

**“LIHEAP & CSBG: PROVIDING ASSISTANCE  
TO LOW-INCOME FAMILIES”**

---

---

**HEARING**

BEFORE THE  
SUBCOMMITTEE ON EDUCATION REFORM  
OF THE  
COMMITTEE ON EDUCATION AND  
THE WORKFORCE

**HOUSE OF REPRESENTATIVES**

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

---

HEARING HELD IN WASHINGTON, DC, JULY 8, 2003

---

**Serial No. 108-23**

---

Printed for the use of the Committee on Education  
and the Workforce



---

88-985 pdf

For sale by the Superintendent of Documents, U.S. Government Printing Office  
Internet: [bookstore.gpo.gov](http://bookstore.gpo.gov) Phone: toll free (866) 512-1800; DC area (202) 512-1800  
FAX: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

**COMMITTEE ON EDUCATION AND THE WORKFORCE**

JOHN A. BOEHNER, Ohio, *Chairman*

THOMAS E. PETRI, Wisconsin  
CASS BALLENGER, North Carolina  
PETER HOEKSTRA, Michigan  
HOWARD P. "BUCK" McKEON, California  
MICHAEL N. CASTLE, Delaware  
SAM JOHNSON, Texas  
JAMES C. GREENWOOD, Pennsylvania  
CHARLIE NORWOOD, Georgia  
FRED UPTON, Michigan  
VERNON J. EHLERS, Michigan  
JIM DeMINT, South Carolina  
JOHNNY ISAKSON, Georgia  
JUDY BIGGERT, Illinois  
TODD RUSSELL PLATTS, Pennsylvania  
PATRICK J. TIBERI, Ohio  
RIC KELLER, Florida  
TOM OSBORNE, Nebraska  
JOE WILSON, South Carolina  
TOM COLE, Oklahoma  
JON C. PORTER, Nevada  
JOHN KLINE, Minnesota  
JOHN R. CARTER, Texas  
MARILYN N. MUSGRAVE, Colorado  
MARSHA BLACKBURN, Tennessee  
PHIL GINGREY, Georgia  
MAX BURNS, Georgia

GEORGE MILLER, California  
DALE E. KILDEE, Michigan  
MAJOR R. OWENS, New York  
DONALD M. PAYNE, New Jersey  
ROBERT E. ANDREWS, New Jersey  
LYNN C. WOOLSEY, California  
RUBÉN HINOJOSA, Texas  
CAROLYN McCARTHY, New York  
JOHN F. TIERNEY, Massachusetts  
RON KIND, Wisconsin  
DENNIS J. KUCINICH, Ohio  
DAVID WU, Oregon  
RUSH D. HOLT, New Jersey  
SUSAN A. DAVIS, California  
BETTY McCOLLUM, Minnesota  
DANNY K. DAVIS, Illinois  
ED CASE, Hawaii  
RAÚL M. GRIJALVA, Arizona  
DENISE L. MAJETTE, Georgia  
CHRIS VAN HOLLEN, Maryland  
TIMOTHY J. RYAN, Ohio  
TIMOTHY H. BISHOP, New York

*Paula Nowakowski, Chief of Staff*  
*John Lawrence, Minority Staff Director*

---

**SUBCOMMITTEE ON EDUCATION REFORM**

MICHAEL N. CASTLE, Delaware, *Chairman*

TOM OSBORNE, Nebraska, *Vice Chairman*  
JAMES C. GREENWOOD, Pennsylvania  
FRED UPTON, Michigan  
VERNON J. EHLERS, Michigan  
JIM DeMINT, South Carolina  
JUDY BIGGERT, Illinois  
TODD RUSSELL PLATTS, Pennsylvania  
RIC KELLER, Florida  
JOE WILSON, South Carolina  
MARILYN N. MUSGRAVE, Colorado

LYNN C. WOOLSEY, California  
SUSAN A. DAVIS, California  
DANNY K. DAVIS, Illinois  
ED CASE, Hawaii  
RAÚL GRIJALVA, Arizona  
RON KIND, Wisconsin  
DENNIS J. KUCINICH, Ohio  
CHRIS VAN HOLLEN, Maryland  
DENISE L. MAJETTE, Georgia

**TABLE OF CONTENTS**

TABLE OF CONTENTS..... i

OPENING STATEMENT OF CHAIRMAN MICHAEL N. CASTLE, SUBCOMMITTEE ON EDUCATION REFORM, COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES ..... 1

OPENING STATEMENT OF RANKING MEMBER LYNN C. WOOLSEY, SUBCOMMITTEE ON EDUCATION REFORM, COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES ..... 3

TESTIMONY OF LESLIE LEE, LIHEAP DIRECTOR, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, NEW CASTLE, DELAWARE ..... 7

TESTIMONY OF DR. CAROLYN C. DRAKE, DIRECTOR, SOUTHERN STATES ENERGY BOARD, WASHINGTON, D.C..... 9

TESTIMONY OF DR. MARY NELSON, PRESIDENT AND CEO, BETHEL NEW LIFE, INC., CHICAGO, ILLINOIS ..... 10

TESTIMONY OF MR. MICHAEL TUBBS, EXECUTIVE DIRECTOR, COMMUNITY ACTION ASSOCIATION OF ALABAMA, BIRMINGHAM, ALABAMA ..... 12

TESTIMONY OF MR. DAVID BRADLEY, EXECUTIVE DIRECTOR, NATIONAL COMMUNITY ACTION FOUNDATION, WASHINGTON, D.C. .... 14

APPENDIX A – WRITTEN OPENING STATEMENT OF CHAIRMAN MICHAEL N. CASTLE, SUBCOMMITTEE ON EDUCATION REFORM, COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES..... 1

APPENDIX B – OPENING STATEMENT OF RANKING MEMBER LYNN C. WOOLSEY, SUBCOMMITTEE ON EDUCATION REFORM, COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES ..... 1

APPENDIX C – WRITTEN DOCUMENT SUBMITTED FOR THE RECORD BY RANKING MEMBER LYNN C. WOOLSEY, SUBCOMMITTEE ON EDUCATION REFORM, COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES..... 1

APPENDIX D – WRITTEN TESTIMONY OF LESLIE LEE, LIHEAP DIRECTOR, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, NEW CASTLE, DELAWARE..... 1

APPENDIX E – WRITTEN TESTIMONY OF DR. CAROLYN C. DRAKE, DIRECTOR,  
SOUTHERN STATES ENERGY BOARD, WASHINGTON, D.C..... 1

APPENDIX F – WRITTEN TESTIMONY OF DR. MARY NELSON, PRESIDENT AND CEO,  
BETHEL NEW LIFE, INC., CHICAGO, ILLINOIS..... 1

APPENDIX G – WRITTEN TESTIMONY OF MR. MICHAEL TUBBS, EXECUTIVE  
DIRECTOR, COMMUNITY ACTION ASSOCIATION OF ALABAMA, BIRMINGHAM,  
ALABAMA ..... 1

APPENDIX H – WRITTEN TESTIMONY OF MR. DAVID BRADLEY, EXECUTIVE  
DIRECTOR, NATIONAL COMMUNITY ACTION FOUNDATION, WASHINGTON, D.C... 1

APPENDIX I –WRITTEN DOCUMENT SUBMITTED FOR THE RECORD BY DR.  
CAROLYN C. DRAKE, DIRECTOR, SOUTHERN STATES ENERGY BOARD,  
WASHINGTON, D.C., AT THE REQUEST OF THE HONORABLE VERNON EHLERS,  
SUBCOMMITTEE ON EDUCATION REFORM, COMMITTEE ON EDUCATION AND THE  
WORKFORCE, U.S. HOUSE OF REPRESENTATIVES ..... 1

TABLE OF INDEXES ..... 2

**HEARING ON LIHEAP AND CSBG: PROVIDING  
ASSISTANCE TO LOW-INCOME FAMILIES**

---

**TUESDAY, JULY 8, 2003**

**SUBCOMMITTEE ON EDUCATION REFORM,  
COMMITTEE ON EDUCATION AND THE WORKFORCE**

**U.S. HOUSE OF REPRESENTATIVES**

**WASHINGTON, D.C.**

The Subcommittee met, pursuant to call, at 3 p.m., in Room 2175, Rayburn House Office Building, Hon. Mike Castle [chairman of the subcommittee] presiding.

Present: Representatives Castle, Osborne, Ehlers, Biggert, Woolsey, Davis of California, Davis of Illinois, Grijalva, Van Hollen, and Majette.

Also Present: Representative Rogers.

Staff Present: Julian Baer, Legislative Assistant; Pam Davidson, Professional Staff Member; Kevin Frank, Professional Staff Member; Parker Hamilton, Communications Coordinator; Kate Houston, Professional Staff Member; Krisann Pearce, Deputy Director of Education and Human Resources Policy; Deborah L. Samantar, Committee Clerk/Intern Coordinator; Ruth Friedman, Minority Legislative Associate/Education; Joe Novotny, Minority Legislative Assistant/Education; and Lynda Theil, Minority Legislative Associate/Education.

***OPENING STATEMENT OF CHAIRMAN MICHAEL N. CASTLE,  
SUBCOMMITTEE ON EDUCATION REFORM, COMMITTEE ON  
EDUCATION AND THE WORKFORCE, U.S. HOUSE OF  
REPRESENTATIVES***

**Chairman Castle.** The Subcommittee on Education Reform will come to order. We appreciate the attendance of our ranking member, Ms. Woolsey, who will speak in a moment, and our co-chairman, Mr. Osborne, for being here. A quorum is present, so we will officially come to order.

We are meeting today to hear testimony on LIHEAP and CSBG: Providing Assistance to Low-Income Families. Under Committee rule 12(b), opening statements are limited to the Chairman and ranking minority member of the Subcommittee. Therefore, if other members have statements, they may be included in the hearing record.

With that, I ask unanimous consent for the hearing record to remain open 14 days to allow members' statements and other extraneous material referenced during the hearing to be submitted in the official hearing record.

Without objection, so ordered.

Let me say good afternoon to everybody who is here today, particularly our witnesses who have come from various parts of the country to join us. I do want to welcome all of you to our hearing today entitled LIHEAP and CSBG: Providing Assistance to Low-Income Families. Today's hearing marks the beginning of the Subcommittee's examination of the Low-Income Home Energy Assistance Program, which we all know as LIHEAP, and the Community Services Block Grant, which we all know as CSBG. Both programs are scheduled for reauthorization during the 108th Congress session.

We are interested in learning more about how LIHEAP and CSBG have been implemented and administered since the last reauthorization, and look forward to learning about what aspects of these programs work well and what has not in providing assistance to low-income individuals, families, and communities. We are also eager to hear any suggestions and recommendations for improving LIHEAP and CSBG during the next reauthorization.

As many of you know, the Low-Income Home Energy Assistance Program is a block grant program under which the Federal Government gives States and other jurisdictions annual grants to operate home energy assistance programs for low-income households. Federal requirements are minimal and leave most important program decisions to the States. The program also authorizes a separate contingency fund that may be used at the discretion of the President in response to a natural disaster or other emergency need.

The LIHEAP program serves over 4 million households each year, and in my home State of Delaware, approximately 13,000 families have benefited from the program. The Community Services Block Grant is also a Federal block grant that funds a State-administered network of over 1,100 public and private community action agencies delivering social services to low-income Americans.

The Community Services Block Grant Act was established in 1981 in response to President Reagan's proposal to consolidate the community services administration and 11 other anti-poverty programs. Block grant funds may be used for a wide range of anti-poverty activities to help families and individuals achieve self-sufficiency. The CSBG program is an essential tool in

meeting the unique needs of each area and serves as a conduit for community services.

I want to thank and recognize our witnesses for being here today. We are looking to you, the people who work with these programs on a daily basis, to find the best way to provide appropriate services to our low-income neighbors. As needs in our communities continue to change, we must make sure that our approach to helping families in need is appropriate to the times.

In just a moment, I will begin with the introductions of all of you, but first I will yield to our ranking member, Ms. Woolsey, for any statement she may wish to make.

WRITTEN OPENING STATEMENT OF CHAIRMAN MICHAEL N. CASTLE,  
SUBCOMMITTEE ON EDUCATION REFORM, COMMITTEE ON EDUCATION AND THE  
WORKFORCE, U.S. HOUSE OF REPRESENTATIVES – SEE APPENDIX A

***OPENING STATEMENT OF RANKING MEMBER LYNN C. WOOLSEY,  
SUBCOMMITTEE ON EDUCATION REFORM, COMMITTEE ON  
EDUCATION AND THE WORKFORCE, U.S. HOUSE OF  
REPRESENTATIVES***

**Ms. Woolsey.** Thank you, Mr. Chairman.

Thank you, wonderful witnesses, for being here today. We thought we were going to be voting last night, which would mean we would have a full committee sitting here listening to you; but when we start tonight at 6:30, people are flying in. It is not lack of interest, believe me.

I would like you to know how important I believe the Community Services Block Grant and the Low-Income Home Energy Assistance Program are. They are not as well known as the other programs under our jurisdiction here on the subcommittee, but believe me, they are every bit as important.

Statistics show that poverty touches a large proportion of Americans sometime during their lives. Often it is caused by an unexpected event, such as illness, loss of a job or divorce; and heaven forbid, just getting old can get you into poverty and can leave whole families struggling to survive. CSBG and LIHEAP provide the support that these folks need to keep going through tough times and often it helps them fight their way out of poverty and makes it able for them to get back on their feet and back on track.

