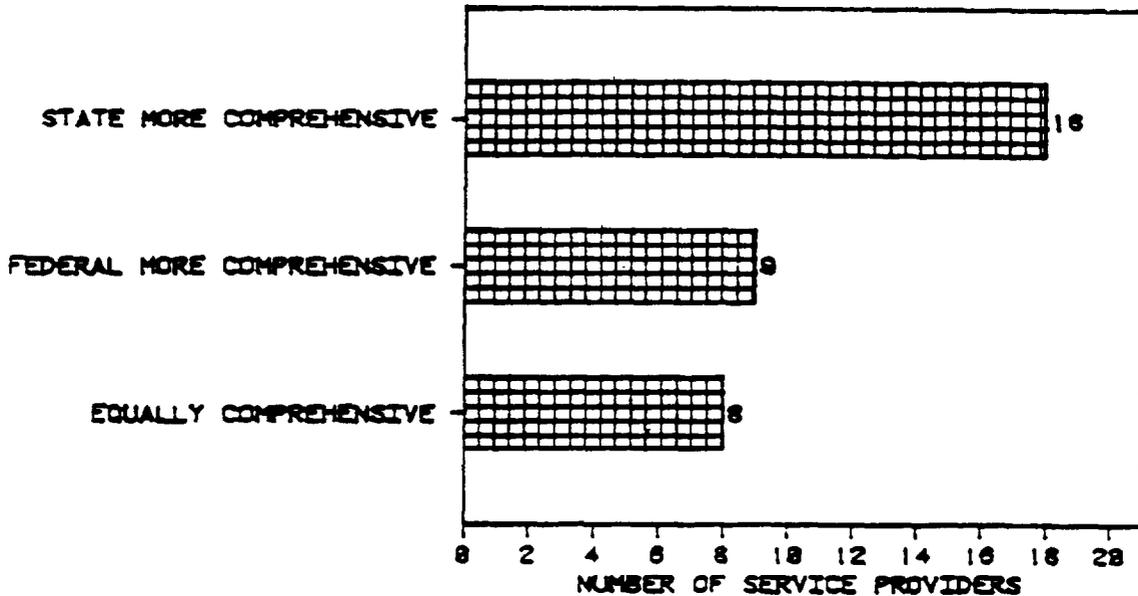
The frequency of states' site visits to service providers varied substantially, ranging from about annually in Florida and Kentucky to bimonthly in Washington and New York. Six states scheduled monitoring visits to service providers between two and four times a year. New York and Pennsylvania officials said they scheduled additional monitoring visits to providers that had high funding levels or were experiencing financial or other difficulties.

Just as monitoring techniques varied, so did state actions as a result of monitoring. Actions ranged from identifying the need for additional technical assistance to defunding service providers. Eleven states said they relied heavily on site visits to provide technical assistance. For example, officials in New York's Division of Economic Opportunity told us that the state's monitors included a section in their site visit reports identifying problems and technical assistance needed to correct them.

Three states specifically defunded service providers as a result of monitoring activities. Mississippi officials defunded one CAA in 1983 and temporarily suspended another because they did not comply with state requirements. Massachusetts and Washington officials also defunded service providers as a result of state monitoring efforts.

Over half the service providers that provided opinions on the comprehensiveness of federal and state monitoring said state monitoring was more comprehensive in terms of the frequency and scope, as shown in chart 4.4. Twelve service providers were unable to compare federal and state monitoring.

CHART 4.4
SERVICE PROVIDERS' OPINIONS ABOUT THE
COMPREHENSIVENESS OF FEDERAL AND STATE
MONITORING

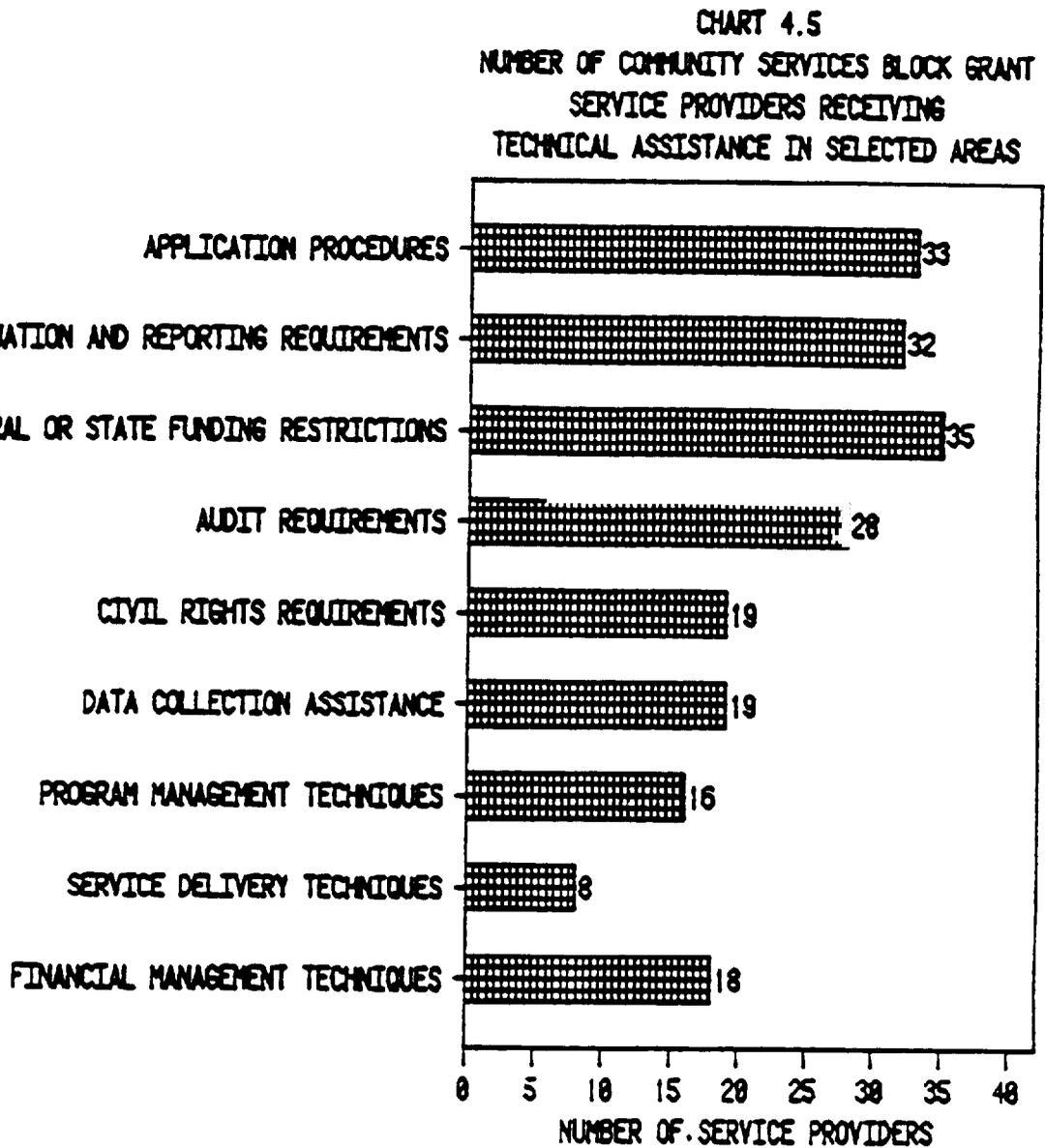


States provide technical assistance,
but service providers would like more

State officials said they provided technical assistance in various areas to different types of service providers. All 13 states provided assistance to CAAs, and 10 reported that they provided assistance to LPAs; the other 3 did not fund such agencies in 1983. Ten states also provided technical assistance to Indian organizations and organizations serving migrant and seasonal farmworkers, and eight said they provided assistance to political subdivisions. Most states made great use of the telephone, letters, written guidance, and site visits to

provide technical assistance; some also made great use of conferences and training courses. Also, according to state officials, technical assistance was usually provided on federal and state restrictions, financial management procedures, state application procedures, and auditing, reporting, and evaluation requirements. It was provided less frequently for civil rights requirements and data collection.

As shown in chart 4.5, service providers essentially confirmed that states were providing technical assistance.



While 42 of the 47 service providers in our review said they had received technical assistance, 32 told us they would like more. For example, four of the six service providers we visited in Massachusetts said they would like additional technical assistance in at least one of the following areas: audit requirements, personnel management, planning, program administration, and program evaluation techniques.

