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Rationale for Increasing the Community Services Block Grant (CSBG) Income Eligibility Level

It is widely acknowledged that the official federal poverty level (FPL) is out-of-date and flawed as a measure of need. Based on 1960s methodology and 1950s data on low-income food budgets, the poverty level does not reflect changes in family composition, work participation, spending patterns or geographic variations in cost of living, among other problems. Although many federal programs use the federal poverty level as a factor in determining program eligibility, they typically use a multiple higher than 100% to compensate for these flaws. Some programs use other income measures to determine eligibility, such as a percentage of area or state median income, which reflect geographic differences and can result in eligibility thresholds that are significantly higher than the official poverty level.

- Examples of federal programs that use the federal poverty level and the multiple used:
 - Weatherization Assistance Program - 200%
 - Foster Grandparent and Senior Companion Programs - 200%
 - TANF-funded services under the Social Services Block Grant - 200%
 - Child Nutrition Programs (WIC, Summer Food Service Program, Reduced-Price School Breakfast and Lunch, Reduced-Price Child and Adult Care Food) - 185%
 - Low-Income Home Energy Assistance Program (LIHEAP) - 150%
 - Supplemental Nutrition Assistance Program (SNAP), Free School Breakfast and Lunch, Free Child and Adult Care Food - 130%
- Examples of federal programs that use other measures of income to determine eligibility:
 - HUD housing/homelessness programs - 80% of area median income (low-income), 50% of area median income (very low-income), 30% of area median income (extremely low-income)
 - Child Care and Development Block Grant - 85% of state median income

Income eligibility under CSBG is set at 100% of the official poverty level, or 125% at state option, one of the lowest income eligibility criteria used among federal programs. Congress recognized the need to raise CSBG eligibility during the economic crisis in 2009, when it allowed states to raise eligibility to 200% as part of the Recovery Act, and again during the COVID-19 pandemic, when it gave states the option to use 200% as part of the CARES Act. Almost all states have taken the 200% option for CSBG eligibility, which Congress has continued to extend through appropriations laws.

Even at 200% of poverty, families struggle to afford rent, childcare, basic transportation and food. A computer and internet access also are costly essentials in today's world. People at this income level often have no cushion for an unanticipated expense, such as a car repair or health emergency, let alone the ability to invest in their or their children's futures by continuing their education, gaining new job skills, buying a home or starting a small business. CSBG is unique in its comprehensive approach that recognizes a crisis in one part of a family's life can threaten that family's entire future. An increased eligibility level enables CSBG to help stabilize a fragile family while they work toward a longer-term goal of self-sufficiency and upward mobility. It is less expensive and more effective to provide assistance *before* an individual or family loses their job or home than to address far more complex issues of homelessness, hunger and family disruption.



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Increasing CSBG eligibility better enables states and local Community Action Agencies (CAAs) to leverage CSBG funds and coordinate with other programs, including through use of CSBG as matching funds. When combining funds, agencies often must determine that clients are eligible under both programs, but CSBG's very low income eligibility criteria creates a barrier. For example, people may qualify for HUD housing or homeless assistance at HUD's low-income, very low-income or even extremely low-income level depending on where they live, but be over-income for CSBG at the usual maximum of 125% of the poverty level. As another example, CSBG funds may be used as matching for the Foster Grandparent and Senior Companion programs, where participants may have incomes up to 200% of the poverty level. Before states were allowed to use 200% for CSBG, CAAs that partnered with these programs had to apply separate rules for participants who qualified at different income levels.

Increasing CSBG eligibility simplifies the intake process and reduces inefficiencies and frustration. Conflicting eligibility rules create inefficiencies for agency staff who must spend time conducting duplicate eligibility determinations. Conflicting rules also create confusion and frustration for people in need who may be turned away from programs they thought they were eligible for. Some states have tried to streamline the intake process for agencies that operate multiple programs, allowing eligibility for one program to be used to document eligibility for CSBG, as long as the other program's eligibility level is within the CSBG limit. However, because CSBG income eligibility is so much lower than many of the programs that CAAs administer, this attempt at streamlining may have limited impact.