I am aware of just how important these programs are to families, because I am really fortunate to have two excellent community action agencies in the district that I represent. I represent the two counties north of the Golden Gate Bridge. When you get halfway across the Golden Gate Bridge, you are in Woolsey country. The community action agencies in both Sonoma and Marin Counties run extremely innovative programs, programs that address the real needs of

low-income families in my community.

As you can imagine, affordable housing is a huge problem in my area. Community Action, Sonoma County, operates a number of housing facilities, including a unique transitional housing facility for single moms, those who are trying to work their way off welfare. Community Action, Sonoma County, runs one of the few school-based health centers in California. It administers an individual development account program, it has a program which places a school nurse in eight low-income schools, it runs an emergency women's shelter and provides a variety of youth services.

And then, just to show the diversity in the types of programs, Community Action, Marin, just south of Sonoma County, was one of the very first HIV service providers in our area, and its peer mental health program is scheduled to be featured on PBS in a documentary series on innovative mental health services in the very near future.

In addition, Community Action, Marin, operates three children's centers, including a center for infant and toddler care, which is sorely needed in Marin and every place in the country. It runs the Marin Head Start, the Marin Fatherhood program, a learning center and a jobs and career services program, as well as a variety of other programs that serve Marin County families in need.

Some people think that is an oxymoron, Marin County and families in need. It is one of the most affluent districts in the Nation, but we have pockets of need; and the people that I represent who pay the high taxes actually expect that we will help the people in need in their community. This program makes that very, very possible.

Like community action agencies all around the country, Community Action, Marin, and Community Action Partnership of Sonoma County provide services and support that literally change people's lives.

So here we are today and you are going to tell us what you know. You are the witnesses. You are the experts. We look forward to hearing your testimony about what works and what doesn't work, because we are going to be looking at the changes that need to improve these two programs before we reauthorize.

Thank you, Mr. Chairman.

Mr. Chairman, with unanimous consent I would like to enter the recommendations of the National Association for State Community Services Programs into the record.

WRITTEN OPENING STATEMENT OF RANKING MEMBER LYNN C. WOOLSEY,  
SUBCOMMITTEE ON EDUCATION REFORM, COMMITTEE ON EDUCATION AND THE  
WORKFORCE, U.S. HOUSE OF REPRESENTATIVES – SEE APPENDIX B

**Chairman Castle.** Without objection, they will be entered in the record.



WRITTEN DOCUMENT SUBMITTED FOR THE RECORD BY RANKING MEMBER LYNN C. WOOLSEY, SUBCOMMITTEE ON EDUCATION REFORM, COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES – SEE APPENDIX C

**Chairman Castle.** Thank you, Ms. Woolsey, for your statement. We appreciate it. We will now turn to our witnesses, because we have a very distinguished panel today. I will now explain the ground rules.

Some of you understand these rules and some may be new to this, but each of you will have 5 minutes in which to testify. You may summarize your testimony. I guess in those 5 minutes you can do anything you want, but hopefully it will be along the lines of what you have submitted in writing to us.

We will just go in order after I introduce everybody down the line. After that is over, each member will have 5 minutes to ask and get questions answered.

Ms. Woolsey is absolutely correct. This is a return day after our break and it had been originally anticipated that we would be in session yesterday. Because we were not, we probably have an attendance issue that we do not normally have.

I would point out that the testimony you submit is certainly reviewed and scrutinized carefully by Committee staff, as well as individual staff. It is every bit as important as if people were here. We look forward to your testimony.

I will now proceed with the introductions. My first introduction is of a fellow Delawarean, Ms. Leslie Lee. We both had railroad problems today getting down here, but we finally made it. Ms. Lee is the LIHEAP Director for the Delaware Department of Health and Social Services. She has worked for the State of Delaware for over 24 years, 15 of which were spent in her current position. As Director of LIHEAP, Ms. Lee oversees the daily management of the program to ensure that the needs of low-income citizens are met.

In addition, Ms. Lee serves as the Secretary of the National Energy Assistance Directors Association, which is known as NEADA. NEADA is a national organization of LIHEAP State agency administrators that impacts energy policies and services on behalf of low-income households.

Our second witness will be Dr. Carolyn Drake. Dr. Drake is the Director of the Southern States Energy Board, SSEB, in Washington, D.C. The SSEB is a nonprofit interstate compact organization, created to enhance the quality of life for the citizens of the south through innovations in energy and environmental programs and technologies.

Dr. Drake has over 22 years' experience in the area of energy and environmental policy, economic development, and technology development and deployment. Prior to her current position, Dr. Drake was a professional staffer for a United States Senate Committee.

After Dr. Drake will be Dr. Mary Nelson. Dr. Nelson is the President and CEO of Bethel New Life, Inc., in Chicago Illinois. Bethel New Life, Inc., is a 24-year-old faith-based community development corporation serving the West Side Chicago community. Bethel has demonstrated a commitment to building the community from the inside out and has a national reputation for innovative and effective urban community initiatives. Bethel provides over 20 programs for community development, housing and economic development, employment, family support, senior citizens, and cultural arts.

In addition to her current position at Bethel, Dr. Nelson also chairs Good City Chicago, and serves on the boards of Call to Renewal and Christian Community Development Association. This all seems like enough to keep her busy.

Now I would like to welcome one of our colleagues from Alabama, Mr. Rogers, to the Subcommittee today. We have given him special dispensation to be here. He has a constituent who is our next witness on the panel and we would like to extend him the courtesy of introducing him to all of us. We recognize the gentleman from Alabama, Mr. Rogers.

**Mr. Rogers.** Thank you, Chairman Castle and Ranking Member Woolsey and members of the Subcommittee. I appreciate your allowing me the opportunity and the courtesy to introduce to you one of my constituents from the Third District of Alabama, as I am not a member of this Subcommittee.

Michael Tubbs serves as the Executive Director of the Community Action Association of Alabama and lives in Childersburg, which is a city in my district. As he will testify, the areas I represent have been adversely impacted by the loss of textile and manufacturing jobs in the State. Community action partnerships in Alabama help guide those living in poverty and in need of assistance to Federal, State, and local programs and other services that provide the resources they need to get back on their feet.

In his role as Executive Director, Mike serves the 22 community action agencies in Alabama which together provide assistance to people in all 67 counties in our State. Mike also serves with many other local, regional, and national groups striving to solve the issues presented by poverty.

Prior to his current role, Mike worked for 35 years at Alabama Power Company. He received his bachelor's degree in human resource management from Faulkner University in Montgomery, Alabama, which is also in my district. Mike is a husband, father, and a grandfather. He serves his community as a foster parent and through his church, Grace Baptist.

I am honored to have the opportunity to introduce him to you today and thank the Subcommittee for their time and attention.

Thank you, Mr. Chairman.

**Chairman Castle.** Thank you very much, Mr. Rogers. We do appreciate having you here today as well.

Our final witness will be Mr. David Bradley. Mr. Bradley is the Executive Director of the National Community Action Foundation, the organization that he helped to found in 1981. He has probably been dealing with this subject as much as anybody in the country over all these years. The NCAF is a private nonprofit group that works to represent a variety of antipoverty programs.

In addition, Mr. Bradley is a partner at Moss, McGee, Bradley, Kelly & Foley, a government relations firm located in Washington, D.C.

Mr. Bradley has served on a number of advisory boards and is currently a member of the FEMA Emergency Food and Shelter national board's resource panel. We certainly welcome Mr. Bradley here today as part of this panel.

As I have indicated, we will have the witnesses testify in 5-minute increments and then we will turn to the committee for its questions and statements.

Ms. Lee, you have the honor of being the leadoff witness.

***TESTIMONY OF LESLIE LEE, LIHEAP DIRECTOR, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, NEW CASTLE, DELAWARE***

**Ms. Lee.** Good afternoon, everyone. Thank you. I want to thank the Subcommittee for giving me the opportunity to testify on the reauthorization of the Low-Income Home Energy Assistance Program this afternoon.

Again, I am Leslie Lee, and I am the Director of LIHEAP in the State of Delaware. I will reiterate that I also serve as the Secretary of the National Energy Assistance Directors Association, NEADA, an association of the State LIHEAP directors.

LIHEAP is a program that works. The primary purpose of our program is to provide heating and cooling assistance to low-income households throughout the United States and its territories. During this past winter, we assisted nationally 4.6 million low-income households with home energy bills. That is only 16 percent of the eligible population. The average LIHEAP household has an income of less than \$10,000 and is primarily comprised of low-income elderly, disabled, and poor working families with young children.

The mean energy burden for low-income households was 14 percent of the total income, which is about four times the average for all other households. Without LIHEAP assistance, many of these families would have to choose between paying their energy bills and other vital necessities such as food, medicine, rent, and mortgage. This is especially important for households that we target with elderly members, very young children, and disabled recipients who are more vulnerable to temperature-related illnesses than most people.

Delaware provided assistance to 13,179 households over the winter. This was an increase of 11 percent over the previous winter. In addition to the 13,000 households that we provided assistance to, we have a crisis program that helped more than 4,200 households; that was a 58 percent increase over the winter before that. During this time, we had extremely cold weather and a lot of snow in our State and the whole region, of which you are probably aware. We had a lot more people come in asking for assistance than usual.

Due to Delaware's location and the weather situation where we actually feel all four seasons, we also have a cooling assistance program. Some of the States that operate LIHEAP have a heating or a cooling program, and some of us have both; Delaware is one of those programs that has both. We felt that was important because a household that does not get the heat they require in the winter will be just as vulnerable if they are going through a hot, humid day, and are without any kind of air conditioning.

Oftentimes we get elderly people who call us and say I have air conditioning, but I do not want to turn it on because I cannot afford to pay. We encourage them to turn it on, stating how we will assist them with their electric bill. Last summer we assisted, in the State of Delaware, almost 600 elderly households and persons who had breathing problems, such as children that have asthma—which is a big problem in the State of Delaware. There are others, emphysema and lung-related problems; we provide an air conditioner for them too.

In addition, we helped more than 3,200 households with their electric bill. This summer we intend to do the same thing except those numbers will be cut in half, due to the lack of funding for it. Part of the reason for this lack of funding is because we used so much of it during the winter and its extremely cold weather.

In the State of Delaware we administer a program that we call "one-stop shopping," because the application for the LIHEAP program is the same application process we use for the DOE weatherization program. This saves on administrative costs in the State of Delaware, and it is very helpful for the customers; they are able to come in and not worry about going to multiple places to apply for assistance.

As a representative of NEADA, I wanted to share with you several recommendations we discussed at a meeting last month, the number one thing being an increase in funding. In order to serve more households in the proper manner we would like to, we wish to see the authorization level increased to \$3.4 billion. This is the same level included in the House and Senate energy bills. This would allow States to increase the percentage of eligible households served from about 16 to 34 percent.

The other major recommendation we have would be to maintain the block grant format. This would allow each of the States to operate a program that best fits that particular State. The program is very focused on the climate, so it is important that each State be able to administer a program that fits that State. We would like to focus on that.

I would like to close by saying—I want to reiterate that LIHEAP works. We can do a better job with additional funding. I always get letters, calls, and thank-you notes from people who say

how much this program has helped them and, what could happen if they did not have LIHEAP.

Again, I would like to thank you for having me here this afternoon to testify on behalf of LIHEAP. It has been a pleasure.

WRITTEN TESTIMONY OF LESLIE LEE, LIHEAP DIRECTOR, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, NEW CASTLE, DELAWARE – SEE APPENDIX D

**Chairman Castle.** Thank you, Ms. Lee. We will now go to Dr. Drake.

***TESTIMONY OF DR. CAROLYN C. DRAKE, DIRECTOR, SOUTHERN STATES ENERGY BOARD, WASHINGTON, D.C.***

**Dr. Drake.** Thank you, Chairman Castle and Subcommittee members. Thank you for giving us the opportunity to come and talk about this particular program. We are here today to offer concrete, specific, heartfelt recommendations, and suggestions to improve the program.

SSEB, my organization, represents 16 States, stretching from Maryland to Texas, that are home to 37 percent of the U.S. population. We also have 40 percent of all the low-income citizens in the United States. The South has the Nation's largest poverty rate.

The population in the South is growing, unemployment right now is the highest it has been in several years, and natural gas prices are soaring. This is significant because the LIHEAP funds are still being distributed based on numbers that are more than 20 years old, leading to LIHEAP reaching only about 15 percent of the eligible population.

Today, embedded within LIHEAP, are two distribution formulas. SSEB and southern governors commissioned a study last year that described one of those formulas as "a near-ideal allocation methodology." The formula takes into consideration State residential fuel consumption for space heating and cooling; annual and average heating and cooling degree-days by region, weather zone and State, the percentage of low-income households, and the average price of fuel for each fuel for each State.

Although this formula was affixed to the LIHEAP program in 1984, it only goes into effect when the allocations are above \$1.97 billion. Unfortunately, LIHEAP has averaged only \$1.5 billion over the last 17 years, well below the trigger amount.

I will not recite the elements of the formula that govern the appropriations if they are below \$1.975 billion, but you will find them in my prepared remarks. Note that most of the used data is from 1970, the late 1970s, and the early 1980s, and is based on the number of heating degree-days, squared. This effectively skews the data to the disadvantage of States in the South and West.