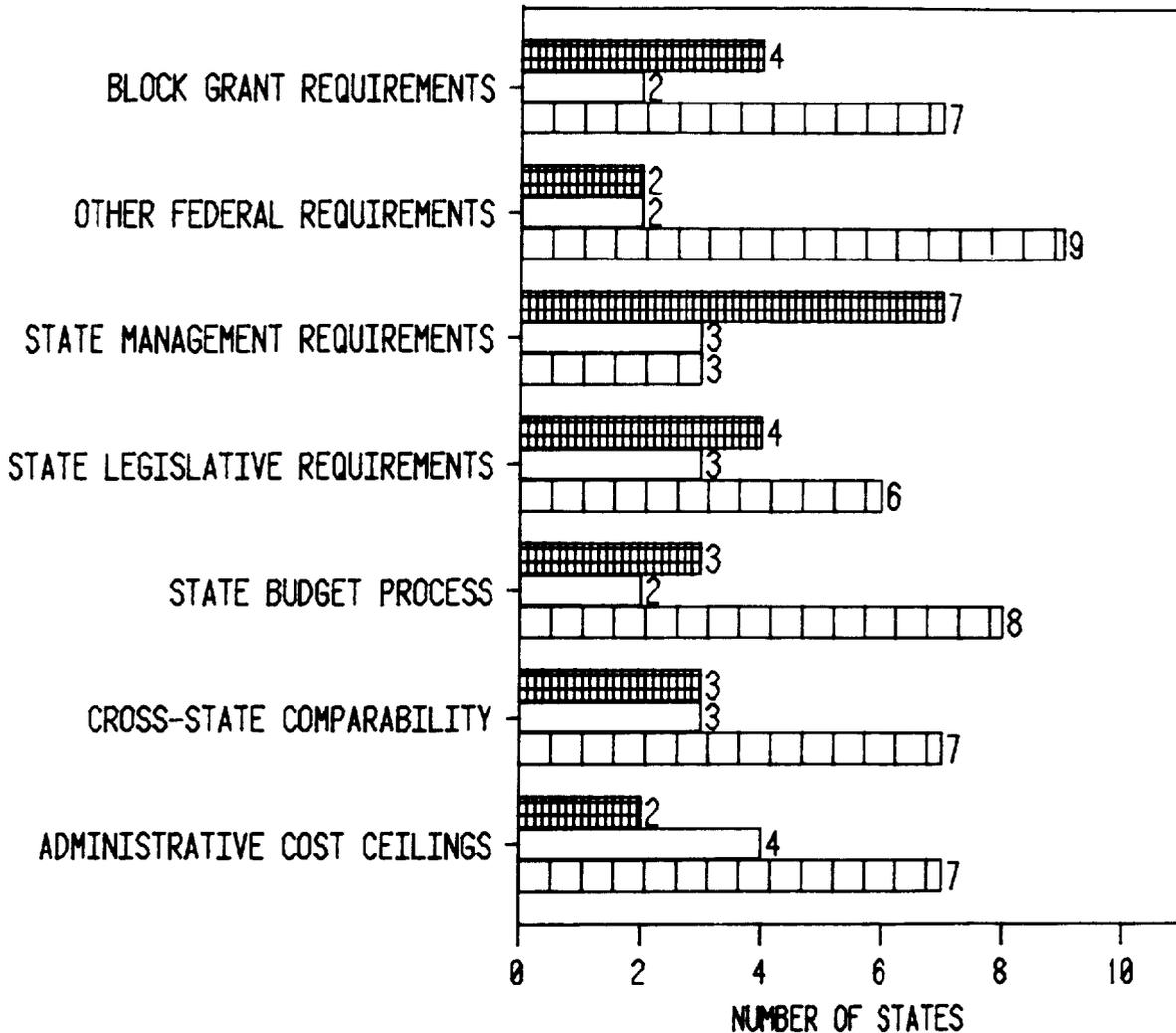
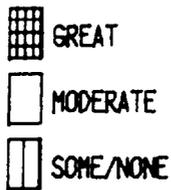
State collection and use of data varied

All 13 states reported collecting data on CSBG; however, the types of data collected and the use made of the data varied. The most common types of data collected related to the size and service needs of the population eligible for services, service quantity and quality, client age and income, and program effectiveness. The types of data least frequently collected related to client education and the extent of recidivism. According to state program officials, only Texas had detailed 1983 funding and client data by services identified in the legislation, although Kentucky, Michigan, and Vermont had 1983 data readily available on either clients or funding and data were available through searching providers' grant files in Florida.

States used the data they collected for a number of purposes in 1983. State officials told us the data were used for monitoring in all 11 states, to prepare budget documents in 7, and for annual reports in 7. Officials in about half the states said the data were also used for determining client needs and allocating funds. As shown in chart 4.6, state officials reported that state management requirements had the most influence over state data collection efforts.

CHART 4.6

PROGRAM OFFICIALS' OPINIONS ABOUT THE INFLUENCE SELECTED FACTORS HAD ON THE DATA COLLECTION EFFORT FOR THE COMMUNITY SERVICES BLOCK GRANT



While states have been collecting data since block grant implementation, most did not have statewide information on services provided and clients served under the prior categorical programs because of their limited involvement in those programs. Similarly, an Office of Community Services official told us that comprehensive baseline information on the prior categorical programs was not readily available at the federal

level because CSA--the prior federal administering agency--had been abolished and HHS had only limited knowledge about those programs.

State officials told us that it would be of great use to have additional information on quality of services and program effectiveness in 10 and 11 states, respectively. Less intense interest was expressed regarding additional information on eligible population and client characteristics, including age, sex, minority status, income, education, disability, and location. Despite the desire for additional information, officials in most states anticipated collecting about the same amount of information in 1984 that was collected in 1983, except for service quality and program effectiveness, where nine states expected increases. Also, all states except one identified major barriers to collecting information. They cited inadequate resources (10 states), burden on grantees (9 states), limited finances (8 states), and measurement problems (8 states).

States arrange for audits of CSBG funds

State audits of CSBG expenditures are a key oversight feature of the block grant legislation. States are required by law and regulations to obtain independent audits of their CSBG expenditures at least biennially and to make copies of such audits available to HHS and the public. Generally, state auditors plan to conduct state-level block grant audits as part of single department-wide or statewide audits. In a few cases, however, state-level audits were to be conducted by public accountants, and certain audits were performed separately for the block grant program. State officials told us that GAO's Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, will be used in conducting audits.

As of June, 1984, 7 of the 13 states had completed state-level audits pertaining to CSBG, 4 had audits in process, and 2 others had audits planned. Information obtained from HHS' Inspector General relating to 41 states showed that as of January 1984, 19 states had completed CSBG audits, 10 had audits in process, and 12 had audits planned.

We were able to obtain copies of the reports for four of the seven states in our review with completed audits. The audit report for the Michigan Department of Labor, Bureau of Community Services, which reviewed CSBG program expenditures as of September 1982, stated that the financial statements presented fairly the status of funds. It also noted certain questioned costs of subgrantee expenditures and that the final determination on the allowability of these costs would be made by

the Bureau of Community Services under the terms of the grant agreements. The audit report for Mississippi covered all funds administered by the Governor's Office of Federal-State Programs as of September 30, 1982. The report noted certain findings pertaining to prior years' transactions concerning fixed assets and amounts due from subgrantees and that budget data were not presented as required by generally accepted accounting principles because it was not practical to restate the state's fiscal year budget data on a federal fiscal year basis, and noted that certain subgrantee costs have been identified as questionable. The audit report states that subject to the effect of these items, the financial statements present fairly the assets, liabilities, and fund balances of the office's programs.

On June 25, 1984, the auditor general of California released a report entitled The Office of Economic Opportunity Has Not Controlled Public Funds Properly. This audit report, which focused in part on the CSBG program, cited numerous deficient fiscal management and monitoring procedures and stated that the Office of Economic Opportunity had already corrected some of the problems identified in the report and had initiated or planned to initiate corrective action to remedy other problems identified.

Kentucky's auditor of public accounts completed audits of the state's financial statements for the state's fiscal years 1982 and 1983. These reports stated that the financial statements of the Commonwealth of Kentucky presented fairly the assets, liabilities, and fund balances, including federal funds, arising from cash transactions at the year end and the cash receipts collected and expenditures paid during the year. These reports also stated that these statements were prepared in accordance with the Commonwealth's cash basis of accounting and therefore did not present either financial positions or results of operations in accordance with generally accepted accounting principles. As part of these audits, the auditor made certain recommendations to improve procedures and strengthen controls. In addition, the auditor performed a separate review of the Cabinet for Human Resources' internal controls and compliance with state and federal laws. This report identified numerous areas which could be improved, and the Cabinet stated that a majority of the recommendations have been or will be implemented.

In addition to audits at the state level, audits were also planned at the service provider level (see p. 42). CSBG service providers are generally responsible for arranging their own audits. Certified public accountants and internal auditors usually conduct the audits on an entity-wide basis covering all the service provider's funds. While comprehensive data for all

13 states were not available, information we obtained from state officials indicated that as of October 31, 1983, 161 service provider audits were complete, 90 were in process, and 147 were planned.

Differing opinions on relative
burden of federal and state
administrative procedures

Officials in 8 of the 13 states believed that, in comparison to the categorical programs, service providers had the same or less discretion under CSBG. For example, a Mississippi program official told us that although service providers were allowed to design their own service delivery projects within the parameters of the state plan, the state's control of funds and monitoring activities provided tighter control than under federal administration.

On the other hand, officials in five states said that service providers had more discretion because these states provided greater flexibility in using block grant funds. For example, Washington officials said that service providers had increased flexibility because managerial emphasis was switched from compliance with numerous requirements to emphasis on achieving program goals. Similarly, Colorado officials said they allowed service providers greater latitude in determining program objectives, services offered, and methods of administration and delivery because counties were better able to coordinate services with those provided by their social services departments.

