

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 659 (Delegate Valentino-Smith, *et al.*)
Environment and Transportation

Community Development - Community Action Agencies - Continuity of Funding

This bill establishes the Community Action Agency Services Continuity Program within the Department of Housing and Community Development (DHCD) to ensure the continuity of services provided by community action agencies (CAAs) in the State. The program must provide funding to CAAs that were funded under the federal Community Services Block Grant Program (CSBG) as of December 31, 2016, and are no longer eligible for federal funding as a result of the termination of federal funding. The required funding must be in addition to any federally required maintenance of effort funding made prior to December 31, 2016. DHCD must adopt regulations to implement the bill.

Fiscal Summary

State Effect: To the extent federal funding for CAAs in the State is reduced or eliminated, DHCD general fund expenditures increase by an indeterminate but potentially significant amount to continue to fund those organizations. Total CSBG federal funding to Maryland in FY 2017 was approximately \$9.7 million. Revenues are not affected.

Local Effect: Funding for local government CAAs remains unchanged.

Small Business Effect: Minimal.

Analysis

Current Law/Background:

State Provisions Regarding CAAs

Under Title 8 of the Housing and Community Development Article, a CAA is defined as (1) a governmental unit in a political subdivision; (2) a governmental unit created by a combination of political subdivisions; (3) an agency designated as a CAA under federal law; or (4) a private, nonprofit organization that meets designated requirements.

DHCD is authorized to provide financial assistance to CAAs in accordance with distribution standards set by federal regulations and is required to adopt specified regulations related to CAAs.

Federal Community Services Block Grant Program

Primarily through the 17 CAAs in Maryland, CSBG provides a range of direct services designed to assist low-income individuals and families to attain the skills, knowledge, and motivation needed to achieve self-sufficiency. CAAs provide services in all 23 Maryland counties as well as Baltimore City.

Congress appropriates funds annually for CSBG. Under the CSBG Act, CAAs (also known as “eligible entities”) receive 90% of the funds appropriated. These CAAs have been designated by either the federal government or DHCD to act on behalf of Maryland’s low-income population. CAAs are required to provide programs that meet the needs of the local jurisdiction.

Under the CSBG Act, the State may utilize 5% of the federal allocation as discretionary funding to support a wide range of activities and programs conducted by CAAs or other nonprofit organizations to eliminate poverty, promote self-sufficiency, and promote community revitalization. Additionally, the funds may be used to provide training and technical assistance for and support coordination and communication among CAAs.

In federal fiscal 2017, Maryland received approximately \$9.7 million in funds through CSBG. About \$8.7 million was distributed to the State’s 17 CAAs through formula grants. Of the remaining amount, half was awarded competitively and the other half was used for DHCD administrative costs. The President’s fiscal 2018 budget proposed eliminating CSBG. Although funding for CSBG was not included in the last two presidential budget submissions, Congress has continued funding the program, through a series of continuing resolutions, through March 2018.

Federal Eligibility Requirements

Eligible entities must have a tripartite board of directors in which the private sector, the public sector, and low-income residents are represented equally.

Entities eligible to apply for discretionary funding include CAAs, nonprofit organizations that serve or target low-income individuals and families at or below 125% of the federal poverty line, and nonprofit organizations that support and serve CAAs in Maryland. A proposed program must display measurable outcomes that help families and individuals move toward self-sufficiency. Services and activities may include:

- housing, including assistance with acquiring permanent housing and assisting with self-help housing;
- Head Start Education for youth;
- nutrition programs, including distribution of food stuffs;
- transportation programs that include transporting clients to medical facilities;
- employment services; and
- emergency services, including providing shelter and energy assistance to low-income persons.

Additional Information

Prior Introductions: None.

Cross File: SB 822 (Senator Madaleno) - Education, Health, and Environmental Affairs.

Information Source(s): Anne Arundel, Charles, and Montgomery counties; cities of Frederick and Havre de Grace; Department of Housing and Community Development; Department of Health and Human Services; U.S. Office of Management and Budget; Department of Legislative Services

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nb/mcr

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