The Bush Administration also observed the need for a more equitable allocation by basing formulas on current home energy expenditures paid by low-income households. Between 1998 and

2000, heat resulted in almost 20 times more deaths than did the extreme cold.

The fact is the vast majority of eligible Americans are currently not helped by LIHEAP, regardless of where they live. The Southern States Energy Board recommends that Congress, one, put the needed, substantial appropriations into the program, ensuring the present trigger point is routinely exceeded and that the program is able to reach more of those that it is intended to serve, not just 15 percent of them. This necessitates a sustained formula grant appropriation well above \$1.975 billion. Doing so would ensure no State is negatively affected and, therefore, would not devolve into a regional fight.

Number two, we would like to see the increased LIHEAP authorization level to accommodate a materially higher appropriation; and three, we would like for Congress to more closely examine the current formula, as well as the adequacy of the authorization and appropriations. This would ensure that LIHEAP is meeting the needs of the citizens who are living in unhealthy and unsafe conditions because they cannot pay their energy bills. Before the program is reauthorized, perhaps the Department of Health and Human Services should prepare recommendations for this Committee on the manner in which the funds are available and distributed.

Mr. Chairman, we are grateful for the opportunity to share these insights and pledge to work closely and cooperatively with you to improve LIHEAP.

WRITTEN TESTIMONY OF DR. CAROLYN C. DRAKE, DIRECTOR, SOUTHERN STATES ENERGY BOARD, WASHINGTON, D.C. – SEE APPENDIX E

**Chairman Castle.** Thank you very much, Dr. Drake. We will now turn to Dr. Nelson.

***TESTIMONY OF DR. MARY NELSON, PRESIDENT AND CEO, BETHEL NEW LIFE, INC., CHICAGO, ILLINOIS***

**Dr. Nelson.** Thank you. It is a real pleasure to be here before you today, Mr. Chairman and Committee members, especially my own Congressman, Danny Davis, to urge you to support the reauthorization of the CED program of the CSBG, not particularly the Secretary's discretionary fund.

Bethel New Life is a faith-based community development corporation, an outgrowth of the community ministry of Bethel Lutheran Church on the west side of Chicago. Bethel has done over 1,000 units of energy-efficient housing and placed over 7,000 people in living-wage jobs. We achieved all this in our 24 years of existence, and bringing over \$130 million of new investments into our credit-starved community.

We have created over 800 new permanent jobs in the community; we currently have 400 employees ourselves, 90 percent residents of our low-income community, and a \$12.5-million-a-year operating budget. We seek to empower individuals, strengthen families, and build a

sustainable community. I am really pleased to be here.

We have been a recipient and user of CED funds to help make a real and visible difference in our community. I want to take a moment to just describe community development corporations, or CDCs.

There are over 3,000 of us across the country; I am sure we are in every one of your communities. We target the lowest income minority communities where the lack of credit, the lack of assets, and the lack of investment are a major difficulty. CDCs, along with creative energy and community-based approaches, carve out great sitting, solutions, and opportunities for people in our communities.

I am a former Chair of the Board of the National Congress of Community Economic Development, NCCED, and we regularly did surveys of CDCs. The most recent survey showed in the last 2-year period that CDCs have created or retained some 247,000 jobs in this country, developed 550,000 units of affordable housing, loaned \$1.9 billion to small businesses, rehabilitated or built 71 million square feet of commercial and industrial space, and assisted 149,000 homeowners. We are, over all, the best-kept secret in many communities, doing the work that the marketplace does not do because the challenges are great.

Section 681 of the CSBG Act authorizes the discretionary authority of the Secretary, and that is where the CED program fits in. It is unique in a number of ways. It is the only place that we know of where there is capital directly made available for CDCs to invest in private business and enterprises, in turn, to target jobs and business opportunities to low-income citizens. It is extremely targeted for the biggest bang for the buck in targeting low-income folks.

Secondly, the CED program is effective in leveraging dollars. For every dollar of government money, the CED money, 3 private dollars, are leveraged and brought into credit-starved communities, really making a difference. It can do a variety of things in attracting both bank investments and other investments, really helping communities to achieve the tipping point.

It is a competitive, discretionary grant program. Grants are made for a whole variety of different things—to finance commercial real estate development, including manufacturing and industrial facilities; business incubators; community facilities such as we have done with day care and health centers and other public facilities; and loans to small businesses that hire local people and help move people out of poverty and off of welfare. These generated jobs are the most important impact of this grant program.

We appreciate the President's support for this important program. This year, the President's budget includes \$32.5 million for CED. Also, this year, members of this Committee, including Congressman McKeon, Congressman Petri, and Congressman Danny Davis, worked successfully to support the President's request in the Appropriations Committee.

A recent survey showed that the CED grants created major impact and did what they promised. I would like to give two quick examples, and then I will be done.

First is, Bethel New Life used two different CED grants to transform or close down a 9.2-acre inner-city hospital campus. There we brought in elderly housing, assisted living, children's day care that is partially a Head Start program, a culture and performing arts center, and a small business center. All these services created 170 new permanent jobs, leveraged \$30 million of other investments from the \$1 million of CED grants, and transformed a block in a community.

Kentucky Highlands, Kentucky invested in T.Q. Company, allowing the company to expand, be subsequently bought out, and permit Kentucky Highlands Development Corporation to take that money and reinvest it in the neighborhood.

So these are dollars that get reinvested.

We have just one quick recommendation. Obviously, you continue this program, it makes a big difference in our neighborhoods and you continue to help us clarify the law so that there is not any question about what the terms mean. Finally, we would recommend that there would be some small changes in the law that would help target even better and help work these funds so that they can be recycled in a neighborhood once they have been invested.

Thank you very much.

WRITTEN TESTIMONY OF DR. MARY NELSON, PRESIDENT AND CEO, BETHEL NEW LIFE, INC., CHICAGO, ILLINOIS – SEE APPENDIX F

**Chairman Castle.** Thank you, Dr. Nelson. We will now go on to Mr. Tubbs.

***TESTIMONY OF MR. MICHAEL TUBBS, EXECUTIVE DIRECTOR,  
COMMUNITY ACTION ASSOCIATION OF ALABAMA, BIRMINGHAM,  
ALABAMA***

**Mr. Tubbs.** Thank you, Chairman, and thank you, Committee. It is my pleasure to represent my counterparts across the country through my organization Community Action, Alabama. There are many who do a like-minded job and have done it very well for many more years than I have been involved in Community Action.

As my representative introduced me, my background is in private business with Alabama Power, a public utility. I come from a business background that really understands the single product and how to get results through investment of ratepayer dollars.

The issues of poverty are very different. As I have worked for 3 years now in the Community Action network, I have come to, appreciate the work that is being done, and also the many challenges they face. Funding obviously is a challenge.

Community Action is unique. Due to my familiarity with the nonprofit sector, Community Action appears to be an organization that has its hand on the pulse of the issues of poverty and seeks to match resources with need at the local level. Its uniqueness is a board membership



composed of members of the community, people who are face-to-face with poverty—the Board has elected officials, people from private business sectors, the faith community, and then representatives from the very people whom we help, the poor. The uniqueness of Community Action allows them to not only react to the local need, but to do something about it at this level.

There are a lot of people that talk about poverty. There are only a few that really make a difference in solving the problems of poverty. Our communities are better because of Community Action. They build capacity in the community.

The investment of taxpayer dollars allows us to have venture capital; this is what I see the block grant being. That block grant is then expanded through building partnerships and relationships at the local level; State and local dollars allow us to expand and support the many programs that are funded from different parts of the Federal Government.

CSBG is the glue that holds all of these programs together. The block grant under girds the many different programs, whether it is transportation, food and nutrition, Fatherhood Initiative, Head Start, weatherization, or LIHEAP. Without the block grant, those programs would be less effective and certainly unable to make the impact that they are making in the communities today.

As all the other witnesses have testified, I do not think there is enough money being printed in Washington to solve all the problems of poverty, but we do make a dent in the communities we serve. Whether it is rural—which 30-plus percent of our population that we serve are from. Rural communities just do not have community capacity. There is no economic development in some parts of Alabama, rather economic despair.

The war on poverty is raging in parts of Alabama, whether it is on the Gulf Coast, the Tennessee Valley, or east to west across our great State. We have solved a lot of problems and we continue to make an impact.

Community Action is sincere about their work, and we will continue to make a difference using the flexibility of the block grant and the effective and efficient programs to make a difference in Alabama.

There is a high cost of being poor all across the country. For example, the high cost of transportation in rural communities. In many places there is no transportation in rural communities. We have people who have to pay someone to get them to a Community Action agency—so there is a high cost of being poor.

There are high costs of housing in our area, if you can afford it at all or if it is even livable. We are trying to do something about affordable housing.

We have food and nutrition programs that help people, especially senior adults. These do make a big difference.

Sequencing the programs that we have through the intake process allows us to move people toward some level of self-sufficiency. They might not ever be able to be self-sufficient, but at least

we are moving them up that chain so they can be less dependent on the community to solve their problems.

It is a real pleasure to represent the Community Action network of Alabama. We have great needs, and the block grant helps us solve a number of problems. LIHEAP obviously makes a difference.

It was 95 and 100 percent humidity when I left Alabama. LIHEAP actually saves lives. If you can put a value on that, obviously it is a program that is well worth the investment of tax dollars.

Thank you for letting me be here today.

WRITTEN TESTIMONY OF MR. MICHAEL TUBBS, EXECUTIVE DIRECTOR,  
COMMUNITY ACTION ASSOCIATION OF ALABAMA, BIRMINGHAM, ALABAMA – SEE  
APPENDIX G

**Chairman Castle.** Thank you, Mr. Tubbs. Mr. Bradley.

***TESTIMONY OF MR. DAVID BRADLEY, EXECUTIVE DIRECTOR,  
NATIONAL COMMUNITY ACTION FOUNDATION, WASHINGTON, D.C.***

**Mr. Bradley.** Thank you, Mr. Chairman and Ranking Member Woolsey. It is a pleasure to be here today to talk about both CSBG and LIHEAP.

Congress created the Community Services Block Grant in 1981. From the beginning, it was seen as a program that combined the desire by a President and some in Congress to shift authority and responsibility for programs to the States while at the same time recognizing an equally strong desire by many in Congress to maintain a funding stream for the Nation's Community Action Agency network.

Mr. Chairman, the Community Services Block Grant allows Community Action Agencies to do their job. And what is their job? Let me quote the best description of the purpose of the Community Action Agency movement ever written. It comes from the Office of Economic Opportunity in the Nixon administration. I quote:

"While the operation of programs is the CAA's principal activity, it is not the CAA's, Community Action Agency's, primary objective. Community Action Agency programs must serve the larger purpose of mobilizing resources and bringing about greater institutional sensitivity. This critical link between service delivery and improved community response distinguishes Community Action Agencies from other agencies.

"We recognize that a Community Action Agency has a primarily catalytic mission to make the entire community more responsive to the needs and interests of the poor by mobilizing resources and bringing about greater institutional sensitivity. A CAA's effectiveness, therefore, is

measured not only by the services which it directly provides, but more importantly, by the improvements and changes it achieves in the community's attitudes and practices toward the poor and in the allocation and focusing of public and private resources for antipoverty purposes."

Mr. Chairman, those words by then-OEO Director Donald Rumsfeld published in 1970 set the goals and benchmarks for Community Action Agencies that we tried to carry forward in the Community Services Block Grant in 1981. CSBG today funds now more than 1,100 agencies that help provide mainstream leadership and capabilities for creating, coordinating, and delivering comprehensive programs and services to almost a quarter of all people living in poverty.

The characteristics of CSBG-funded Community Action Agencies are worth mentioning for just a second.

**Governance:** All CSBG have a tripartite board, one-third low-income, one-third public, and one-third private.

**Innovative solutions:** With virtually any Member in Congress, we can point to innovative solutions that have occurred in their community because of CSBG-funded Community Action Agency leadership.

**Comprehensive solutions:** CAAs use CSBG dollars to coordinate multiple programs. They provide multiple services, from Head Start to family literacy, childcare and after-school programs to youth and adult employment.

Community Action Agencies, through CSBG, are now a \$9 billion network found around the country serving 98 percent of the counties, 24 percent of all persons in poverty, 13 million low-income individuals, and 4 million families. Community services are truly a work in progress.

When I walked in today, I saw the paintings of Mr. Perkins, Mr. Goodling, Mr. Ford, and Mr. Hawkins behind me. Each one of those members was involved in developing the Community Services Block Grant and improving and supporting the Community Services Block Grant.

In 1998, we requested to this Committee, for instance, and the counterpart in the Senate, to help mandate and develop a better accountability and modern management tool for local agencies. We are very proud of that new system. It is called Results Oriented Management Assessment, ROMA, which CAAs are pioneering locally. The system is capturing the outcomes for more than 200 programming combinations invested in more than 4 million families and their communities.

My testimony has a definition, and an explanation of ROMA, but it also helps us understand the program. Even though we are proud of how CSBG works, we think that there are ways it can be improved. I have summarized my amendments in my testimony. We have the specific amendments, but I think we need three categories of amendments:

One, amendments ensuring that the three fundamental purposes of CSBG are clearly stated and distinguished from public policies of contemporary concern to Congress.

Second, amendments ensuring the community services system have 21st century management and accountability systems at the Federal and State levels as well as at the community level.

Finally, an amendment providing flexibility in determining CSBG eligibility so that participants in CAA programs that support low-wage workers' efforts to become economically self-sufficient are not disqualified from the programs as soon as they begin working in entry level jobs.