Chart 4.7 shows service providers' opinions on whether states' administrative procedures under CSBG were more or less burdensome than the federal government's procedures under categorical grants. Their opinions on the overall administrative obligations were almost evenly divided. Regarding specific requirements and procedures, most providers viewed them as equally burdensome or said state requirements were more burdensome.

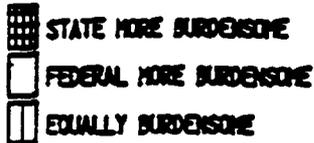
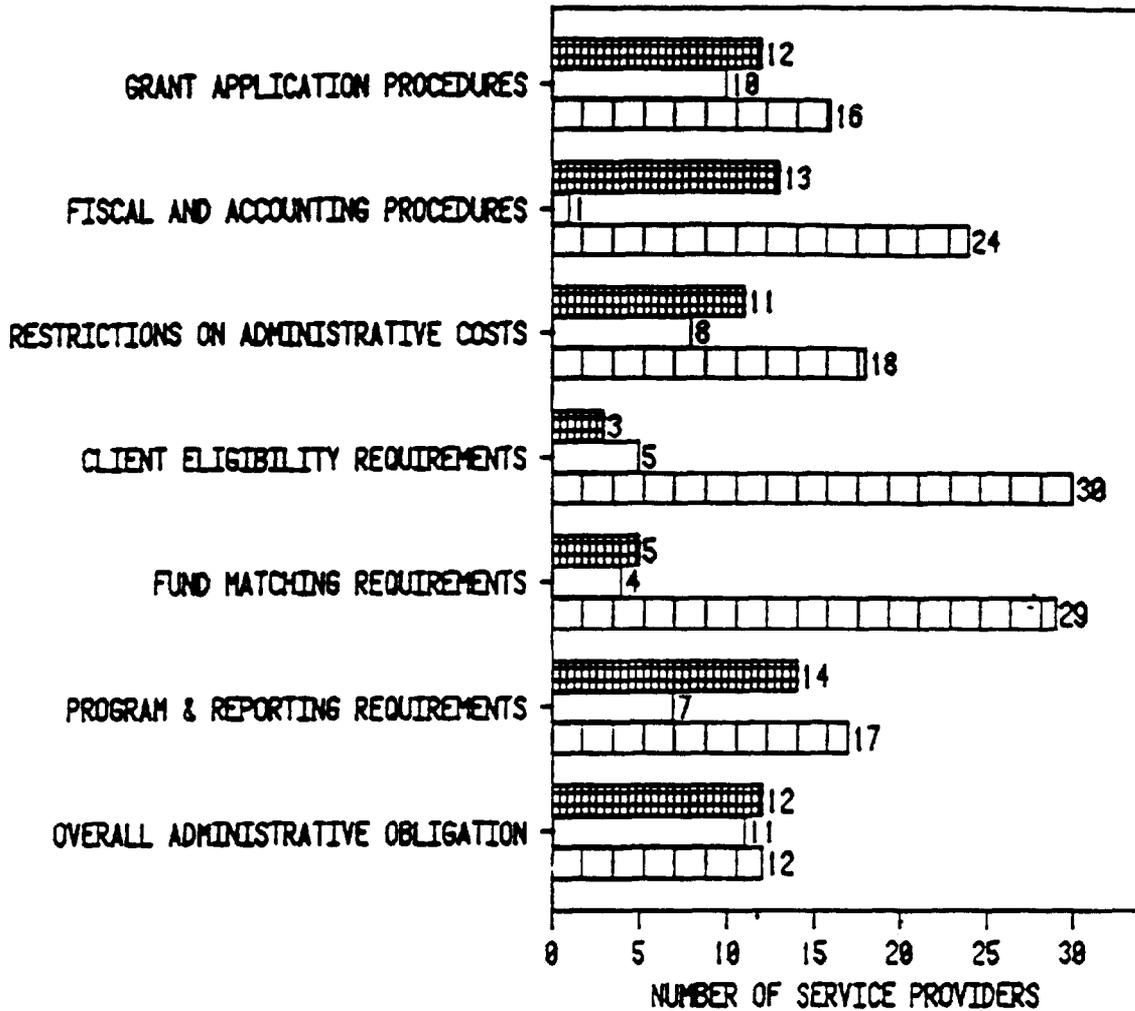


CHART 4.7
 SERVICE PROVIDERS' OPINIONS ABOUT THE BURDEN
 OF STATE ADMINISTRATIVE REQUIREMENTS AS
 COMPARED TO FEDERAL REQUIREMENTS



FEDERAL ADMINISTRATIVE COSTS DECREASE
WHILE STATE COSTS INCREASE

Federal administrative costs for community services have clearly decreased since block grant implementation, although detailed cost information is not readily available. On the other hand, states' administrative costs have clearly increased because of their very limited involvement in the prior programs. However, the increased cost could not be quantified due to the lack of comparable information across the 13 states.

Some administrative cost data
available at federal level

Baseline data on the cost of administering the prior categorical programs are sketchy, although HHS has general budget information on CSA's costs before block grant implementation. This information shows that about \$40 million was earmarked in 1981 for program administration of the categorical programs that were consolidated into CSBG. However, according to an Office of Community Services official, detailed records relating to actual administrative costs were not readily available because many were lost, destroyed, or placed in storage when CSA was abolished.

The Office of Community Services' 1985 budget showed the cost for administering CSBG in 1983 was about \$2.1 million, excluding the cost of closing out CSA--a \$37 million decrease from the 1981 funds earmarked for CSA. In conjunction with creation of the block grant, federal level staff used to administer community services was reduced substantially.

State level administrative costs increased

In addition to increased administrative responsibilities, state program officials estimated² significantly increased obligations for administrative costs under CSBG. For 1981 the 13 states received about \$1.6 million in community services categorical grants, and state program officials reported about \$1.1 million was obligated for administrative costs. In contrast, these states were allotted over \$139 million in CSBG funds for 1983, and state officials estimated about \$6.3 million would be used for administrative costs.

Comparable administrative cost data are not available across the 13 states. State-level administrative cost definitions for CSBG were not comparable. Although the block grant legislation established a 5-percent ceiling on administrative costs at the state level, neither the law nor HHS regulations defined administrative costs. Four of the 13 states had established written definitions that apply to state level CSBG administrative costs. Officials in four other states provided unwritten definitions, and the remaining five states had no definition. The definitions ranged from very vague and general to very detailed with specific administrative cost items being identified. The types of costs included in the definitions also varied greatly.

²Program officials' estimates were used to determine the effect of CSBG on states' administrative costs because the only available expenditure data at the time of our review were 1982 data at only 3 of the 13 states.

Also, seven states had definitions that identify costs for service providers as well as state offices, whereas three states had definitions only for service providers. The other three states made no reference to service providers in their definition.

State officials' perceptions about administrative costs

State officials' perceptions about how the block grant has affected the cost of administering community services tended to support the notion that CSBG has brought added administrative responsibilities at the state level, but the specific impact on administrative costs cannot be quantified.

For example, an official in the Mississippi Governor's Office for Community Services noted that, before the block grant, the office simply functioned as a liaison office. Under CSBG, the office's responsibilities and administrative costs had increased. Similarly, a Vermont official noted that the state assumed a great deal more responsibility under the block grant, including monitoring and evaluating the use of funds by, and the performance of, CAAs.

CONCLUSIONS

States approached their new or expanded administrative responsibilities for community services differently. Some accepted the block as soon as possible; others waited and used the time to plan for the program. Also, states assigned CSBG responsibilities to different types of organizations and initially used different administrative procedures to carry out their responsibilities.

States were also carrying out their new management responsibilities by establishing program requirements, monitoring service providers, providing technical assistance, collecting data, and arranging for audits. Both state officials and service providers had mixed views regarding whether state or the prior federal administrative procedures were more burdensome.

Federal administrative costs for community services had clearly decreased since block grant implementation, primarily due to the elimination of CSA, and federal staff reductions. On the other hand, states' administrative costs clearly increased as a result of their expanded role under CSBG. Because cost data are either not available or not comparable across the 13 states, CSBG's impact on administrative costs cannot be quantified.

CHAPTER 5

STATE ELECTED OFFICIALS AND CITIZEN

GROUPS HAVE BECOME MORE INVOLVED IN

PROGRAM DECISIONS UNDER THE BLOCK GRANT APPROACH

Because most predecessor categorical programs were administered by the federal government with limited state involvement, CSBG gave state elected officials their first opportunity to become actively involved in the administration of federal community services funds. Governors and legislators became involved in program decisions, and this increased involvement usually manifested itself through the state budget process.

