



COMMUNITY ACTION

Bringing Hope Home

June 17, 2009

Senator Joe Simitian
State Capitol, Room 2080
Sacramento, CA 95814

The Governor has proposed “Reorganizations, Consolidations and Elimination of Departments and Other Entities,” including elimination of the State Department of Community Services and Development (CSD) which serves the **low-income people** of California. CSD is not part of the general fund. As Executive Director of the Community Action Agency of San Mateo County, Inc. (CAASM), I recommend against elimination of CSD for budgetary reasons, public policy reasons and for fairness and equity reasons.

A. BUDGETARY REASONS

1. There would be no real savings to the general fund. Except for the top two positions, CSD is 100% federally funded.
2. The federal funds can only be used to administer the specific federal programs. The federal programs that CSD manages have prohibitions against using the federal funds to supplant or replace cuts in other programs. If that is the intent of the governor’s proposal, it is a specious argument. Those expenditures will be disallowed by the federal auditors.
3. The idea that CSD programs and administrative budget could be used to pay for general administration costs in the new Department of Energy (DOE) – will not work.
4. Any attempt to use the federal funds for any purpose other than those specifically permitted in the federal regulations associated with those programs, or approved via a waiver process, will result in expenditures being disallowed by the federal agency – and would have to be paid back with general fund dollars, with the possibility of added penalties.

B. PUBLIC POLICY REASONS

5. CSD administers programs that are federally-designed and funded – and these programs come with detailed, highly technical set of regulations. If the state is considering laying off the staff who understand these programs and replacing them with staff who are new to the programs, the State is guaranteeing a slowdown in services at the local level. A “slowdown” means that the State would be **depriving low-income people** of services to which they are entitled. Our experience is that it takes between one and two years to become a fully productive manager of these federally designed programs, either at the state level or the local level.

6. Further, using staff who do not already know how to manage these programs in compliance with federal regulations runs the risk of inadvertent mistakes that will result in disallowed costs.
7. CSD staff are working “flat out” to prepare the plans, contracts and reporting systems needed to get the American Recovery and Reinvestment Act (ARRA) stimulus money out to communities with a system that will assure transparency. Please do not distract the CSD staff by having them focus on personnel issues, getting used to working under a new agency, etc. Every workday that CSD staff are not focused on getting the ARRA money flowing increases the likelihood that funds **meant for low-income people** will be delayed beyond the planned start date of July 1, 2009.
8. CSD operates through a locally-based network of energy and Community Services Block Grant (CSBG) programs with highly trained and experienced staff that deliver these services. These agencies work with other nonprofits and local government to insure that the **low-income people** in their areas receive the services and assistance provided by these funds. These agencies depend on CSD as their representative in state government, to interpret (and enforce) federal standards, to provide training and technical assistance, research and evaluation, and to provide leadership on poverty issues. Cutting off the head can kill the rest of the body.

C. FAIRNESS and EQUITY REASONS

9. CSD and its network of local service providers manage programs that provide services and benefits to **low-income people** throughout the State of California. It seems unfair that with the economy in a downturn that the State would take an action to cut low-income services that further deprives **low-income people** of federally funded benefits to which they are entitled.
10. CSD and its network of local providers is the major voice in the state government for **low-income people**. Eliminating that voice deprives people of the ability to inform the state of their ideas and concerns.
11. Shifting CSBG to the welfare department would be an ignominious end to a 43-year history of CAA’s acting as advocates on behalf of the **low-income people**. Putting the CSBG inside the welfare department would end that advocacy role and probably any other advocacy role.
12. CSBG, Low-Income Home Energy Assistance Program (LIHEAP), and DOE Weatherization are programs that benefit **low-income people**. They have a long and unique history and a specific role as messengers of hope for **low-income people**. Separating these programs and assigning them into the state bureaucracy severs them from their historic mission, and probably destroys it – along with destroying the hopes of the **low-income people** in the State of California.

These are the most compelling reasons to keep CSD as a separate agency in the state government. I ask that you become the champion for this cause. Please ask your colleagues to REMOVE the language from the governor's proposals to eliminate CSD, and please let me know that you have taken this action.

Sincerely,

William F. Parker
Executive Director

CC: Peggy Jensen
Deputy County Manager
Community Services