Mr. Chairman, I would like to briefly mention LIHEAP. LIHEAP is a good program. It is a necessary program, as you have heard from the other witnesses. I will say two things on LIHEAP. I realize that there are questions regarding the LIHEAP formula, but the fact is that LIHEAP is grossly under-funded. The Sun Belt needs more money. Other regions in the country need more money and say they are either very under-funded or grossly under-funded.

We strongly support many in Congress' desire to get LIHEAP at \$3.4 billion. There is nothing in LIHEAP that a little more money would not solve.

Second, we feel the performance of the LIHEAP program in a number of States and the Federal oversight of the programs are inadequate and must be addressed with stronger statutory direction. Many States have excellent programs and have proven, effective leadership.

You have got an opportunity on this Committee to move both LIHEAP and CSBG in a very strong, bipartisan way. Both programs play an important role in the lives of the poor, both programs can be improved and both programs are very much necessary in helping define America as a society.

Thank you, Mr. Chairman.

WRITTEN TESTIMONY OF MR. DAVID BRADLEY, EXECUTIVE DIRECTOR, NATIONAL COMMUNITY ACTION FOUNDATION, WASHINGTON, D.C. – SEE APPENDIX H

**Chairman Castle.** Thank you, Mr. Bradley.

Let me thank all the witnesses for your testimony. We will now turn to the members for our questions. I will start by yielding 5 minutes to myself.

I sense some sort of conspiracy going on out there, because everyone is talking about \$3.4 billion and I am not exactly sure I understand where it is coming from. At least three of you mentioned it; that makes me a little suspect about where this specific number coming from. I want to discuss that number a little bit, if we can, in a couple of contexts.

One is, why that number? I think, Ms. Lee, in your written testimony, I saw that it would increase the eligibility from 16 percent to 34 percent of households. Would that be a correct statement?

**Ms. Lee.** Yes.

**Chairman Castle.** Of the households in America?

**Ms. Lee.** It actually would go from 20 to 40 percent. It would double the amount.

**Chairman Castle.** My concern is, what is a reasonable cutoff? This question is for any of the three of you who testified about \$3.4 billion number. What is a reasonable cutoff?

At some point we assume responsibility for our own abilities to pay our phone bills and cable TV, heat and cooling and whatever it may be. Obviously, we are trying to help with poverty; we are all committed to that. On the other hand, we obviously cannot afford to do everything. Why was that higher figure determined?

In a moment, Dr. Drake, I am going to ask you about the formula with respect to the cooling and the heating aspect. I am curious as to how that number was selected. Frankly, it is common for people come before us, they ask for more money hoping to get some more, but why was that particular figure picked and is it really more than is a reasonable request?

**Ms. Lee.** I do not feel that the figure is more than a reasonable request. I could defer to one of the other panel members, but even with that amount, we are still not reaching 50 percent of the eligible population. That is the way that I looked at it.

**Chairman Castle.** Are you turning people away in Delaware now?

**Ms. Lee.** Yes.

**Chairman Castle.** Who are eligible for assistance?

**Ms. Lee.** Yes, we are.

**Chairman Castle.** When you say that you serve 13,179 households, is that truly what that is, 13,179 households, not 13,179 services?

**Ms. Lee.** No, actually there are about 20,000 units of service, which would include the number of households served for the regular program, cooling, some weatherization and crisis; but actual households, 13,179. Then they may get an additional benefit, which duplicates and pushes us up to about 20,000 units.

**Chairman Castle.** Are you suggesting that you are turning away requests of people who are financially eligible, but you cannot accommodate?

**Ms. Lee.** Yes. For the heating program we did not have to turn anyone away, but for the other programs, the crisis program, we had to turn people away, and for our summer cooling program, we had to adjust eligibility. Eligibility is at 200 percent of poverty, but in the past we had automatic eligibility for those who were income eligible if they were elderly and disabled, or for

those who had a special note from a medical doctor saying that someone in the house needed the air conditioning.

This year we are not able to help them with their electric bill if they are not elderly or disabled, because we are not going to be able to assist all of the persons that come in; and rather than have a cutoff, we just eliminated them from eligibility.

**Chairman Castle.** Let me move on. I would love to keep talking to you, but I have only 5 minutes. Let me move on to Dr. Drake for a moment.

I have heard this priority question in other reauthorizations and the concern that we need to do more with respect to the cooling aspect of it. I think you pretty much directly stated that in your testimony, and I think Mr. Bradley alluded to it a little bit in his testimony.

If you could either make a suggestion with respect to that or tell me your concerns, so we can know exactly what we should be looking at?

**Dr. Drake.** Certainly.

The distribution formula that is most in effect because of the level of funding, which is the old formula I referred to, similar to the 1980 formula, is the 1981 formula. Under this formula, there are a lot of components within, but primarily what really hurts our States is the heating degree-days are squared. That just generally pulls it up to the Northeast and upper Northwest States. We do not feel that we should have more or have the formula based on the heating and cooling aspects—in other words, energy cost, and based on that and people's ability to pay rather than base it on the weather.

**Chairman Castle.** Let me jump on quickly. I would like to pursue this later, but let me go to Dr. Nelson for just a moment because you said something about CED that caught my attention. You stated that we need to continue to help clarify the law and you need some small changes made regarding reinvesting in neighborhoods after the dollars have been recycled.

What are your limitations there? What changes should we specifically be considering in order to help with the problem that you have pointed out?

I think I understand it, but I would just like to see if I could get it clarified.

**Dr. Nelson.** There has been a significant problem, an example being of T.Q., which once the equity investment in that company was bought out by a larger company, recycling those dollars with the same purposes in mind of reinvesting and creating jobs in the community. This problem had to get clarified in the law, in the regulations, or in the appropriation bill.

**Chairman Castle.** What happens to those dollars if they are not recycled now? What happens to them when they are returned upon the buyout?

**Dr. Nelson.** We did get it clarified in the appropriation, but we would like to see it put into the law so that it does not have to get clarified every year in appropriation.

**Chairman Castle.** Thank you. Ms. Woolsey.

**Ms. Woolsey.** Thank you, Mr. Chairman. And thank you. What an informed, wonderful group of people you are. You should write our reauthorization. So follow it closely and make sure it does what we need it to do.

Where I live—I live in Petaluma, California; we were the first city in the country to have—try to have reasonable growth control. We had to go to the Supreme Court to make that happen.

You can imagine what the fear was: growth control, so there will be no affordable housing, certainly. And I was on the city council at that point, so I get some credit for this, but because our heart was in the right place, we really intended to have low- and very-low-income housing, and we have done it. We set goals that at least 20 percent of our housing would remain in low and—new housing would be low- and very-low-income housing. And because of the Community Service Block Grants, leveraged with development fees, we have exceeded that number every year, and we have got single family units, we have got multiple units, we have got units with child care centers in the middle of them that work in a fairly high-income area.

It is an example to the country of what you can do with the right use and the flexibility of how to use your block grants. If we ever have another hearing, I am going to bring the housing director from Petaluma to tell us how they do that.

David, one of the National Community Action Foundation's goals for CSBG is to add new language to the purposes and goals that are, quote, "distinguished from public policies of contemporary concern to Congress." I am not smart enough to understand that. Will you explain that to us?

**Mr. Bradley.** I think in the last decade or so, there have been some who view the program more as a State resource rather than as a community resource. What we have seen, through the nature of whom we serve, is change, particularly working poor. We have seen Community Action Agencies, the institution of Community Action Agencies become so widely accepted around the country.

I go back to Mr. Rumsfeld's definition of community action. I think he hit it on the head in terms of what this program is all about at the community level. We would like to reemphasize the community roots of this program and its importance in communities.

**Ms. Woolsey.** What would you do? How? What aren't we doing that makes that not possible?

**Mr. Bradley.** I think that we need to look at is the original mission in CSBG and broaden it to reflect more of community control, more of community responsibility, resources, to emphasize the community nature of the program. We have specific language that we have given the Committee that we are interested in.

**Ms. Woolsey.** Would it help in increasing the funding that the, I believe it is the national energy program recommendations haven't raised the funding for LIHEAP. Would it help if we passed any new funding right straight through to the communities and bypass the States?

**Mr. Bradley.** We are always in favor of that, but other people in Congress are not.

**Ms. Woolsey.** Whoops, I feel an amendment coming.

**Mr. Bradley.** A couple of things:

You are absolutely right, the Congress, the House in particular, did pass in their Energy Policy Act of 2003, the \$3.4 billion level for LIHEAP; and the Markey-Pickering Dear Colleague letter on Labor-HHS appropriations did refer to that \$3.4. The Community Services Block Grant is funded at \$650 million. It most likely—despite the Administration's \$155 million proposed cut this year; will be frozen after the appropriations process all works out. It was frozen last year. In this environment we are thankful for that.

As the Congresswoman knows, I go around the country quite a bit. I really underestimated the number of working poor and TANF leavers that are flooding our system. It was a serious mistake on my part.

As everyone else is going to make arguments for money, I think the program could use additional funds but I also think what this program desperately needs is a new initiative.

Mr. Castle referred to all the other pieces of legislation this Committee deals with. The Community Action Agency network, all 1,100, would love to be part of a new national initiative that gives additional recognition, responsibilities and after those, additional resources.

The program has some needs. It has some changes in the legislation that need to be made to make the program more effective and stretch the dollars even further.

**Ms. Woolsey.** Just a short question, Mr. Chairman. By freezing funding, aren't we really saying we are cutting funding?

**Mr. Bradley.** Correct.

**Chairman Castle.** Thank you, Ms. Woolsey.

We will now yield to the gentleman from Nebraska, Mr. Osborne, for 5 minutes.

**Mr. Osborne.** Thank you, Mr. Chairman. Mr. Ehlers has to leave for another event, so I am going to yield a minute of my time to Mr. Ehlers at this time.

**Mr. Ehlers.** I thank the gentleman for yielding, and I am sorry I have to leave for another meeting, but I just have a quick question regarding LIHEAP.



Part of the current law provides for weatherization. What percentage of your budgets, if you can just go down the line, is spent on weatherization and how much is spent for meeting energy needs? Mrs. Lee?

**Ms. Lee.** It varies in the State of Delaware. This year, 12 percent of our budget went to weatherization, and we can go up to 15 percent. In some years, many years actually, we have gone up to 15 percent; other years it has been lower.

**Mr. Ehlers.** Dr. Drake?

**Dr. Drake.** That would be up to individual States, and since we have 16, I would not be able to go down through the list right now. But we could provide that for you if you would like.

WRITTEN DOCUMENT SUBMITTED FOR THE RECORD BY DR. CAROLYN C. DRAKE, DIRECTOR, SOUTHERN STATES ENERGY BOARD, WASHINGTON, D.C., AT THE REQUEST OF THE HONORABLE VERNON EHLERS, SUBCOMMITTEE ON EDUCATION REFORM, COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES – SEE APPENDIX I

**Mr. Ehlers.** I would very much appreciate it if you could.

Does anyone else wish to comment?

**Mr. Tubbs.** Yes. In Alabama the LIHEAP appropriation is 15 percent of 15 million. It can be changed if we receive an emergency appropriation and do not spend down our winter dollars. Summer is not a problem; we spend our summer money.

**Mr. Ehlers.** Are you using the entire 15 percent?

**Mr. Tubbs.** To supplement the DOE weatherization program, yes, sir. We have, as with a lot of States, quite a number of substandard homes, especially elderly and families with children; These substandard homes it do complement the DOE weatherization program, which is about a \$4.5 million appropriation in Alabama. It makes a huge amount of difference.

**Mr. Ehlers.** Mr. Chairman, I just wanted to make a comment. I think it is a much better practice to reduce the need for energy funding than to continue to pour money up the smokestacks of the homes. I hope we can take a look at how much is allocated for weatherization, what the impact is, how it is used, and whether or not we can increase that to make a more effective program.

With that, I thank the gentleman for yielding.

**Chairman Castle.** We will not hold this time against Mr. Osborne. But would you yield to me a minute for a follow-up question to that?

Two of you cited 15 percent. Is there something in the law that has a cap of 15 percent for weatherization?

**Ms. Lee.** Yes. You can ask for a waiver of up to 25 percent, but the cap in the law is 15 percent. I did find out that nationally it is about 10 percent of the LIHEAP money that goes to weatherization.

**Mr. Ehlers.** Mr. Chairman, a quick question. I am not sure that is in the law. It may be in the regulations.

**Chairman Castle.** Okay. We will look that up.

Mr. Tubbs, would you like to comment on that?

**Mr. Tubbs.** I believe in our State, as best I understand, it works in partnership with the State administration that helps monitor these programs. This is in cooperation with the State as a monitor and oversight group.

**Chairman Castle.** Okay. Thank you.

**Mr. Ehlers.** Thank you very much.

**Chairman Castle.** Okay. Thank you very much.

Unless there is an objection, can we start the 5 minutes over again for Mr. Osborne?

**Mr. Osborne.** Thank you again, Mr. Chairman.

As you know, we often get asked for more money. One question I would like to ask all of you, maybe starting with Ms. Lee, is, what changes or recommendations do you have to improve the efficiency of LIHEAP? What can we do to make the money we currently have go further? Are there any things that we can do to streamline the process?