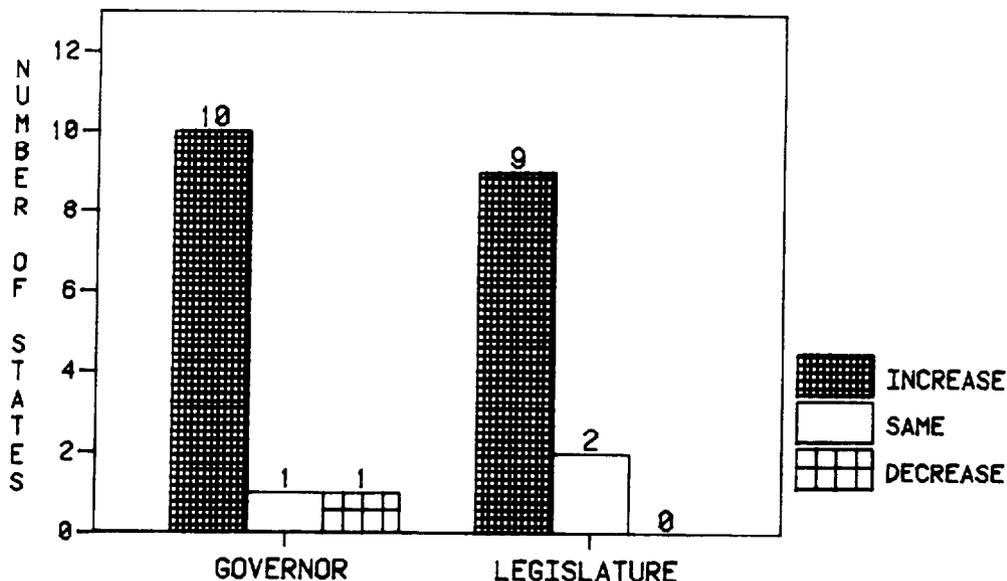
In addition to federally mandated CSBG public participation requirements--legislative hearings and circulation of reports on the intended use of CSBG funds--most states reported holding executive branch hearings and establishing advisory committees. Input obtained from advisory committees and comments on intended use reports often had the greatest influence on CSBG program decisions.

While most of the interest groups we surveyed participated in public hearings, their satisfaction with state efforts to facilitate formal public input was mixed. Also, while state officials generally believed the block grant approach was a more desirable way to fund CSBG services, most interest groups preferred the prior categorical approach. Many interest groups were concerned about state funding decisions and about the impact of state decisions on the groups and individuals they represented.

EXPANDED GUBERNATORIAL AND LEGISLATIVE INVOLVEMENT

Before CSBG, states' involvement in federally supported community services was essentially limited to decisions regarding coordination, liaison, and other peripheral activities. Consequently, as shown in chart 5.1, program officials in 10 states believed that their governor's involvement in community services program decisions had increased from the levels that existed under the prior categorical programs. Program officials in nine states also believed their legislatures were more involved.

CHART 5.1
 STATE PROGRAM OFFICIALS' OPINIONS ABOUT
 GUBERNATORIAL AND LEGISLATIVE INVOLVEMENT
 IN COMMUNITY SERVICES BLOCK GRANT
 DECISIONS COMPARED TO PRIOR CATEGORICALS



While governors had several mechanisms available to obtain information on or to exercise control over block grants, most relied on their opportunities to review and revise budget submissions. Fewer governors relied on public hearings, advisory committees, or the review and approval of federal grant applications. Like the governors, the legislatures relied heavily on the state budget process as an oversight mechanism for block grants. Legislatures in all 13 states appropriate federal CSBG funds through their normal budget process, and 10 of them specifically identify funds for certain program areas. Eleven legislatures also require reports on federal grant operations, including CSBG.

Legislative staffs in four states said their legislatures are greatly involved in CSBG decisions. This was a considerable increase over the prior categorical programs, in which none of the legislatures noted a high degree of involvement because federal grants went directly to local service providers. Also, legislative committees in three states made changes to the 1983 block grant plans or proposals submitted by executive agencies. The types of changes involved maintaining or increasing funds for specific services and geographic areas and changing the

method of service delivery. For example, the New York Senate expanded the types of groups that could be funded under the CSBG budget request submitted by the governor to include groups that did not receive categorical funds.

Governor's office representatives and legislative officials identified a number of block grant characteristics that encouraged their involvement. Those most commonly cited were the ability to transfer funds between blocks and greater state authority to set program priorities. In addition, legislative staff in seven states said that the CSBG legislative hearing requirement encouraged state legislative oversight. A legislative staff member in Kentucky noted that this requirement helped the legislature formalize the grant application process and develop control mechanisms. New York legislative officials said that CSBG got the state legislature involved in targeting and eligibility issues. Gubernatorial officials in seven states also viewed the legislative hearing requirement favorably, some observing that it served as an impetus to involve the public in these programs.

On the other hand, gubernatorial officials said that block grant prohibitions and restrictions on the use of funds tended to negatively affect governors' abilities to oversee block grant planning and implementation. Specifically, governors in nine states reported that the federal block grant 90-percent requirement had such a negative effect. For example, an official from the Massachusetts Governor's office stated that federal legislative restrictions on providing CSBG funds to new grantees makes it difficult to fund new grantees in previously unserved areas or to replace grantees in areas where certain services have been terminated or a grantee has been defunded. Similarly, legislative officials in seven states also said that earmarking provisions tended to discourage their oversight.

STATES USE SEVERAL MECHANISMS TO OBTAIN CITIZEN INPUT

States must hold legislative public hearings and prepare and make public reports on their intended and actual uses of CSBG funds. In addition, 12 states reported holding executive branch hearings, and 11 states reported using one or more advisory committees. Program officials said that advisory committees and the comments on the intended use reports were the most important sources of information for decisions regarding the use of CSBG funds.

States prepared required reports

All 13 states provided their 1983 intended use report to various public and state organizations for comment. Eleven of

these states distributed the reports on their own initiative rather than on request. In most instances, report recipients included state legislators, service providers, private citizens, or organizations representing public or private interest groups. Also, eight states sent copies to local government officials and organizations representing minorities and the elderly. Six states revised their intended use plans and made them available to the public for comment. Also, eight of the nine states that had accepted the block grant in 1982 included a report on their actual use of 1982 funds together with the 1983 intended use report which they submitted to HHS.

More interest groups were generally satisfied than were dissatisfied with the length of the states' comment periods for the intended use report and its availability. However, they expressed greater dissatisfaction with the opportunity to comment on revisions to the plan and the timing of the comment period relative to the states' decision-making process. Five states plan to make changes to encourage more citizen input on intended use reports. The changes include soliciting comments from more groups and earlier in the decision-making process.

States conducted legislative and executive hearings

Legislative committees in 11 of the 13 states reported holding at least one public hearing to address CSBG in 1983. New York did not accept CSBG until 1983, and the block grant legislation does not require a legislative hearing until the following year. In Mississippi, legislators participated in three regional hearings that were jointly sponsored by the governor and the legislature.

Overall, 16 legislative committees in 11 states reported holding 41 hearings. Thirty hearings were in the state capital, and most were conducted by either a budget or an appropriations committee. Only 2 hearings were held separately to address CSBG, while 23 were held during the state's normal budget appropriation hearings process. The other 16 hearings were part of appropriation hearings that also included other block grants. Legislative officials in 5 of the 11 states that held legislative hearings said that the concerns expressed during those hearings led to changes in the state's budget proposal.

The most widely used method to notify the public of legislative hearings was state mailing lists. In nearly all states the advance notification period ranged from 1 to 4 weeks. The average number of individuals that attended the legislative hearings for which we were able to obtain data ranged from 162 in Massachusetts to 15 in Pennsylvania.

Eleven states also held a total of 52 executive branch hearings for CSBG in 1983. The number of hearings ranged from nine in Michigan to two in Vermont, Washington, and Massachusetts. Twenty-six CSBG hearings were held separately, 19 were held with other block grants, and 7 were held along with other federal and state programs.

The amount of advance notification for the executive hearings was 2 to 4 weeks in most states. Only one state gave less than 1 week's notice. The average attendance at these hearings ranged from 10 persons in Pennsylvania to 102 in Texas. Unlike hearings held by the legislature, most executive public hearings were held outside the state capital. Most states also made special efforts to encourage participation by local governments, service providers, and members of protected groups.

With regard to public hearings, more interest groups were satisfied than dissatisfied with the number of hearings held, their location, the degree of advance notice, and the amount of time allotted to block grants. Conversely, they expressed greater dissatisfaction with the availability of information before hearings and the timing of hearings relative to the fund allocation decision-making process.

Legislative committees in five states plan to change the public hearings process. These changes include holding more hearings outside the state capital, improving the notification process, and holding hearings earlier. Four states plan to make changes in the executive branch hearings, such as scheduling hearings earlier in the funding decision-making process, holding more hearings, and holding more hearings outside the state capitals. Washington and Michigan, which held two and nine hearings, respectively, plan to hold fewer hearings.