Experience of the Community Action Network at Higher Income Eligibility Criteria

Information from a cross-section of Community Action Agencies about the impact of increasing CSBG eligibility from 125% to 200% shows that agencies have been successful in serving people at the 125-200% income level, without shifting resources from those with lower incomes. Agencies further report that people in the 125-200% income range are demographically different and have different needs than those with lower incomes and that CAAs are uniquely able to address the full range of needs facing low-income people as identified in their communities. Some findings:

- The employment rate of people served in the 125-200% range is significantly higher than those under 125%. CSBG can be an important resource to help these working families remain stable and maintain the important assets (housing, employment, etc.) that support economic security.
- Individuals in the 125-200% range are on average older than those traditionally served by CSBG. This population is more likely to have employment experience and other life experience that can be effectively leveraged by CSBG to promote economic security.
- Individuals in the 125-200% range are more likely to be childless individuals or couples or members of multigenerational households, which suggests a different portfolio of services and supports may be required. CAAs are well-positioned to tailor their unique portfolio of services to these different demographic groups.
- Because of these demographic differences, CSBG-eligible households in the 125-200% group are more likely seek assistance for housing (likely to maintain housing because this group has a higher homeownership rate) and less likely to seek emergency assistance (such as food). CSBG can be



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effectively used to stabilize these families and prevent them from falling below the traditional measure of poverty. CSBG is an effective proactive strategy, as well as one that is highly responsive to urgent family needs.

The following are specific examples of programs and participants in CSBG-funded activities, as impacted by the increased CSBG eligibility criteria (200% of federal poverty level) provided under the CARES Act. These examples are from CAAs in Iowa, Massachusetts, North Dakota, Ohio and Virginia:

- Nancy sought assistance with her trailer rent. She is 47 years old and lives alone. She has never applied for assistance before. Due to medical issues (not COVID related), she was unable to work from August until October. When she returned to work, her doctor would only allow her to work part-time for 6 weeks. She continued to fall behind in her bills and received a 3-day eviction notice. Her income was at 185% of the federal poverty level. We were able to help her with CSBG funding and she was not evicted. She is doing well now and working full-time.
- Jenny is a single parent age 40 with three children ages 13, 10 and 9. She was told that she needed kidney dialysis three times per week. She was happy to learn she could do that at home, but had to move to get approval for the dialysis machine to be set up. She asked for help with a past due water bill and the first month's rent. She could only work part-time and qualified at 160% of the FPL.
- A couple in their 50's needed assistance with water, rent and utilities. He was injured while helping a friend that was disabled and has been unable to work for 6 months. She just lost her job due to a point system; she had taken too much time off caring for him and driving him to medical appointments. They qualified for assistance with income at 187% of the federal poverty level.
- CSBG works as a flexible source of funding. In the beginning of the pandemic, we were able to expand the General Assistance burial program that we administer, which had an extremely low income guideline of 100% of the federal poverty level. Meatpacking workers were at the highest risk for COVID of any occupational class in the country, which meant workers lost income and families faced greater hardship. We were able to use CSBG funding to assist families with incomes between 100-200% of poverty with a very modest burial. Not only were we able to help the families, who were unable to work due to the shutdowns and closures, but also the local funeral homes that were inundated with bodies and struggling. We were also able to use CSBG to help workers who had contracted COVID with their bills (incomes between 175-200% of poverty).
- The R. household came to the CAA with an income of approximately 150% of the federal poverty level, entirely from earned income. Their sole means of transportation to work, an older automobile, had broken down, threatening the household with the loss of 100% of its current income. With the increased eligibility criteria of 200%, the agency was able to use CSBG funding for the auto repair. Without this one-time intervention, the family would have been unemployed and would have had to seek transitional cash assistance from the state, reducing their income to about 50% of the federal poverty level.