**Ms. Lee.** One of the things that we are working on right now, the NEADA organization is in the process of preparing to do a study this summer and fall, and it is modeled off of a similar study that was done in the State of Iowa back in 1999. This study determined how many LIHEAP households were choosing between foods and medicines and providing heat. We are hoping that the results of this study would help us to come up with better programs and more innovative ideas.

At the same time they are going to be looking at the best practices and sharing them with other States so that we can look at what it is that is going on elsewhere and adopt them to our individual States.

**Mr. Osborne.** Are there any other comments? I understand one of the problems must be that there is an inequitable distribution of funds based on heating and cooling and that maybe that formula could be altered in some way. I think Dr. Drake was referring to that.

I am assuming that the regulations bind you in some ways; is that correct?

**Dr. Drake.** Yes.

**Mr. Osborne.** Okay. Mr. Tubbs, did you have a comment? Or Mr. Bradley?

**Mr. Bradley.** I think that there are a number of changes that should be considered for LIHEAP.

One, the legislation should allow working families and the elderly to apply for LIHEAP without having to go either to welfare, TANF offices, or to use the computerized system.

We need to make sure that the States are getting the lowest-cost fuel in return for the direct transfer of millions, or tens of millions, of dollars to energy vendors.

We need to provide incentives to customers who pay their bills. In fact, some LIHEAP programs are set up to do exactly the opposite.

Finally, we need to ensure that LIHEAP participants are afforded the information and services that can change their long-term energy situation and their level of self-sufficiency.

I believe there are some very specific changes that should be considered for LIHEAP.

**Mr. Osborne.** Could you please restate your last point?

**Mr. Bradley.** Ensure that LIHEAP participants are afforded information and services that can change their long-term energy situation and their level of self-sufficiency. A majority of the time education can help stretch those dollars further and make a big difference in families' lives.

**Mr. Osborne.** All right. Thank you. Those suggestions are all extremely helpful to me.

I have one other question and I would like Dr. Nelson to answer it. We continually have some debates here about faith-based initiatives. My understanding is that you said that you had 400 employees and with hiring the law allows faith-based organizations to allow religious preferences to enter into the system. I was wondering how this impacts your organization.

Does it make any difference as to how you operate? What are your views? I am interested to know because we get philosophical arguments back and forth. We seldom talk to somebody who is out in the field actually experiencing how this works.

**Dr. Nelson.** Well, remember we are a 24-year-old faith-based organization, so long before this whole debate came up; we were very clear about it. We are a community development corporation as well, so we give hiring preferences to people from the community. We are also very clear about the fact that we are a faith-based organization.

Our mission statement is that passage from Isaiah that talks about justice and compassion as the way to a healthy community. But we do not discriminate against people who do not share our

faith. We say, this is who we are, this is the motivation, and can you feel comfortable and agree to this mission, this central purpose of who we are? If you cannot, if you do not feel comfortable in this setting, then we are probably not the right place for you.

We do not discriminate. We have people of many different persuasions as our employees.

**Mr. Osborne.** Okay. Thank you.

One last question, Mr. Tubbs: You mentioned the Fatherhood Initiative. My feeling is that a lot of the problems you are dealing with are related to the fact of a father absence. When the father is present, a lot of these things do not happen.

What weight do you give to the Fatherhood Initiative and do you see it being effective or not?

**Mr. Tubbs.** We have three agencies out of 22 that have Fatherhood Initiatives. The goal there is obviously to include the father in the life of the family, the life of the family with children. It has made a significant difference.

Many in the population that we are trying to reach are people who have been incarcerated; they are released from prison, and it is obviously difficult to reconnect. At least involving the father again has made a good deal of difference in our studies.

Congressman Rogers' district has a fatherhood initiative in it, and it is beginning to bear fruit. It is again in its infancy. It is a year or so old. It is a \$50,000 program in one county; so it is like a drop in the ocean, but it at least is making an impact in 8 or 10 young men's lives, reconnecting them to that family, seeking better employment, meaning employment at all or seeking better employment opportunities, and providing for child support. In some cases actually reconnecting the man back to the family.

I would say it is making a good deal of difference. It is an attempt that is beginning to show some results.

I would say that obviously, in principle, it is a wonderful program; in practice, it is a beginning program. But I believe it is something that is going to need propping up to continue.

**Mr. Osborne.** Thank you and thank you Mr. Chairman.

**Chairman Castle.** Thank you, Mr. Osborne. The gentleman from Arizona, Mr. Grijalva, is yielded to for 5 minutes. He has no questions.

And the gentlewoman from Georgia, Ms. Majette, is yielded to for 5 minutes.

**Ms. Majette.** Thank you, Mr. Chairman.

And thank you, all of the panelists, for being here today and for the wonderful work that you do across this country to help make the lives of our citizens better. I share your concern about the inadequate funding for these programs. And I note that in the testimony of Mr. Bradley and a couple of others of you, as well, that there needs to be more funding directed toward the cooling season as well as the heating season. Is that correct?

**Mr. Bradley.** Yes, without taking it from the heating season.

**Ms. Majette.** Without taking it from, and so essentially what you are asking for is an increase of funding. And I note that you, as approved by the House in H.R. 1644—so you would want \$3.4 billion in funding; is that correct?

**Mr. Bradley.** That is the figure that is being used in energy policy deliberations, whether it is heating or cooling, that is the Markey-Pickering approach on appropriations. That is a figure that a number of people on the Senate side are interested in as well, 3.4 billion.

**Ms. Majette.** Is that a figure that you think would be sufficient to meet the needs as they currently stand?

**Mr. Bradley.** You and I probably spend 4 percent of our income on energy costs. If that were a goal to get energy costs for the poor down to 4 percent, to put it in perspective, the working number is \$20 billion. So 3.4 goes a long, long way.

I happen to agree with Mr. Ehlers' comments. I strongly, strongly favor investing in weatherization alongside of LIHEAP. It is the most effective way of stretching dollars out.

**Ms. Majette.** I see other members of the panel nodding their heads.

Does everybody agree that weatherization, increasing the funding for weatherization would be a more effective way of utilizing the funding that is available? Or do we just—do we need to increase it on both ends.

**Ms. Lee.** Both programs.

**Ms. Majette.** For both programs?

**Ms. Lee.** Yes.

**Ms. Majette.** Everybody agrees, both programs?

**Ms. Lee.** Not in lieu of.

**Mr. Tubbs.** Well, if you increase LIHEAP, if that 15 percent is doubled, then obviously you provide more funding. In Alabama, that would be multiplying 2.5 times 2, so doubling the amount of LIHEAP appropriation would give us \$5 million for weatherization, not 2.5.

**Mr. Bradley.** However, a \$100 million investment in LIHEAP on Labor, HHS appropriations, which is going to be tough and probably will be an amendment, an Obey amendment on factors in LIHEAP versus the same or even half of that on Interior appropriations for weatherization, in terms of improving the long-term quality of life of that family, I would take the choice of investing in weatherization every single time.

**Ms. Majette.** Okay. Thank you. I yield back.

**Chairman Castle.** Thank you, Ms. Majette. The gentleman from Illinois, Mr. Davis, is recognized for 5 minutes.

**Mr. Davis of Illinois.** Well, thank you very much, Mr. Chairman.

I feel somewhat fortunate in that Mary Nelson is a member of the panel, and I have spent a great deal of my time, energy, and effort looking at low-income communities and low-income programs; and of course, as far as I am concerned, I don't know any organization, any individual, or any person that has been more adroit, more effective at dealing with these issues than Bethel New Life.

It doesn't seem like it has been 24 years. I mean, that means that both of us are getting older. I mean, we have been associated so long, looking at the issues.

I am trying to—and I certainly agree with the line of questioning relative to—it is kind of like saying that an ounce of prevention is worth much more than a pound of cure in terms of weatherization. I mean, if you can help individuals not need more energy, then obviously you are going to do well.

But the question that I really want to ask: Since all of you work with low-income communities and low-income people, what would you really consider to be the greatest need facing—if you look at urban, inner-city communities where there is obviously a great need and you look at rural communities where there is a great need, if you dissected those, what would you consider to be the greatest amount of need that organizations like yours can really deal with?

We can just maybe start with Ms. Lee.

**Ms. Lee.** Okay. This is how I feel personally. I just feel like people's basic needs should be met: Food, shelter, heating, and cooling. If their basic needs are met, then it is easier for them to go about doing things to improve their life and focus on self-sufficiency and maintaining self-sufficiency. But it is hard to attempt to be self-sufficient when your basic needs are not met, like food, medicine, rent, heating, and cooling.

**Mr. Davis of Illinois.** Is there a place to start?

**Ms. Lee.** At the beginning. You begin with the shelter, and you go from there.

**Dr. Drake.** I would just like to add to what she said by stressing the fact that even if you increase this funding to \$4 billion, you are still excluding a lot of eligible people because right now, we are only serving 1.5 individuals out of every 10. Even doubling the funds would still not be anywhere near serving all of those who are eligible. The States would still have to make choices as to how they spend the money.

**Dr. Nelson.** Starting with the notion of energy-efficient affordable housing, we build single-family homes in Chicago where we guarantee that the heating bill will not exceed \$200 a year. That took some changes in the building codes. It took some clever financial arrangements to make those homes affordable. But that would make a major difference.

The way that people then can own homes is by having living-wage jobs. We have a lot of working poor people in this country for whom a large heating or energy bill just throws them out of kilter, even though they are working two and three jobs just to make a living.

I believe the long-term impact needs to be an education, because it really makes a difference. If our schools were doing their job, having kids graduating with the tools and the learning knowledge to make a living, the living-wage jobs would become more readily available, in turn helping people afford their homes.

There are short-term steps and then there are long-term ones.

**Chairman Castle.** This Subcommittee works on those issues too.

**Mr. Tubbs.** Congressman Davis, because it is such a complex issue, I do not think there is one answer. But one thing that the programs we try to manage do is, they do not address just the consequence of poverty, they address cause. I think that gets to the root of your question.

As you can see, cause can vary. It could be senior adults who have no retirement because they worked at a textile mill all of their lives and retired from minimum wage jobs. It could be that they just may be hungry or that they just may need senior companionship. We have programs that reach out to them and do that.

It could be a young mother with children, whose husband is incarcerated. Her problem may be adequate shelter and a better opportunity for her children to be better educated. In an urban area, it could be a housing issue because of the un-affordability of the housing market.

We start where they are. I think the uniqueness of community action allows us to do that. Our people represent the entire community and because of that, we have a better chance, of addressing the very real need, whether it is urban, rural or mixed, because we have that, too; as I am sure you do in Illinois.

**Mr. Bradley.** Mr. Davis, I think it is—there are two levels of answer to your question. One is in terms of what the poor need; it is the logical level, including jobs and living wage. It is health care, it is housing, and it is opportunity.

For the agencies out there, I think that there is another fundamental desire that needs to be answered, or question that needs to be answered, that I am finding all around the country. This is a question of whether the Federal Government is truly going to remain a partner in delivering social services and addressing poverty in America.

There are a lot of questions that have sent a chilling effect throughout the country in terms of the future of these programs. I think the number one need is to get some kind of consensus on the role of government, although it is very difficult to do. It is out there.

**Mr. Davis of Illinois.** Thank you very much.

Mr. Chairman, I want to thank you for your leniency in terms of letting the time go for them to answer.

**Chairman Castle.** Thank you, Mr. Davis. Actually, they were interesting answers to an interesting question.

We will now go to Mrs. Davis of California for 5 minutes.

**Mrs. Davis of California.** Thank you. Thank you, Mr. Chairman.

Thank you, to all of you, for being here. If I might just follow up on my colleagues' question, could you perhaps talk about what other programs are impacted by the grants you receive or, in fact, what programs help make your dollars go further? One program I have in mind, AmeriCorps.

I do not know to what extent you rely on AmeriCorps, but I think sometimes when we—we don't want to look at the community service block grants in isolation necessarily, because I suspect that they are hurt or helped by what else is going on in the community. You might talk a little bit about coordination as well.

But I am wondering how—you know, is there another major program that is impacted that helps you or hurts you if it goes away? How do we assess that and further discussions that we might be having?

**Dr. Nelson.** I would like to respond to that.

Obviously, it is like a jigsaw puzzle. You are always trying to piece together all of these little things to make it work in our neighborhoods, and so AmeriCorps is one of those pieces.

We use AmeriCorps, locally recruited AmeriCorps volunteers, to help us do financial education and the program called "Smart Savers." Currently, we are trying to go into the high schools through our employment services and everywhere else in our transitional housing, focusing on basic financial education, for those who are able to move on into the savings accounts and doing that.



None of this would be possible without the help of AmeriCorps volunteers—there is no money in it. There is no way to support employees, so for the long term in this country, volunteers are extremely important for self-sufficiency of people.

**Mrs. Davis of California.** Are you saying that if funding for AmeriCorps went away, if you did not have those volunteers, what would happen?

**Dr. Nelson.** We would not be able to do it. There just is no way to do that. We try and raise dollars to match those savings accounts, because it is really critical to have the dollars to provide some incentives on those savings accounts. It would be very difficult to also try and raise money to support those salaries.

**Mrs. Davis of California.** Do others want to respond? Mr. Tubbs or Mr. Bradley?

**Mr. Tubbs.** At the local level we have agencies that are involved in earned income tax credit and tax preparation for low-income people. These agencies provide free tax preparation rather than pay the guy down the street who is going to charge you, and then advance you and charge you for that, too. We have found that we have created a trust with the very people that we need to be serving and we need to grow that opportunity.