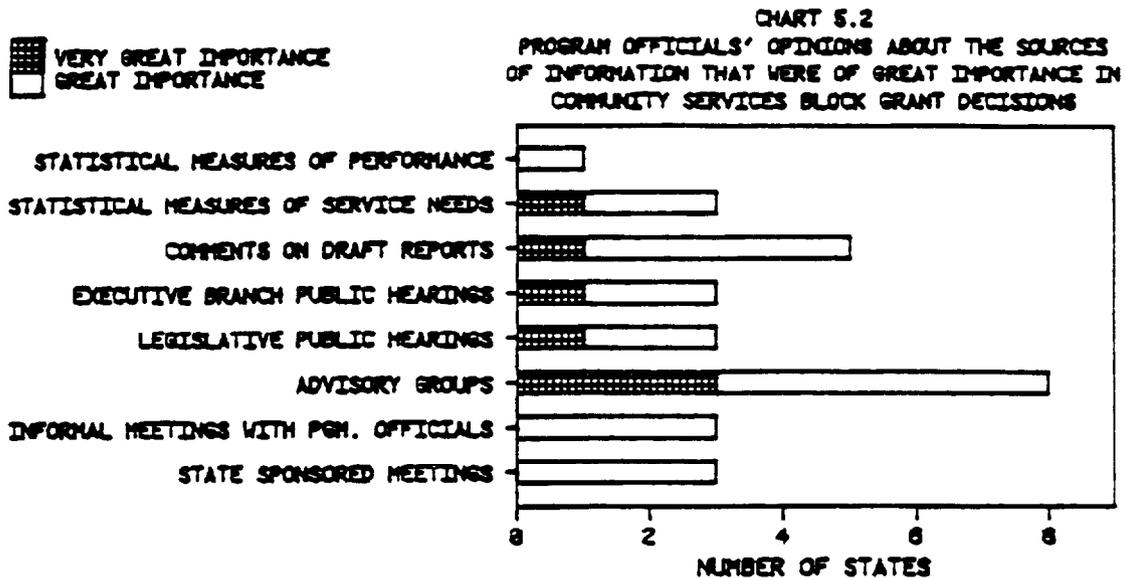
Considerable use of advisory committees and task forces

Program officials in 10 of the 13 states identified 18 advisory committees or task forces that participated in the CSBG decision-making process. Eight of these committees addressed CSBG only, while the other 10 addressed CSBG in conjunction with other block grants and/or related state-funded programs.

These committees were composed primarily of state program officials, private citizens, service providers, and organizations representing minorities. The governor's office appointed members to these committees in four states and was directly represented in five states. In California, the state legislature also appointed individuals to advisory committees, and in six states legislators served on one or more of these committees. Most of the interest groups were generally satisfied with both the role and composition of state advisory groups.

Role of citizen input
in CSBG decision making

As shown in chart 5.2, program officials said that advisory committee recommendations and comments on intended use reports were the most important sources of information in making decisions on priorities or objectives for programs supported with CSBG funds. Unlike other block grants, statistical measures of program performance had the least impact on CSBG decisions, according to program officials.



In 12 of the 13 states, information received from one or more of the citizen input mechanisms led to decisions on the use of CSBG funds. For example:

- The Florida Community Service Block Grant Advisory Committee held five public hearings on the feasibility of merging the block grant with a state trust fund used to provide community services. The administering agency recommended against the merger based on comments received during the hearings, and such a merger did not take place.
- In Massachusetts, comments received during public hearings prompted changes in the priorities used to select projects competitively.

--In Pennsylvania, draft regulations that would allow more flexibility in using funds for employment and economic development projects were revised as a result of comments received at public hearings.

--In Texas, comments received on intended use reports led to a decision to set aside unrestricted funds for awards to Indian tribes.

PERCEPTIONS OF INTEREST GROUPS
AND STATE OFFICIALS ON BLOCK GRANTS

While many interest groups increased their activity with state officials under block grants, their satisfaction with state efforts to facilitate input into CSBG program decisions was mixed. Also, they were divided regarding their satisfaction with state responses to their concerns, although slightly more than half said they believed block grants adversely affected groups they represented. State officials were generally pleased with the block grant approach, while most interest groups perceived block grants to be a less desirable way of funding community services. Many interest groups that saw the block grant approach as less desirable expressed dissatisfaction with states' responsiveness to their concerns about maintaining or increasing funding for services and perceived that state block grant decisions adversely affected those groups or individuals they represented.

Interest groups give mixed
reaction on state input process

About 48 percent of the CSBG interest group respondents told us that they had increased their levels of activity with state legislatures and/or state executive agencies since block grant implementation. Most of these were statewide organizations involved in a wide range of activities to learn about or influence CSBG programs. These activities centered on participating in formal state citizen input processes or informal contacts with state officials. As shown in chart 5.3, interest groups participated in various aspects of the citizen input process. Attending or providing testimony at hearings was

the most widely used input process, with 59 percent of the interest groups responding to our survey participating.¹

CHART 5.3
COMMUNITY SERVICES INTEREST GROUP
PARTICIPATION IN THE BLOCK GRANT INPUT PROCESS

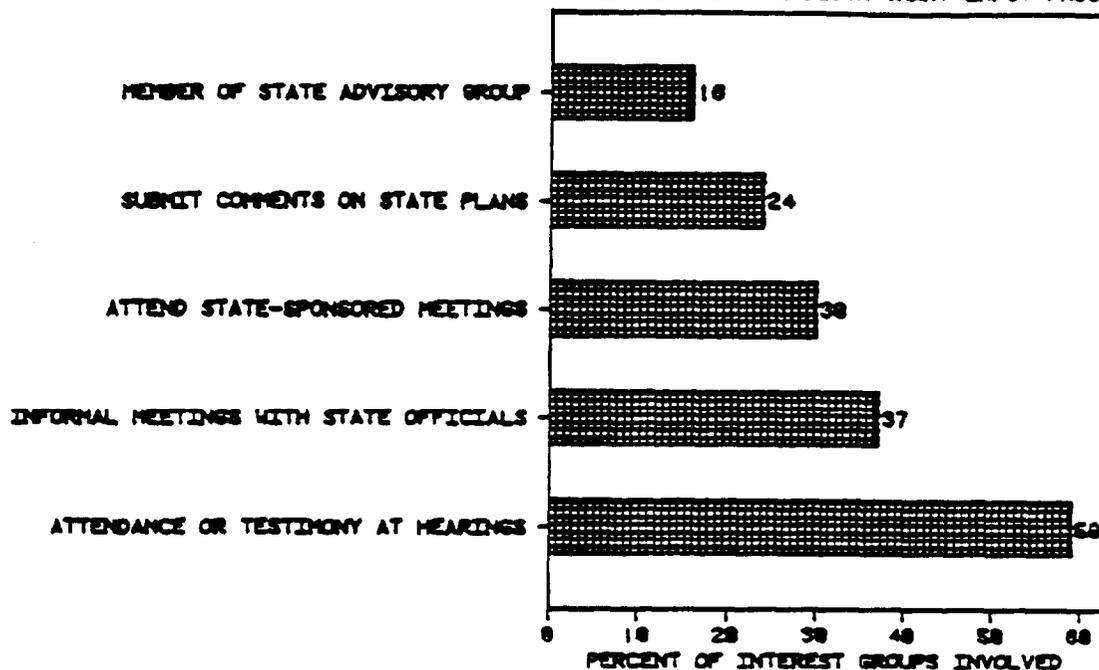


Table 5.1 shows that both attendance and testimony were greater for executive branch than for legislative hearings.

¹Of the 786 respondents to our survey of interest groups in the 13 states, 239 indicated they had some knowledge of CSBG-funded programs. Not all 239, however, answered every question in our survey, and percentages are based on the total number of respondents to each question. The number of respondents to each question, which ranged from 57 to 239, is detailed in appendix VIII.

Table 5.1

Percent of Interest Group Participation
in Different Aspects of Hearing Process

<u>Aspect of process</u>	<u>Percent</u>
Attendance at executive hearings	50
Attendance at legislative hearings	31
Testimony at executive hearings	29
Testimony at legislative hearings	16

Interest group and service provider
satisfaction with the state process

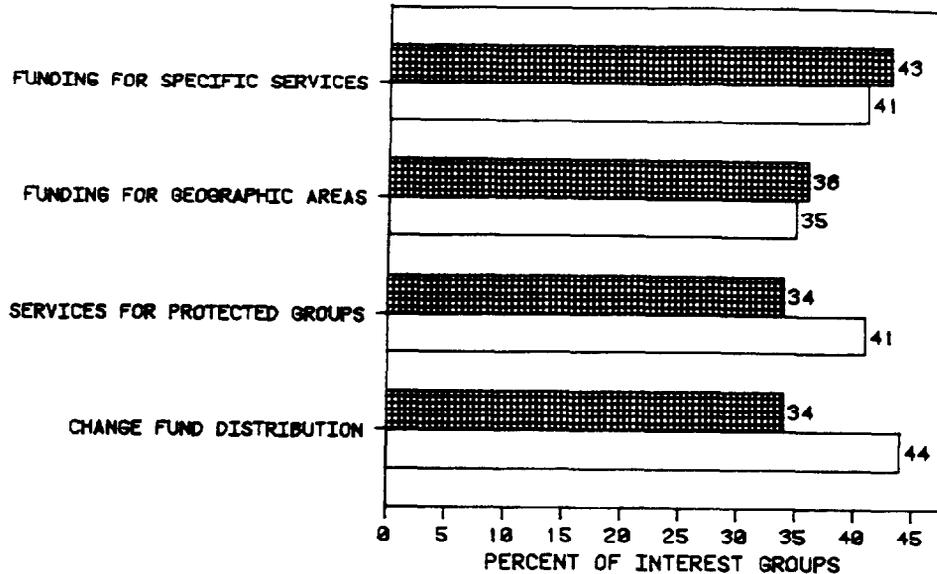
There were no clear trends in satisfaction or dissatisfaction with state methods for facilitating citizen input. The major areas of satisfaction were with the accessibility of state officials for informal consultation (68 percent), the time and location of hearings (53 percent), and the time allotted to block grants at hearings (50 percent). The major areas of dissatisfaction related to the availability of information on the intended use of funds before hearings (47 percent), the opportunity to comment on revised plans (50 percent), the timing of hearings relative to the states' decision-making process (43 percent), and the timing of the comment period relative to the states' decision-making process (49 percent). Interest groups that actively participated in the state processes by testifying, attending hearings, or submitting comments on state plans were more satisfied with state processes than interest groups that were not actively involved.