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- The S. household includes two adult wage earners, whose combined income totaled approximately 85% of the federal poverty level in 2021. They applied to the CAA for food pantry assistance and were referred to CSBG job skills development and CSBG youth services for minor members of the household. In addition, household members participated in Head Start and CSBG-funded case management. One adult wage earner then accessed a better-paying job, which put the household over the traditional CSBG income limit by about \$100 per month. Without the CARES Act income eligibility expansion to 200% of the federal poverty level, this household would have been dramatically destabilized by the withdrawal of critical services.
- The S. family recently relocated from Alabama to Massachusetts in search of better job opportunities. In Alabama, the household received CSBG-funded services, including counseling for a youth with behavioral issues. Mother had worked for minimum wage in Alabama and was successful in locating a minimum wage position in Massachusetts. Because she pursued overtime hours, her income quickly exceeded 100% of the federal poverty level. Without the CARES Act income eligibility expansion to 200% of the federal poverty level, this household would have lost all their CSBG-funded supports.
- The F. household includes an elder, a single parent, and a disabled child. While they benefit from several federal programs—and were dependent on them for day-to-day survival—they were not eligible for CSBG-funded services until the CARES Act eligibility expansion. Then, the parent was able to upgrade their job skills, find a career-track position, locate specialized child and elder care, and begin to save for a move out of public housing.
- When COVID struck, Daniel was working at a fast food restaurant and his hours were reduced. With his employment income he is above the 125% limit but below 200%. Daniel's housing was unstable and he was couch surfing. He received case management to assist with his housing search. CSBG-CARES funds were used to assist with a security deposit in February 2021. With this assistance, Daniel has maintained stable housing.
- John, a single-person household and non-custodial parent of one child, was furloughed from his job at the start of the pandemic in March 2020. His unemployment benefit ran out in October 2020. He continued to look for work and finally was hired in March 2021. The income he earned placed him around 180% of the federal poverty level. Since the start of the pandemic, he struggled to stay current with rent, utilities and other living expenses. Even before the pandemic when he was employed, his rent was about 40% of his monthly income. He received some help from family and a state rental assistance program. In May 2021, he came to our agency because his landlord intended to evict him due to non-payment of rent owed. With the higher income eligibility of 200% of the federal poverty level, we were able to make him current with his rent and utilities and his landlord agreed to suspend the eviction.



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- Our Workforce Development Program provides supportive services to individuals who fall under the income limit of 200% of poverty. Our program has helped people develop in-demand job skills and increased their families' earning potential. The increase in income eligibility from 125% to 200% allowed us to serve a broader mix of families in need. For example, a household of 2 (single parent with one child) earning just over \$21,775 would have been over the usual CSBG income guidelines of 125% but would still have been unable to meet basic needs due to high childcare and housing costs.
- Of families that were helped with mortgage assistance in a four-county region, one-third had incomes above 125% of the federal poverty level. Without the increased income guidelines to 200%, our agency would not have been able to assist these households and prevent them from falling into deeper poverty. Providing modest mortgage assistance saved these families from accruing costlier problems such as credit card debt, lender's fees and foreclosures that are more difficult and costly to overcome. These households included:
 - A single mother of three who lost two weeks of work during the pandemic. She made \$16 an hour and would not have received assistance without the expanded eligibility guidelines.
 - A veteran raising his two grandchildren and relying on Social Security for income.
 - A family of four with two working parents, one of whom was temporarily unemployed due to COVID restrictions in 2020.
- A CAA that uses the evidence-based Whole Family Approach has been able to transform the lives of low-income individuals and families, resulting in an average increase in household income of more than 35% or \$18,500 annually among households served. Each household was provided access to early childhood education services, eliminating barriers to employment, and other services including first-time homebuyer counseling services. Once household income was stabilized over six months, the program transitioned the family into a sliding fee scale system of tuition. At the higher income eligibility limit of 200% of the federal poverty level, the program has been able to ensure that the investment made in these families is not jeopardized by an unexpected crisis. Some success stories:
 - Asheena came to the agency's Homeownership and Housing program through a referral from her family services specialist. Agency staff worked with Asheena to improve her credit score and employment options, leading to her pre-qualification for a home loan.
 - Michael came to the agency after facing homelessness and readjustment difficulty after release from incarceration. Michael learned that he qualified for the Supportive Services for Veteran Families program. He received counseling from a case manager, emergency housing, food, clothing, job leads, bus passes, a referral to HUD-VASH (vouchers for low-income veterans), and a referral to the agency's post-incarceration reentry program. Michael is now housed, employed and grateful for the agency's assistance.
 - Diane attended a workforce development workshop hosted by the agency in May 2021. She later interviewed for a job with a local restaurant and was hired on the spot. Additionally, Diane received a 30-day bus pass from the agency for transportation assistance in support of her new job. Unfortunately, soon after starting her new job, the restaurant closed its doors. However, Diane was able to use the skills she learned in the workshops to find another opportunity at a supermarket.