They trust us to point them toward meaningful opportunities for employment, not chasing a dream. They trust us to help them get linked up to employment or an education opportunity through workforce investment dollars. The referral that is made through Community Action becomes then a stepping-stone up and out of poverty.

It is not a direct emergency service like a one-time payment on a high-energy bill. It is certainly a good idea to manage them as an individual or family, as if you were making a case toward some level of success. You are looking to kind of address the whole need in that case.

If the need is housing—we have programs where people are involved in building their own homes, sweat equity in their own homes and so this is a wonderful program. They could never do that on their own. They would never even know how to do that on their own. So this allows them some measure of opportunity that way.

Sure, it pops up in many other programs. It extends itself over into those other programs.

**Mr. Bradley.** Of the 1,100 agencies, I am willing to bet that probably somebody runs every low-income program and some community action agency administers that. When other programs are impacted, it is either community services block grant funds that are thrown into the breach or CSBG-funded administration to work on a strategy to deal with that problem to get additional replacement funds, et cetera.

For instance, community action agencies in New Hampshire run the WIA system, the Workforce Investment Act. They are the one-stops. When dislocated workers' funds are cut, or they run out of dislocated workers, the governor still comes to the community action agencies and

tells the Agencies to figure it out.

We still have plant closings. We still need you to help. AmeriCorps, I have got dozens of calls from community action agencies, a lot in California, regarding this program.

**Mrs. Davis of California.** Do you have any thoughts about how we could better quantify that? I don't know whether it would necessarily be in the reauthorization, but it worries me that that gets lost, totally lost, in this discussion. And I don't know whether we need you all in some ways to help us to quantify that to be more outspoken about it, so that people can really understand what is going on here.

**Mr. Bradley.** I agree, but I think that since the mid-1980s, and I was literally involved in the first 4-second discussion with Senator Stafford and Senator Weicker about creating—then what we were going to call it a community action agency block grant. I have been around since 1981—that we have had to do this.

We have tried, through reauthorization on a bipartisan basis with both branches engaging, to ratchet up the data, the information, we knew about this. In the 1980s, with David Stockman at OMB, the strategy was, do not collect any information. If you do not know what they are doing, you cannot defend it for funding.

So every reauthorization, we require a little bit more out of the Federal Government, out of our Federal partners. It seems to me requiring them to look at this network and some of the impact of other decisions that affect low-income communities and low-income population is not a bad thing to do.

**Mrs. Davis of California.** Thank you.

Thank you, Mr. Chairman. Perhaps we might take a look at that because I think that sometimes we isolate some of the figures and the programs.

And may I ask one more question, briefly?

**Chairman Castle.** Sure, one more question.

**Mrs. Davis of California.** Thank you. It would just be to Dr. Drake.

You mentioned the LIHEAP and the emergency funding. Coming from San Diego and from California and understanding the energy crisis that we experienced and the need to help out those low-income families who, prior to that sharp rise in prices, really didn't need the help; and so I am wondering, in terms of the formula, how can we best quantify that? How do we deal with, in these crises, changing the way that we look at that issue? Because higher prices come out of the blue in some cases.

**Dr. Drake.** Certainly.

The formula that I mentioned in the statement, and it is in your written, prepared statement was described as the "near-ideal formula." This formula takes into account if you had sudden changes in your energy costs. That is why it is this near-perfect formula, because there are times when certain things are going to increase over the short term, but maybe not the long term, that you would want to take into account. I think that is very important.

Going back to—I am not sure how much of the emergency money that you actually received in California at the time, because I believe when the emergency money was finally released, many of our southern States did not get any. I do not know if that was the case in California or not. A lot of the formula is based on colder-weather States, and California is one of the States like the southern States, that would benefit a great deal from a change in the formula or a change in the approach.

We are willing to leave it like it is up to the first 1.975 billion and then increase the funding, where we would realize a gain over and above the 1.975 billion, and no State would be hurt in that way.

**Mrs. Davis of California.** Thank you, Mr. Chairman.

**Chairman Castle.** Thank you, Ms. Davis.

And that brings us to a close. Let me just stress how important this panel has been to us. This is a Subcommittee that has had a lot of different issues that we have been managing throughout the course of the year. To sort of go from one subject, like Head Start, to this, it is not always easy.

You are the pioneers for launching us off into the subject for this reauthorization this year, and we appreciate it. I thought the question-and-answer session was particularly useful today.

We appreciate your testimony and your presence and we will certainly take all of this into consideration as we go through the reauthorization process and we thank you for being here.

Unless there is anything further, we stand adjourned.

[Whereupon, at 4:30 p.m., the subcommittee was adjourned.]



***APPENDIX A – WRITTEN OPENING STATEMENT OF CHAIRMAN  
MICHAEL N. CASTLE, SUBCOMMITTEE ON EDUCATION REFORM,  
COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF  
REPRESENTATIVES***



**STATEMENT OF CHAIRMAN MICHAEL N. CASTLE  
Subcommittee on Education Reform  
Committee on Education and the Workforce**

**“LIHEAP & CSBG: Providing Assistance To Low-Income  
Families”**

July 8, 2003

Good afternoon. I want to welcome you to our hearing today entitled “LIHEAP & CSBG: Providing Assistance to Low-Income Families.”

Today's hearing marks the beginning of the Subcommittee's examination of the Low Income Home Energy Assistance program (LIHEAP) and the Community Services Block Grant (CSGB). Both programs are scheduled for reauthorization this Congress.

We are interested in learning more about how LIHEAP and CSBG has been implemented and administered since the last reauthorization and look forward to learning what aspects of these programs work well and what has not worked well in providing assistance to low income individuals, families, and communities. We are also eager to hear any suggestions and recommendations for improving LIHEAP and CSBG during the next reauthorization.

As many of you know, the Low Income Home Energy Assistance program is a block grant program under which the federal government gives states and other jurisdictions annual grants to operate home energy assistance programs for low-income households. Federal requirements are minimal and leave most important program decisions to the states. The program also authorizes a separate contingency fund that may be used at the discretion of the president in response to a natural disaster or other emergency need. The LIHEAP program serves over 4 million households each year and in my home state of Delaware approximately 13,000 families have benefited from the program.

The Community Services Block Grant is also a federal block grant that funds a state-administered network of over 1,100 public and private community action agencies delivering social services to low-income Americans. The Community Services Block Grant Act was established in 1981 in response to President Reagan's proposal to consolidate the Community Services Administration and 11 other anti-poverty programs. Block grant funds may be used for a wide-range of anti-poverty activities to help families and individuals achieve self-sufficiency. The CSBG program



is an essential tool in meeting the unique needs of each area and serves as a conduit for community services.

I want to recognize and thank our witnesses for being here today. We are looking to you -- the one's who work with these programs on a daily basis -- on the best way to provide appropriate services to our low-income neighbors. As needs in our communities continue to change, we must make sure that our approach to helping families in need is appropriate to the times.

In just a moment, I will begin with introductions, but first I will yield to our Ranking Member, Ms. Woolsey, for any statement she may wish to make.



***APPENDIX B – OPENING STATEMENT OF RANKING MEMBER LYNN C. WOOLSEY, SUBCOMMITTEE ON EDUCATION REFORM, COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES***



Rep. Lynn Woolsey  
Opening Statement  
Hearing on Reauthorization of CSBG and LIHEAP  
Subcommittee on Education Reform  
Tuesday, July 08, 2003

GOOD AFTERNOON, MR. CHAIRMAN, AND WELCOME TO OUR WITNESSES.  
THANK YOU FOR BEING HERE TODAY.

THE COMMUNITY SERVICE BLOCK GRANT ACT (CSBG) AND THE LOW-  
INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) ARE NOT AS  
WELL KNOWN AS OTHER PROGRAMS UNDER THE JURISDICTION OF THIS  
SUBCOMMITTEE, BUT THEY ARE JUST AS IMPORTANT.

STATISTICS SHOW THAT POVERTY TOUCHES A LARGE PROPORTION OF  
AMERICANS DURING THEIR LIVES. OFTEN IT IS CAUSED BY AN  
UNEXPECTED EVENT SUCH AS ILLNESS; LOSS OF A JOB; OR DIVORCE  
WHICH CAN LEAVE A WHOLE FAMILY STRUGGLING TO SURVIVE.

CSBG AND LIHEAP PROVIDE THE KINDS OF SUPPORT THAT PEOPLE NEED  
TO KEEP GOING THROUGH A TOUGH TIME AND, OFTEN, TO FIGHT THEIR  
WAY OUT OF POVERTY AND GET THEIR LIVES BACK ON TRACK.

I AM AWARE OF JUST HOW IMPORTANT CSBG AND LIHEAP CAN BE TO  
FAMILIES IN NEED BECAUSE I AM FORTUNATE TO HAVE TWO REALLY  
EXCELLENT COMMUNITY ACTION AGENCIES IN THE DISTRICT THAT I  
REPRESENT HERE IN CONGRESS. THE COMMUNITY ACTION AGENCIES IN

BOTH SONOMA AND MARIN COUNTIES RUN INNOVATIVE PROGRAMS THAT ADDRESS THE REAL NEEDS OF LOW-INCOME FAMILIES IN THESE COMMUNITIES.

COMMUNITY ACTION SONOMA COUNTY , IN ADDITION TO RUNNING A TOP-NOTCH HEAD START PROGRAM, PROVIDES A VARIETY OF RESOURCES TO LOW-INCOME FAMILIES IN SONOMA COUNTY.

AFFORDABLE HOUSING IS A HUGE PROBLEM IN MY AREA AND COMMUNITY ACTION SONOMA COUNTY OPERATES A NUMBER OF HOUSING FACILITES, INCLUDING A UNIQUE TRANSITIONAL HOUSING FACILITY FOR SINGLE MOTHERS WHO ARE WORKING THEIR WAY OFF WELFARE.

COMMUNITY ACTION SONOMA COUNTY ALSO RUNS ONE OF THE FEW SCHOOL-BASED HEALTH CENTERS IN CALIFORNIA; IT ADMINISTERS AN INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAM; IT HAS A PROGRAM WHICH PLACES A SCHOOL NURSE IN EIGHT LOW-INCOME SCHOOLS; IT RUNS AN EMERGENCY WOMEN'S SHELTER AND PROVIDES A VARIETY OF YOUTH SERVICES.

COMMUNITY ACTION MARIN WAS ONE OF THE FIRST HIV SERVICE PROVIDERS IN OUR AREA AND ITS PEER MENTAL HEALTH PROGRAM IS SCHEDULED TO BE FEATURED IN A PBS DOCUMENTARY ON INNOVATE MENTAL HEALTH SERVICES.

IN ADDITION, COMMUNITY ACTION MARIN OPERATES THREE CHILDREN'S CENTERS, INCLUDING A CENTER FOR INFANT AND TODDLER CARE WHICH IS SORELY NEEDED IN MARIN COUNTY; IT RUNS THE MARIN HEAD START, THE MARIN CITY FATHERHOOD PROGRAM; A LEARNING CENTER AND A JOBS AND CAREER SERVICES PROGRAM; AS WELL AS A VARIETY OF OTHER PROGRAMS THAT SERVE MARIN COUNTY FAMILIES IN NEED.

LIKE COMMUNITY ACTION AGENCIES ALL AROUND THE COUNTRY, COMMUNITY ACTION MARIN AND COMMUNITY ACTION PARTNERSHIP OF

SONOMA COUNTY PROVIDE SERVICES AND SUPPORT THAT LITERALLY CHANGE PEOPLE'S LIVES.

SO, WE KNOW THAT CSBG AND LIHEAP ARE GOOD PROGRAMS, BUT I AM SURE THAT OUR WITNESSES HAVE SUGGESTION ABOUT HOW WE CAN MAKE THEM EVEN BETTER AND I LOOK FORWARD TO HEARING THEIR TESTIMONY.



**APPENDIX C – WRITTEN DOCUMENT SUBMITTED FOR THE RECORD  
BY RANKING MEMBER LYNN C. WOOLSEY, SUBCOMMITTEE ON  
EDUCATION REFORM, COMMITTEE ON EDUCATION AND THE  
WORKFORCE, U.S. HOUSE OF REPRESENTATIVES**



NATIONAL ASSOCIATION FOR STATE COMMUNITY SERVICES PROGRAMS

Testimony related to the

U. S. Department of Health and Human Services

Submitted to the

HOUSE OF REPRESENTATIVES EDUCATION AND THE WORKFORCE

SUBCOMMITTEE ON EDUCATION REFORM

July 7, 2003

The National Association for State Community Services Programs (NASCSPP) thanks this committee for its continued support of the Community Services Block Grant (CSBG) and seeks a successful reauthorization of the CSBG this year. NASCSPP is the national association that represents state administrators of the Community Services Block Grant (CSBG) and state directors of the Department of Energy's Low-Income Weatherization Assistance Program. The members of our organization see firsthand the results of CSBG funding in promoting self-sufficiency in communities across the nation. The following testimony is the result of discussion and debate among our members and leadership and reflects the extensive experience of this group.