Three issues of great or very great concern to interest groups were the need to maintain or increase funding for specific services (73 percent), for geographic areas within the state (55 percent), and for services for protected groups, such as minorities and the handicapped (63 percent). Program officials told us that they also perceived a considerable concern about the need to maintain or increase funds for specific services during the executive branch hearings.

As shown in chart 5.4, interest groups were divided concerning their satisfaction or dissatisfaction with state responses to their concerns. They were slightly more satisfied than dissatisfied with states' responses to their concerns to maintain or increase funds for specific services and to geographic areas. They were more dissatisfied with the states' responses to their concerns to change the fund distribution mechanism or to maintain or increase funds for protected groups.

SATISFIED
 DISSATISFIED

CHART 5.4
 INTEREST GROUP SATISFACTION WITH STATE
 RESPONSES TO ISSUES OF GREAT CONCERN



Also, 52 percent of the interest group respondents believed that changes made by the state to programs supported with CSBG funds have adversely affected the individuals or groups they represented. Thirty-one percent of the interest group respondents viewed the state changes favorably, and the remainder said there was no impact.

The 47 local service providers we visited said that they relied most heavily on informal consultations with state officials and attendance at state conferences and meetings to convey their views. However, most of these providers also attended executive hearings on CSBG. The service providers were generally satisfied with the states' citizen input process. Almost 75 percent believed that states provided sufficient advance notice for hearings and that the availability of intended use reports was adequate. Of the 40 service providers responding, 17 believed that the opportunities to provide input into state decision making for CSBG-supported services were greater, 12 believed they were about the same, and 11 believed they were fewer under block grants than under the prior categorical programs.

State officials and interest groups have different perceptions of block grant approach

State officials generally believed the block grant approach was a more desirable funding mechanism than the prior categorical approach. Out of 39 responding legislative leaders, 29 in

12 states said block grants were more desirable than categorical, as did CSBG program officials in 10 states and gubernatorial officials in 11 states. Three legislative leaders in three states believed the block grants were a less desirable approach. The others saw little or no difference between the approaches.

Interest groups, on the other hand, did not generally perceive the block grant approach to be a more desirable method of funding community services programs. Only 28 percent said the block grant approach was more desirable, while 54 percent saw it as a less desirable way of funding community services programs. Those interest groups who were less satisfied with the block grant approach were generally those who said that states did not maintain or increase funds for specific services and that state block grant decisions had adversely affected those groups or individuals they represented. The remaining 18 percent saw little or no difference.

While interest groups and state officials had differing views on the desirability of the block grant, both expressed concern about the federal funding reductions that accompanied the block. In our opinion, it was often difficult for individuals to separate block grants--the funding mechanism--from block grants--the budget-cutting mechanism. Accordingly, officials in several states experiencing funding cuts commented that the advantages of their expanded flexibility were somewhat diminished by the reduced federal funding, and interest groups were concerned about the implications for individuals they represented.

CONCLUSIONS

The opportunity to exercise their expanded authority for CSBG programs has contributed to the increased involvement of governors and legislatures in programs previously dominated by federal officials. This increased involvement has been accompanied by increased citizen involvement in the decision-making process for federally supported community services programs. States were using a variety of mechanisms to obtain citizen input, and states made the greatest use of input obtained from comments on intended use reports and advisory committees when making program and funding decisions.

Interest groups provided mixed reactions to states' citizen input processes. They were generally satisfied with their access to state officials, the number and location of hearings, and the time allotted to block grants at hearings. However, many were dissatisfied with the availability of information on the intended uses of CSBG funds, the opportunity to comment on

revised plans, and the timing of hearings relative to the states' decision-making process. Also, interest groups had a mixed reaction regarding the adequacy of state responses to their concerns.

In general, state officials liked the block grant approach and viewed it as a more desirable method of funding community services. On the other hand, interest groups generally viewed it to be a less desirable method for funding community services. Over half the interest groups said state changes to programs supported with block grant funds adversely affected the groups they represented.

GAO REPORTS ISSUED TO DATE ON STATES'
IMPLEMENTATION OF BLOCK GRANTS CREATED
BY THE OMNIBUS BUDGET RECONCILIATION ACT OF 1981¹

States Are Making Good Progress in Implementing the Small Cities Community Development Block Grant Program (GAO/RCED-83-186, Sept. 8, 1983)

Maternal and Child Health Block Grant: Program Changes Emerging Under State Administration (GAO/HRD-84-35, May 7, 1984)

States Use Added Flexibility Offered by the Preventive Health and Health Services Block Grant (GAO/HRD-84-41, May 8, 1984)

States Have Made Few Changes in Implementing the Alcohol, Drug Abuse, and Mental Health Services Block Grant (GAO/HRD-84-52, June 6, 1984)

States Fund an Expanded Range of Activities Under Low-Income Home Energy Assistance Block Grant (GAO/HRD-84-64, June 27, 1984)

States Use Several Strategies to Cope With Funding Reductions Under Social Services Block Grant (GAO/HRD-84-68, August 9, 1984)

¹GAO plans to issue additional reports on block grants.

DESCRIPTION OF GAO'S DATACOLLECTION METHODOLOGY

To obtain information concerning the implementation and administration of block grants in 13 states, we collected data from two sets of sources:

1. Individuals or organizations having an interest in a single block grant, such as the state office that administers the block grant.
2. Individuals or organizations potentially having interest in more than one block grant, such as groups within the state legislature.

In some instances we obtained data directly from records available at organizations we visited; however, most of the data were provided to us by individuals or organizations. Most data collection took place during the period January to August 1983.

We developed four data collection instruments for use in obtaining information from the first set of sources referred to above and five for obtaining information from the second set of sources. The instruments we used to obtain information from sources having interest in a single block grant were:

- Program Officials Questionnaire.
- Financial Information Schedules.
- State Audit Guide.
- Service Provider Data Collection Guide.

Almost identical versions of the Program Officials Questionnaire were used for all block grants we reviewed. The other three instruments listed above were to a much greater degree tailored to the specific block grant.

Questionnaires were used to obtain information from sources with potential interest in more than one block grant. The five respondent groups for these questionnaires were

- governors' offices,
- state legislative leadership,
- state legislative committees,

- state legislative fiscal officer(s), and
- public interest groups.

The approach we generally took with these questionnaires was to ask about the respondent's specific experience with each block grant and then ask some questions about general impressions and views concerning the block grant concept.

The primary focus of our study was at the state level; thus, most of our data collection took place there. Even when collecting data from other than the state level, state implementation and administration remained our major interests. The questions in the Public Interest Groups Questionnaire concerned the group's views on how the state implemented and administered each block grant. The Service Provider Data Collection Guide was used not to obtain comprehensive data from the service provider level, but rather to identify some of the implications, for service providers, of state policies and practices in block grant implementation.

The questionnaires were pretested and externally reviewed prior to their use. The extent of pretest and review varied with the questionnaire, but in each case one or more state officials or organizations knowledgeable about block grants provided their comments concerning the questionnaire.

The Financial Information Schedules were discussed with other organizations that had obtained similar information at the state level in the past. The topics to be included in the Service Provider Data Collection Guide were discussed with service providers before the final instrument was produced.

The following sections describe each data collection instrument, including information on the source of the data and the method used to administer the instrument.

PROGRAM OFFICIALS QUESTIONNAIRE

Content

This questionnaire was designed to elicit information about the administration of the block grant. It asked state program officials about

- the ways in which the state established priorities and program objectives,

- the procedures used to obtain the views of citizens and other interested groups,
- the scope of the state's data collection efforts,
- the extent to which technical assistance was provided to state and local providers,
- the state procedures and practices for monitoring service providers, and
- the state's general impressions concerning block grants.

Source of information

The questionnaires were completed by senior level program officials who had primary responsibility for administering the block grant in the 13 states included in our study. We specified in the questionnaire that the responses should represent the official position of the program office.

Method of administration

We identified the senior program official in each state and delivered the questionnaire to the office of that official. The state program official was asked to complete the questionnaire with help, if necessary, from other staff and return the questionnaire to our representative. When certain responses were given, follow-up questions were asked to obtain additional information.

FINANCIAL INFORMATION SCHEDULES

Content

The purpose of these schedules was to obtain the best available data on (1) the funds available for CSBG and predecessor programs, (2) states' use of block grant funds, and (3) the funding levels for local providers both before and after block grant implementation. These schedules show, for fiscal years 1981-83, funding for community services from

- federal categorical grants going through the state government and going directly to local organizations,
- block grant funds going through the state government,
- the Secretary's set-aside and reserve funds, i.e., discretionary funds and direct Indian grants,

- state and local funds to meet matching requirements,
- state-supported community services funds, and
- other local community services funds.