One new feature within the proposed reauthorization is the addition of state performance measures. Local accountability has given the CSBG network the ability to provide clear data such as the service statistics listed below. NASCSPP supports the expansion of this local accountability to states. Our membership agrees that states should be held accountable for the monitoring and evaluation of grantees and for uniform high standards of grant administration at the state level. *However, our members and leadership feel strongly that these measures should be defined by the stakeholders and should use existing structures rather than duplicating efforts already underway.* Specifically, NASCSPP recommends:

- The legislation should require the Secretary of HHS to provide guidance to states on the monitoring of eligible entities. Guidance should specifically address the fiscal and organizational structure of eligible entities. This guidance would be created for OCS by a task force of the stakeholders. In addition, there would need to be T&TA funds made available to help train state staff on how to use such guidance.
- The OCS Monitoring and Assessment Task Force (MATF) initially had the mission of creating accountability for all three partners-Community Action Agencies, state CSBG offices and the federal Office of Community Services. To date, the MATF has led a successful and well-acknowledged effort of creating performance standards, Results Oriented Management and Accountability (ROMA), for Community Action Agencies (CAAs). Our discussions regarding state performance measures have revealed that the MATF has not yet completed its work regarding performance measures for the other partners. In an effort to respect this process and finish the MATF's work, we recommend requiring the Secretary of HHS to utilize a task force of the stakeholders, including adequate representation from the state CSBG offices, CAAs and the other national partners (possibly the OCS MATF) to create performance outcomes or standards for states. This task force would create performance outcomes or standards for states that would fall in line with current ROMA practices. The task force would address issues regarding the timely distribution of funds, the monitoring of eligible entities, provision of training and technical assistance, coordination of programs, building the capacity of the network, and so on. We would recommend that the task force be given 12 months to create performance outcomes or standards for states.

## BACKGROUND

The states believe the Community Services Block Grant (CSBG) is a unique block grant that has successfully devolved decision making to the local level. Federally funded with oversight at the state level, the CSBG has maintained a local network of over 1,110 agencies that coordinate over \$8.5 billion in federal, state, local and private resources each year. Operating in more than 96 percent of counties in the nation and serving more than 13 million low-income persons, local agencies, known as Community Action Agencies (CAAs), provide services based on the characteristics of poverty in their communities. For one town, this might mean providing job placement and retention services; for another, developing affordable housing; in rural areas, it might mean providing access to health services or developing a rural transportation system.

Since its inception, the CSBG has shown how partnerships between states and local agencies benefit citizens in each state. We believe it should be viewed as a model of how the federal government can best promote self-sufficiency for low-income persons in a flexible, decentralized, non-bureaucratic and highly accountable way.

Long before the creation of the Temporary Assistance for Needy Families (TANF) block grant, the CSBG set the standard for private-public partnerships that could work to the betterment of local communities and low-income residents. The approach is family oriented, while promoting economic development and individual self-sufficiency. The CSBG relies on an existing and experienced community-based service delivery system of CAAs and other non-profit organizations to produce results for its clients.

## MAJOR CHARACTERISTICS OF THE COMMUNITY SERVICES NETWORK

**LEVERAGING CAPACITY:** For every CSBG dollar they receive, CAAs leverage over \$4.00 in non-federal resources (state, local, and private) to coordinate efforts that improve the self-sufficiency of low-income persons and lead to the development of thriving communities.

**VOLUNTEER MOBILIZATION:** CAAs mobilize volunteers in large numbers. In FY 2001, the most recent year for which data are available, the CAAs elicited more than 32 million hours of volunteer efforts, the equivalent of nearly 15,400 full-time employees. Using just the minimum wage, these volunteer hours are valued at nearly \$165 million.

**LOCALLY DIRECTED:** Tri-partite boards of directors guide CAAs. These boards consist of one-third elected officials, one-third low-income persons and one-third representatives from the private sector. The boards are responsible for establishing policy and approving business plans of the local agencies. Since these boards represent a cross-section of the local community, they guarantee that CAAs will be responsive to the needs of their community.

**ADAPTABILITY:** CAAs provide a flexible local presence that governors have mobilized to deal with emerging poverty issues.

**EMERGENCY RESPONSE:** Federal and state emergency personnel utilize CAAs as a frontline resource to deal with emergency situations such as floods, hurricanes and economic downturns. Individual citizens turn to the CAA to help deal with individual family hardships, such as house fires or other emergencies.

**ACCOUNTABLE:** The federal Office of Community Services, state CSBG offices and CAAs have worked closely to develop a results-oriented management and accountability (ROMA) system. Through this system, individual agencies determine local priorities within six common national goals for CSBG and report on the outcomes that they achieved in their communities. As of FY 2001, all states and all CAAs are reporting on their outcomes.

The statutory goal of the CSBG is to ameliorate the effects of poverty while at the same time working within the community to eliminate the causes of poverty. The primary goal of every CAA is self-sufficiency for its clients. Helping families become self-sufficient is a long-term process that requires multiple resources. This is why the partnership of federal, state, local and private enterprise has been so vital to the successes of the CAAs.

#### WHO DOES THE CSBG SERVE?

National data compiled by NASCSP show that the CSBG serves a broad segment of low-income persons, particularly those who are not being reached by other programs and are not being served by welfare programs. Based on the most recently reported data, from fiscal year 2001:

- ◆ 70 percent have incomes at or below the poverty level; 50 percent have incomes below 75 percent of the poverty guidelines. In 2001, the poverty level for a family of three was \$14,630.
- ◆ Only 49 percent of adults have a high school diploma or equivalency certificate.
- ◆ 41 percent of all client families are “working poor” and have wages or unemployment benefits as income.
- ◆ 24 percent depend on pensions and Social Security and are therefore poor, former workers.
- ◆ Only 12 percent receive cash assistance from TANF.
- ◆ Nearly 60 percent of families assisted have children under 18 years of age.

#### WHAT DO LOCAL CSBG AGENCIES DO?

Since Community Action Agencies operate in rural areas as well as in urban areas, it is difficult to describe a typical Community Action Agency. However, one thing that is common to all is the goal of self-sufficiency for all of their clients. Reaching this goal may mean providing daycare for a struggling single mother as she completes her General Equivalency Diploma (GED) certificate, moves through a community college course and finally is on her own supporting her family without federal assistance. It may mean assisting a recovering substance abuser as he seeks employment. Many of the Community Action Agencies' clients are persons who are experiencing a one-time emergency. Others have lives of chaos brought about by many overlapping forces - a divorce, sudden death of a wage earner, illness, lack of a high school education, closing of a local factory or the loss of family farms.

CAAs provide access to a variety of opportunities for their clients. Although they are not identical, most

- ◆ employment and training programs
- ◆ individual development accounts
- ◆ transportation and child care for low-income workers
- ◆ senior services
- ◆ micro-business development help for low-income entrepreneurs
- ◆ a variety of crisis and emergency safety net services
- ◆ family development programs
- ◆ nutrition programs
- ◆ energy assistance programs
- ◆ local community and economic development projects
- ◆ housing and weatherization services
- ◆ Head Start

CSBG funds many of these services directly. Even more importantly, CSBG is the core funding which holds together a local delivery system able to respond effectively and efficiently, without a lot of red tape, to the needs of individual low-income households as well as to broader community needs. Without the CSBG, local agencies would not have the capacity to work in their communities developing local funding, private donations and volunteer services and running programs of far greater size and value than the actual CSBG dollars they receive.

CAAs manage a host of other federal, state and local programs which make it possible to provide a one-stop location for persons whose problems are usually multi-faceted. Sixty (60) percent of the CAAs manage the Head Start program in their community. Using their unique position in the community, CAAs recruit additional volunteers, bring in local school department personnel, tap into religious groups for additional help, coordinate child care and bring needed health care services to Head Start centers. In many states they also manage the Low Income Home Energy Assistance Program (LIHEAP), raising additional funds from utilities for this vital program. CAAs may also administer the Weatherization Assistance Program and are able to mobilize funds for additional work on residences, not directly related to energy savings, that may keep a low-income elderly couple in their home. CAAs also coordinate the Weatherization Assistance Program with the Community Development Block Grant program to stretch federal dollars and provide a greater return for tax dollars invested. They administer the Women, Infants and Children (WIC) nutrition program as well as job training programs, substance abuse programs, transportation programs, domestic violence and homeless shelters and food pantries.

#### EXAMPLES OF CSBG AT WORK

Since 1994, CSBG has implemented Results-Oriented Management and Accountability practices whereby the effectiveness of programs is captured through the use of goals and outcomes measures. Below you will find some of the network's first nationally aggregated outcomes achieved by individuals, families and communities as a result of their participation in innovative CSBG programs during FY 2001:

- ◆ In 42 states, 70,360 participants gained employment with the help of community action
- ◆ In 24 states, 17,426 participants retained employment for 90 days or more
- ◆ In 28 states, 32,603 households experienced an increase in income from employment, tax benefits

- ◆ In 26 states, 33,795 families moved from substandard to safe, stable housing
- ◆ In 16 states, 1,861 families achieved home ownership as a result of community action assistance
- ◆ In 32 states, 22,903 participants achieved literacy or a GED
- ◆ In 22 states, 12,846 participants achieved post secondary degree or vocational education certificate
- ◆ In 28 states, 506,545 new service “opportunities” were created for low-income families as a result of community action work or advocacy, including affordable and expanded public and private transportation, medical care, child care and development, new community centers, youth programs, increased business opportunity, food, and retail shopping in low-income neighborhoods

All the above considered, NASCSP urges this committee to reauthorize the Community Services Block Grant. The program touches nearly a quarter of all those living in poverty and another million of the near-poor. The CSBG is an anti-poverty program that is uniquely accountable for results and one that leverages substantial financial resources and volunteer commitment. The program flexibility, the locally selected and representative boards of directors, and the unique ability of CSBG agencies to provide linkages as a core function of service make the Community Services Block Grant a model public-private partnership.





***APPENDIX D – WRITTEN TESTIMONY OF LESLIE LEE, LIHEAP  
DIRECTOR, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, NEW  
CASTLE, DELAWARE***



**TESTIMONY OF LESLIE LEE, LIHEAP DIRECTOR, STATE OF DELAWARE  
BEFORE THE SUBCOMMITTEE ON EDUCATION AND THE WORKFORCE  
U.S. HOUSE OF REPRESENTATIVES  
REGARDING THE REAUTHORIZATION OF THE  
LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM**

**JULY 8, 2003**

Thank you for the opportunity to testify today before the Subcommittee on the Reauthorization of the Low-Income Home Energy Assistance Program (LIHEAP). I am Leslie Lee, Director of LIHEAP for the State of Delaware, official title, Management Analyst III. I also serve as the Secretary of the National Energy Assistance Directors' Association (NEADA) representing the state LIHEAP Directors.

**GENERAL**

LIHEAP is a program that works. Its primary purpose is to provide heating and cooling assistance to low-income households throughout the United States and its territories. During the current fiscal year, LIHEAP will provide energy assistance to almost 4.6 million low-income households –about 16% of the eligible population. The average LIHEAP household has an income of less than \$10,000 and is primarily comprised of low-income elderly, disabled and working poor families with children. The mean energy burden for low-income households was 14 percent of total income; about four times the average for all other households.

The structure of the LIHEAP assures that the greatest amount of assistance is provided to households with the lowest income and the highest energy costs. In order to do this, states set benefit levels that take into account household income, number in household, energy cost, fuel type, individual bills, dwelling type, energy burden and energy need.

Program assistance is further targeted to households with special needs. Of the households receiving assistance in FFY 2000, about 34 percent had at least one member 60 years or older, about 36 percent included at least one disabled member and about 21 percent included at least one child five years or younger.

Without LIHEAP assistance, many of these families would have to choose between paying their energy bills and other vital necessities including food, medicine, rent or mortgage. This is especially important for households with elderly members, very young children, or disabled recipients who are more vulnerable to temperature-related illnesses.

LIHEAP Testimony (Leslie L. Lee)  
July 8, 2003

### **DELAWARE**

The situation in Delaware is very similar to that of the rest of the country. During the current fiscal year, Delaware provided assistance to 13,179 households during the winter heating season an increase of 11% over last winter's heating season. The average benefit was \$301 (see Attachment A). In addition to the 13,000 plus households that received a regular heating assistance benefit, Delaware helped 4,242 households with a supplemental crisis benefit, an increase of 58% over last winter's heating season. Many of the households that received the regular benefit, received an additional crisis benefit of approximately \$200. These increases in households served are directly related to the very cold winter we had and the affects of the weaker economy.

Delaware is one of several states that administer both a heating and cooling program. We recognize that going without air conditioning in the states' hot, humid climate, can be just as damaging as going without heat during very cold weather. During the summer of 2002, Delaware provided room air conditioners to 584 households, and payment assistance to 3,245 households. Due to the increases in assistance to households during the winter months, the number of households being assisted with the summer cooling program is projected to decrease by half over last summer because of lack of funds.

Delaware administers our energy assistance programs through contracts with non-profit agencies via a one-stop shopping approach. Applicants for the LIHEAP and Department of Energy (DOE) Weatherization Assistance Program (WAP) use one application to apply for both programs. This reduces administrative costs for our state as well as eliminating the need for low-income applicants to apply for these programs more than once at several locations. Seniors and disabled applicants who have received assistance in the past may apply by mail. All other applicants must schedule an appointment for initial application and documentation. Once they have completed an application, that process is good for all energy assistance programs; heating, crisis, summer cooling and WAP until the following fiscal year.