Source of information

The funding data was obtained partly from the Office of Community Services and partly from program and budget information available at the state level. In some instances, final award figures were not available and, as a result, estimated figures were provided. In these cases, however, state officials agreed that the figures provided represented the best available information at the time we completed our fieldwork. In general, funds allocated for CSBG under the March 1983 Emergency Jobs Appropriations Act were not included in our 1983 analyses. Because of the timing of these allocations, most of the states we visited had not made awards to entities at the time the vast majority of our financial data was collected, and it was not always clear whether these funds would be awarded in 1983 or 1984.

In addition, we consulted with officials from the Urban Institute and HHS on the design of the financial information schedules because of their knowledge and ongoing work in these areas.

Method of administration

Our staff worked with state program and budget officials to complete our pro forma financial information schedules.

STATE AUDIT GUIDE

Content

We developed this audit guide to collect information on the state's administrative organization and management of CSBG. The areas covered included

- determining how states distributed CSBG funds and how the states' method was different from the federal government's distribution of the prior categorical grant funds;
- identifying changes in the types and funding levels of local organizations that received CSBG funds;

- ascertaining whether the states had state-supported community services programs, and if so, how CSBG planning fit into the overall state planning process;
- identifying the administrative structure used by the state to deliver community services; and
- identifying the impact of the block grant on services provided and clients served.

Source of information

The information was obtained from state officials through interviews and state documents.

Method of administration

A detailed audit guide was used by our field staff to obtain this information. Follow-up meetings were held with state officials for further information or clarification of data.

SERVICE PROVIDER DATA COLLECTION GUIDE

Contents

This guide was used by our field staff to collect information concerning services provided through the use of block grant and other funds. The areas covered included

- descriptive information about the service provider,
- sources of service provider funding,
- scope of specific services,
- methods of service delivery,
- information about clients served,
- information about how service providers influenced states' block grant programs, and
- service providers' perspectives on states' administration of the block grant program.

Source of information

Our field staff visited 47 organizations receiving CSBG funds in the 13 states. These organizations were judgmentally selected to provide some coverage for different types and sizes of providers (e.g., public and private nonprofit organizations and small, medium, and large organizations) and locations in the state (i.e., urban and rural areas). In our selection, we included the organization that received one of the largest 1983 CSBG funding grants in each state, and in almost all cases, the organizations were previous categorical grant recipients so we could compare local community services before and after CSBG was implemented.

The service providers were generally selected from a list of 1981 categorical grantees provided by HHS. We visited at least three organizations in each of the 10 states; six each in Colorado and Massachusetts; and five in California, including organizations that received CSBG funds from the state but did not provide direct services, so we could obtain firsthand information concerning the impact of CSBG on local services in that state.

Method of administration

The instrument was completed onsite by our field staff. Interviews with service provider officials and staff, and review of documents such as annual reports and internal audits, served as the basis for the data recorded on the instrument.

GOVERNOR'S OFFICE QUESTIONNAIREContent

This questionnaire focused on the role played by the governor and his or her office in implementing and administering the block grant. Questions included were

- the extent of the governor's involvement in the decision-making process regarding block grant funding and administration,
- what the governor did to obtain information or exercise control over the setting of state program priorities,
- whether there are any changes anticipated in the way in which the governor will exercise control in the future,

--if additional federal technical assistance would have been useful, and

--what the governor's general impression was about block grants.

Source of information

The questionnaire was completed by the governor or a representative designated by the governor.

Method of administration

The questionnaires were mailed directly to the governors, with all governors or their designated representative responding. When complete, the questionnaires were returned to one of our representatives.

STATE LEGISLATIVE LEADERSHIP QUESTIONNAIRE

Content

This questionnaire was used to obtain information about the perceptions of state legislative leaders concerning block grants. The questions asked legislative leaders included

--how block grants affected the way in which the state legislature set program priorities and funding priorities,

--what the major benefits were of funding programs through block grants,

--how block grants could be improved, and

--their general impressions about block grants.

Source of information

We compiled a list of legislative leaders based on a publication by the Council of State Governments, State Legislative Leadership; Committees and Staff, 1983-84. Generally there were four per state: the presiding officer of the senate, the senate minority leader, the speaker of the house, and the house minority leader. A total of 48 questionnaires were administered, and 40 completed questionnaires were returned, for a response rate of 83 percent.

Method of administration

We delivered the questionnaire to the offices of each state's legislative leaders. We asked that they complete the questionnaire and return it to our representative.

STATE LEGISLATIVE COMMITTEES QUESTIONNAIREContent

The questionnaire requested information about public hearings concerning block grants held by committees of the state legislature in the 13 states. Questions included were

- how many hearings were held and where,
- who sponsored the public hearings,
- what mechanisms were used to inform citizens that hearings were being held,
- who testified at the hearings, and
- what concerns were expressed.

Source of information

We attempted to identify those committees in each state that held public hearings for the 1983 block grants. The questionnaires were completed by senior committee staff responsible for organizing public hearings on block grants. Twenty-eight committees received, completed, and returned the questionnaires.

Method of administration

We delivered the questionnaire to each legislative committee that held public hearings for block grants in 1983. A senior committee staff member was requested to complete the questionnaire and return it to our representative. We followed up on selected questions for additional information.

STATE LEGISLATIVE FISCAL OFFICER QUESTIONNAIREContent

The purpose of this questionnaire was to obtain information about the procedures used by the state legislatures to control and monitor block grant programs. Specifically, we asked

- --what controls or monitoring mechanisms the state legislature has and whether they have changed since block grants were implemented by the state,
- how block grant funds are appropriated,
- whether public hearings led to changes in the use of block grant funds,
- what role the legislature played in changing executive agencies' block grant plans or proposals, and
- the fiscal officer's general impressions about block grants.

Source of information

Legislative fiscal officers are generally the directors of the permanent, professional staffs of state legislatures. To identify the appropriate staff persons to whom we should direct our questionnaire, we sought the assistance of the National Conference on State Legislatures, the National Association of State Fiscal Officers, and the Council of State Governments.

Method of administration

Our staff delivered 19 questionnaires to fiscal officers in our 13 states. Seventeen were completed and returned, for an 89-percent response rate. We followed up on selected questions for additional information.

PUBLIC INTEREST GROUP QUESTIONNAIRE

Content

This questionnaire asked various public interest groups about

- their involvement with and perceptions of block grants,
- their perceptions about the state's efforts to solicit and incorporate citizen input into state program decisions made on block grants,
- their views as to the impact of changes made by the state on those persons they represented, and
- their perceptions of changes in civil rights enforcement as a result of block grants.

Source of information

The names and addresses of interest groups were obtained from several sources. Initially we contacted about 200 national-level organizations and asked if they had state affiliates that might have dealt with the implementation of the block grants. If so, we requested the names and addresses of those affiliates. The list of 200 national-level organizations was compiled from lists developed by staff, from mailing lists of organizations interested in specific block grants compiled by HHS, and from the staff of a private organization with extensive knowledge about block grants, such as the Coalition on Block Grants and Human Needs.

This list was supplemented, where possible, by lists of interest groups compiled from attendance rosters kept by state agencies during their public hearings. The availability and usefulness of these lists varied by state.

Once an initial list was compiled, we sent it to our staff in each of the 13 states. They, in turn, showed these lists to state officials involved with the block grants and to a small, diverse group of respondents on the lists. These groups provided corrections and recommended additions of groups that they felt were active in block grant implementation but were not on the list we had initially compiled.

The results of the selection process were not intended to be viewed as either the universe of public interest groups knowledgeable about block grants or a representative sample of public interest groups for any state or block grant. We believe, however, the interest groups we contacted provided a diverse cross-section of organizations knowledgeable about the CSBG implementation. Information on interest groups' perceptions on the block grant effect on civil rights will be presented in a separate report.

Method of administration

Questionnaires were mailed to the identified public interest groups with an enclosed, stamped, preaddressed envelope. A follow-up letter and questionnaire were sent to those who failed to respond within 3 weeks after the initial mailing.

Of the 1,662 groups on our final list, 786 returned completed questionnaires, for a 47-percent response rate. Of the completed questionnaires, 239 indicated that they had at least some knowledge of the implementation of CSBG in the state in which their organization was located.

FEDERAL FUNDING FOR COMMUNITY SERVICESACTIVITIES IN THE 13 STATES1981-83

<u>State</u>	<u>Federal community services funding</u>			<u>Change in federal funding 1981-83</u>	
	<u>1981</u>	<u>1982^a</u>	<u>1983^{ab}</u>	<u>Amount</u>	<u>Percent</u>
----- (000 omitted) -----					
California	\$ 52,625	\$ 30,187	\$ 32,482	\$(20,143)	(38.3)
Colorado	5,766	2,952	2,965	(2,801)	(48.6)
Florida	14,162	9,316	9,804	(4,358)	(30.8)
Iowa	5,988	3,799	3,562	(2,426)	(40.5)
Kentucky	9,393	6,163	6,775	(2,618)	(27.9)
Massachusetts	17,034	9,453	10,165	(6,869)	(40.3)
Michigan	19,937	13,007	13,427	(6,510)	(32.7)
Mississippi	11,549	6,017	6,384	(5,165)	(44.7)
New York	60,250	31,268	33,103	(27,147)	(45.1)
Pennsylvania	18,560	14,908	14,730	(3,830)	(20.6)
Texas	22,663	15,192	16,684	(5,979)	(26.4)
Vermont	2,039	2,940	1,907	(132)	(6.5)
Washington	<u>8,635</u>	<u>3,987</u>	<u>3,957</u>	<u>(4,678)</u>	(54.2)
Total	<u>\$248,601</u>	<u>\$149,189</u>	<u>\$155,945</u>	<u>\$(92,656)</u>	(37.3)

^aIncludes HHS Secretary's discretionary grants to entities and the set-aside for Indian organizations.

^bDoes not include funding under the Emergency Jobs Appropriations Act.

PLANNED FUNDING METHODS IN 13 STATES TO DISTRIBUTE 90-PERCENT FUNDS FOR 1963

State	Approximate percentage of 90-percent funds to be distributed under various methods						
	Poverty-based formulas	Previous funding	Minimum funding levels (amount of minimum funding)	Competitive methods	Other	Other elements	
						Funding floor	Funding ceiling
California		86		10(for migrants)	4(set-aside for Indians)		
Colorado	82		18 (\$55,000 for multi-county service areas)				
Florida		100					
Iowa	100						
Kentucky	50	50					
Massachusetts	29	24	47 (\$137,500)			20% decrease	
Michigan	5	56	39 (\$150,000)			20% decrease	20% increase
Mississippi	100						
New York		80	20 (\$112,725)				
Pennsylvania		100					
Texas	(a)	(a)					
Vermont	40		50 (to be divided equally)		5(unemployment) 5(per capita income differential)		
Washington	36		64 (\$100,000)				

^aTexas' formula gives weights of 9 percent to poverty factors, 90 percent to previous funding, and 1 percent to an inverse population density factor.

**NUMBER AND PERCENTAGE OF ENTITIES EXPERIENCING VARIOUS CHANGES IN FUNDING
1981-83**

Type of entity	100%		-99% to -75%		-75% to -50%		-50% to -25%		-25% to -1%		No change		1% to 25%		25% to 50%		50% to 75%		Greater than 75%	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
OMs	16	(4.6)	9	(2.6)	58	(16.5)	181	(51.6)	56	(16.0)	2	(.6)	11	(3.1)	10	(2.8)	2	(.6)	6	(1.7)
LPAs	13	(35.1)	3	(8.1)	4	(10.8)	4	(10.8)	2	(5.4)	1	(2.7)	1	(2.7)	3	(8.1)	2	(5.4)	4	(10.8)
Indian organizations	22	(40.0)	12	(21.8)	8	(14.6)	5	(9.1)	3	(5.5)	1	(1.8)	3	(5.5)	0	(0)	0	(0)	1	(1.8)
Migrant organizations	3	(42.9)	1	(14.3)	1	(14.3)	0	(0)	1	(14.3)	0	(0)	0	(0)	1	(14.3)	0	(0)	0	(0)
Counties	3	(100)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)
Other	69	(76.7)	4	(4.4)	7	(7.8)	2	(2.2)	3	(3.3)	1	(1.1)	0	(0)	0	(0)	0	(0)	4	(4.4)

**NUMBER AND PERCENTAGE^a OF ENTITIES^b EXPERIENCING VARIOUS CHANGES IN FUNDING IN EACH SAMPLE STATE
1981-83**

State	CAAs					LPAs					Indian organizations					Migrant organizations					Other									
	Increase ^c		Decrease		No funding in 1983	Increase ^c		Decrease		No funding in 1983	Increase ^c		Decrease		No funding in 1983	Increase ^c		Decrease		No funding in 1983	Increase ^c		Decrease		No funding in 1983					
	#	%	#	%		#	%	#	%		#	%	#	%		#	%	#	%		#	%	#	%		#	%	#	%	
CA	10	(24)	30	(71)	2	(5)	1	(14)	2	(29)	4	(57)	2	(14)	6	(43)	6	(43)	-	-	1	(100)	-	-	-	-	3	(15)	17	(85)
CO	-	-	8	(57)	6	(43)	1	(50)	-	-	1	(50)	-	-	1	(50)	1	(50)	-	-	-	-	-	-	1	(13)	2	(25)	5	(63)
FL	1	(5)	20	(95)	-	-	-	-	1	(100)	-	-	-	-	2	(100)	-	-	-	-	1	(33)	2	(67)	-	-	-	-	4	(100)
IA	2	(11)	17	(89)	-	-	-	-	-	-	-	-	-	-	1	(100)	-	-	-	-	-	-	-	-	-	-	-	3	(100)	
KY	2	(10)	19	(90)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	(20)	4	(80)	
MA	2	(8)	22	(88)	1	(4)	-	-	1	(33)	2	(67)	-	-	2	(100)	-	-	-	-	1	(100)	1	(17)	1	(17)	4	(67)		
MI	-	-	29	(100)	-	-	1	(50)	1	(50)	-	-	2	(25)	5	(63)	1	(13)	-	-	-	-	-	-	-	1	(33)	2	(67)	
MS	3	(14)	17	(81)	1	(5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	(25)	3	(75)		
NY	1	(2)	44	(98)	-	-	-	-	2	(100)	-	-	-	-	2	(40)	3	(60)	-	-	1	(100)	-	-	-	-	5	(38)	8	(62)
PA	-	-	33	(97)	1	(3)	4	(36)	3	(27)	4	(36)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	(100)	
TX	8	(15)	43	(78)	4	(7)	-	-	-	-	1	(100)	-	-	-	-	-	-	-	-	-	-	-	-	1	(9)	1	(9)	9	(82)
VT	-	-	5	(100)	-	-	-	-	-	-	-	-	-	-	1	(100)	-	-	-	-	-	-	-	-	1	(25)	-	3	(75)	
WA	2	(10)	17	(85)	1	(5)	4	(50)	3	(38)	1	(13)	1	(5)	12	(60)	7	(35)	1	(100)	-	-	-	-	1	(17)	1	(17)	4	(67)

^aPercentages may not add to 100 due to rounding.

^bCounties are not included because only three were funded in 1981.

^cIncludes entities whose funding was the same in 1981 and 1983.

FUNDING RANGES FOR SELECTED
SERVICE PROVIDERS FOR FISCAL YEARS 1981 AND 1983

	<u>Total funding</u>		<u>Federal community services funding</u>	
	<u>1981</u>	<u>1983</u>	<u>1981</u>	<u>1983</u>
Under \$100,000	0	0	1	4
\$100,001 to \$250,000	2	4	12	18
\$250,001 to \$500,000	3	2	13	12
\$500,001 to \$1,000,000	7	5	7	3
\$1,000,001 to \$5,000,000	17	22	9	6
\$5,000,001 to \$10,000,000	10	4	1	0
Over \$10,000,001	<u>5</u>	<u>7</u>	<u>1</u>	<u>1</u>
Total	<u>44</u>	<u>44</u>	<u>44</u>	<u>44</u>

INTEREST GROUP OPINIONS
ON THE COMMUNITY SERVICES BLOCK GRANT

Table 1

CSBG Interest Group Satisfaction With State Methods of
Facilitating Citizen Input Into CSBG Decisions

<u>Hearings</u>	<u>Percent</u> <u>satisfied</u>	<u>Percent</u> <u>dissatisfied</u>	<u>Total</u> <u>number of</u> <u>respondents</u>
Time and location of hearings	53	27	151
Time allotted to block grants	50	26	142
Number of hearings	44	34	152
Degree of advance notice	46	36	160
Timing of hearings relative to state's decision-making process	35	43	136
Availability of information before hearings	29	47	152
<u>Comments on state plans</u>			
Length of comment period on state intended use plan	43	36	138
Timing of comment period relative to state's decision-making process	35	49	138
Availability of state intended use plan	43	38	150
Opportunity to comment on revised plans	32	50	135
<u>Advisory committees</u>			
Composition of advisory groups	44	30	124
Role of advisory groups	46	31	131
<u>Informal contact</u>			
Accessibility of state officials for informal contact on block grants	68	16	143

Table 2Desirability of Block Grants Versus Categorical Grants

<u>Block grants are more desirable</u>	<u>Block grants and categoricals are equally desirable</u>	<u>Block grants are less desirable</u>	<u>Total number of respondents</u>
28%	18%	54%	173

Table 3Level of Activity With State Program Officials
and State Legislatures

	<u>Percent increased</u>	<u>Percent remained the same</u>	<u>Percent decreased</u>	<u>Total number of respondents</u>
State program officials	52	39	9	176
State legislatures	48	45	7	168

Table 4Effects of Program Changes

<u>Percent favorable effect</u>	<u>Percent no effect</u>	<u>Percent adverse effect</u>	<u>Total number of respondents</u>
31	17	52	158

Table 5Satisfaction With State Responses to Concerns

<u>Concerns</u>	<u>Percent satisfied</u>	<u>Percent neutral</u>	<u>Percent dissatisfied</u>	<u>Total number of respondents</u>
Increase funds for specific services	43	16	41	126
Decrease funds for specific services	26	37	37	59
Increase funds for geographic areas	36	29	35	102
Decrease funds for geographic areas	23	46	31	57
Increase funds for protected groups	34	25	41	106
Need to change beneficiary eligibility	35	32	33	87
Need to change fund distribution	34	22	44	101
Need to change method of service delivery	33	32	35	92
Need to change program administration procedure	34	28	38	103

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