Delaware provided assistance to more than 13,000 eligible households, which included 3200 households with elderly (aged 60+) members; 2200 under aged 5; and almost 4900 whose primary income was Social Security. While Delaware provides assistance to eligible households whose total household incomes may reach 200% of the federal poverty level, 75% of those households assisted were below 125% of the federal poverty level. Delaware is also unique in that 32% of all households assisted receive their primary income from employment, which highlights the need to provide assistance to the

Testimony by Leslie L. Lee

July 8, 2003

'working poor'. Fuel type is also widespread in the State of Delaware with electric, natural gas and fuel oil customers all hovering around the 3300 mark, depending on the county they live in. (See Attachment A) Most states use one heating source significantly more than others. This unique aspect of households assisted among the states is the primary reason why the current block grant format works so well. Each state can tailor a program based on practices that best suit their state.

Delaware is serving approximately 17% of the LIHEAP eligible population. Additional funding is needed to increase the total number of assistance to eligible households and to address a severe problem we have in our state with households in arrears.

### NEADA

During the recent annual meeting of NEADA, the members developed a set of recommendations that they believe would improve the management of the program. I would like to summarize those recommendations for the Sub-Committee.

1. *The authorization level should be increased to \$3.4 billion, the same level included in the House and Senate energy bills. This would allow states to increase the percentage of eligible households served from about 16% to 34%.*

With rising unemployment and energy prices, the members of NEADA believe that \$3.4 billion would enable the states to reach a greater percentage of the eligible households.

2. *The program's block grant structure should be maintained. This will allow states to continue to develop new and innovative ways to stretch available program resources, including the use of pre-purchase programs, negotiating discounts with vendors and arrearage forgiveness programs. The block grant format is important because of the flexibility it allows states to operate under.*

The block grant structure allows states to work proactively with their energy vendors to assure the lowest possible prices. For example, Massachusetts and Connecticut purchased heating oil through a fixed margin pricing program. This has saved them a total of \$5.6 million during FFY 2002. Other states have responded to fluctuations in fuel oil and propane prices by purchasing these fuels in the summer when prices are lowest, or through other negotiations with vendors to attain discounted prices. States saved over \$3 million from these practices in FFY 2002. There are at least 50 more stories with varying practices due to the flexibility of the block grant.

3. *Continue to limit the use of LIHEAP funds for purposes other than grant assistance.*

Testimony by Leslie L. Lee  
July 8, 2003

NEADA members believe that funds should not be used for other purposes; including set-asides until there are sufficient funds available to meet the core need for grant assistance. Most states already spend up to 5 percent of their funds on services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance, including needs assessment, budget, and credit counseling.

4. *Encourage state public utility commissions to collect arrearage and shut-off data and make this data available to the U.S. Department of Health & Human Services (HHS) and the Congress to help document the need for the release of emergency funds. This data could serve as an indicator about the need for emergency funds to meet potential affordability crises.*
5. *Raise the Secretary's Training and Technical Assistance Program to \$750,000, the same level as was authorized previously.*

This will allow the Secretary to support additional research and technical assistance in the administration of the program. The current ceiling of \$350,000 does not allow the Administration to conduct periodic training and technical review sessions.

6. *Expand the flexibility of states to provide Residential Energy Assistance Challenge Option (REACH) grants beyond community action agencies to state agencies and other service providers.*

Some states do not contact with Community Action Agencies (CAA's), or non-profits to deliver LIHEAP services for a variety of reasons. Allowing states to provide REACH grants to other providers including state agencies, would enhance the delivery of program services by helping to strengthen their delivery network.

NEADA will be conducting a series of studies this summer and fall in support of the program. Funding was provided for this through the appropriations process for NEADA to conduct research studies in support of the reauthorization of LIHEAP. The funds will be used to conduct several key studies that will help to understand the role energy assistance plays in helping heating and cooling recipients make their bills more affordable. The study will be based on a survey conducted in Iowa in 1999 that reported a high percentage of families went without medicine or food in order to pay their home energy bills. The study will also seek to identify "best practices" and other research on the role of energy assistance in meeting the energy needs of low-income households.

I would like to close by repeating that **LIHEAP WORKS!** and often means the difference between having a roof over your head and homelessness. Thank you for your interest and support of this program. Please contact NEADA or me for more information.

***APPENDIX E – WRITTEN TESTIMONY OF DR. CAROLYN C. DRAKE,  
DIRECTOR, SOUTHERN STATES ENERGY BOARD, WASHINGTON, D.C.***





**Subcommittee on Education Reform**

Hearing on:

**“LIHEAP & CSBG: PROVIDING ASSISTANCE TO LOW-INCOME  
FAMILIES”**

**Room 2175**

**Rayburn House Office Building**

Tuesday

**July 8, 2003 3:00 p.m.**

**Testimony of Dr. Dr. Carolyn C. Drake**

**Director**

**Southern States Energy Board**

**Washington, D.C.**

Chairman Castle and Subcommittee Members:

Thank you for the opportunity to appear before you regarding the Low Income Home Energy Assistance Program.

I am Dr. Carolyn Drake, Washington director of the Southern States Energy Board, a federally chartered non-profit interstate compact established under Public Laws 87-563 and 92-400. SSEB exists to enhance economic development and the quality of life in the South through innovations in the energy, environmental and technological fields. Sixteen states and two territories comprise the SSEB. Each jurisdiction is represented by the governor, a state representative and state senator.

The Hon. Bob Wise, Governor of West Virginia, and a former member of Congress, is presently our Chair. State legislators serve as vice chair and treasurer. Ex-officio board members include a federal representative appointed by the President, the Chair of the Southern Legislative Conference's Energy & Environment Committee and SSEB's Executive Director. We are a diverse, bipartisan organization, which has supported LIHEAP since its inception. Today we offer concrete, specific and heartfelt suggestions to improve the program.

LIHEAP is a vital program, which provides federal grants to states, territories and qualified tribal organizations to help assist eligible low-income Americans heat and cool their homes. For some recipients, LIHEAP can make the difference between life and death.

## **Poverty in the Country is a Big Problem That LIHEAP Imperfectly Targets**

America has 43 million low-income citizens (classified as having household incomes at or below 125% of the Federal Poverty Level).<sup>1</sup> Fully 15.7% of the national and a higher percentage -- 17.1% -- of the SSEB region's population meet this criterion. These individuals are potentially eligible for LIHEAP assistance. However, less than 20% of nationally eligible households actually receive LIHEAP assistance<sup>2</sup>. Currently, LIHEAP is reaching fewer than 15% of needy Americans<sup>3</sup>. Why is the number served so small and going down? The simple answer is, there are more poor people standing in line for assistance, and the price of energy, especially gas, is going up. LIHEAP is a program that needs no promotion -- indeed, there are always waiting lists for assistance in every state. Agencies that provide vouchers to help pay bills using LIHEAP dollars are forced to engage in triage when the dollars run out each year, often before winter's end. And for reasons you will see, there are few LIHEAP dollars to help people pay high cooling bills during hot summers.

<sup>1</sup> Source: [http://ferret.bls.census.gov/macro/032001/pov/new25\\_001.htm](http://ferret.bls.census.gov/macro/032001/pov/new25_001.htm)

<sup>2</sup> Source: <http://www.nationalfuel-funds.org/toolkit6.pdf>

<sup>3</sup> Source: <http://www.house.gov/johnpeterson/enews/enews041103.htm>

## Poverty is an Even Bigger Problem in the South

SSEB's 16 states are home to 36.6% of the U.S. population and 39.8% America's low-income citizens. The South has the nation's highest poverty rate (during 2000 to 2001). It is also the only region with increases in the both the percentage and actual numbers of impoverished Americans. The Bureau found other areas had no statistical change in their poverty status.

5

### Poverty by Region: 2000 to 2001

South had the highest poverty rate

Area	Poverty Rate	Change
United States	11.7%	Increase of 0.4 percentage point Increase of 1.3 million
Northeast	10.7%	No statistical change
Midwest	9.4%	No statistical change
South	13.5%	Increase of 0.7 percentage point Increase of 0.8 million
West	12.1%	No statistical change

U.S. CENSUS BUREAU Source: U.S. Census Bureau, Current Population Survey, 2001 and 2002 Annual Demographic Supplements.

## Americans are on the move

Over the last two decades, the population of the American South and Southwest has grown. For example, from 1980 to 2000, Dallas's population grew 24% from 904,074 to 1,118,580 and Clark County, Nevada ballooned 197% from 463,087 to 1,375,765. As I will discuss later, this increase in population is significant since for all practical purposes LIHEAP funds are still being distributed based on numbers 20 years old. With all the news of reapportionment disputes, perhaps you as members of the House of Representatives more than any other leaders of government, understand the significance of America's shifting population. Since Congress last reauthorized

LIHEAP, 11% of the House of Representatives -- 48 Seats -- have moved south and west.

### Percentage Distribution of US House Seats, by Region: 1980 – 2000

Census Year:	1980	1990	2000	Change 1980- 2000
Region				
Northeast:	22%	20%	19%	- 3%
Midwest:	26%	24%	23%	- 3%
South:	33%	34%	35%	+ 2%
West:	20%	21%	23%	+ 3%
Net Change:				+11%

Source: <http://landview.census.gov/prod/2001pubs/c2kbr01-7.pdf> (derived from figure 2, page 5)

Poverty is a national issue. It is more severe in my region, and that folks are moving there in significant numbers should be no surprise. Mr. Chairman, I am not here to state the obvious statistics. You are acutely aware of these facts. Congress is not the problem. LIHEAP is! However, the LIHEAP formula is not based on current facts. Consequently in some cases, it does not reach those people in greatest need.

As presently configured, LIHEAP doesn't know those new residents moved to Nevada or elsewhere. LIHEAP doesn't know that poverty is up in the south. LIHEAP doesn't know when natural gas prices soar. Nor does LIHEAP know that unemployment has just increased to 6.4%, its highest level in nine years -- a development that will surely swell the rolls of applicants for energy assistance.

That's because LIHEAP is blind to these obvious realities. Today, embedded within LIHEAP are two distribution formulas. A recent study by *Louisiana State University's (LSU's) Center for Energy Studies*, commissioned by the SSEB and the Southern Governors Association, has described one of formulas as a "near-ideal allocation methodology." Mr. Chairman, I offer you and your colleagues that detailed analysis, entitled LIHEAP Reconsidered and request that it be entered into the hearing record. This is the work of Doctors Mark J. Kaiser and Allan G. Pulsipher. I recommend that you and your colleagues review it, and that your staffs dissect it. The complimentary description of this formula is apt, because it considers a set of reasonable factors:

- State residential fuel consumption for space heating and cooling, using:
  - electricity
  - natural gas

- fuel oil/kerosene
- LP gas
- wood
- coal
- Annual & average heating **and cooling** degree days by region, weather zone, and State
- The percent of low-income households heating and cooling
- The average price for each fuel in each state (a significant benefit as we prepare to grapple with rapid, sustained price increases now vexing natural gas)

Unfortunately, this “ideal” mechanism is rarely used. Although this formula was affixed to LIHEAP in 1984, its elements have guided only the increment of LIHEAP’s allocations above the \$1.975 billion trigger just twice -- in 1985 and 1986. Unfortunately, LIHEAP has averaged \$1.5 billion over the last 17 years—well below the trigger. So, the ‘ideal’ formula almost has never been in effect, and when it has, it has guided only a small portion of these distributions.

Mr. Chairman, exhaustive research by LSU under the auspices of the Southern Governors Association, Southern Legislative Conference and SSEB suggests that your predecessors amended LIHEAP in the belief that it would keep pace with inflation, and high-priced oil. This, in reality did not happen. Instead, oil prices fell, and so did heating fuel costs and LIHEAP’s appropriation. The trigger point needed to activate the 1984 formula hasn’t been hit in 17 years. With the benefit of hindsight, it is now clear although their intentions were good...*they guessed wrong*.

Because of this glitch, virtually all LIHEAP funds are allocated using a litany of factors that are more than 20 years old. Appearing starkly among these arcane elements of the reigning formula is one whose origins and justification are apparently lost to history.

- The **annual average number of heating degree days SQUARED** times the **1980** population with income equal to or less than 125% of poverty **in 1980**

Note the absence of a cooling degree-day factor, but also that the heating factor is squared for reasons that are neither specified nor obvious. The use of an unexplained exponential factor for heating in the formula and the omission of **any** factor for cooling have had the combined, and quite predictable, effect of skewing the distribution of LIHEAP funds to the great disadvantage of states in the South and West that have high cooling burdens (but many of which, it should be mentioned, also experience severe winters).

The other factors considered in the current formula are:

- A ratio of state and national low income households **in 1979**
- Residential energy expenditures **in 1979**
- A state’s annual average number of heating degree-days **between 1931-80**
- The number of a state’s households at/below 125% of federal poverty **in 1980**

And/Or

- A state's increase in home-heating expenditures **in 1980**

Then the formula considers:

- **ratio is derived from A the calculus of the above factors**, expressed as a percentage and **applied as a pro-rata reduction** (due to limited appropriations)
- The greater percentage of **another reduction** (again, to accommodate appropriations)
- Conversion of that allocation to a dollar amount
- Subject to another comparison of that result to each state's **1980** allocation
- And then, **another pro-rata reduction**
- Compared to 75% of each state's **1981** Crude Oil Windfall Profits Tax formula.

Mr. Chairman, SSEB suggests that using these original formula criteria as the sole determinants of LIHEAP's formula allocations to states and tribal entities is a significant, growing mistake. They are ill-suited to determine how our government makes real-world allocation decisions to reach citizens in desperate need of assistance this summer, this winter and beyond.

When LIHEAP national appropriations are below \$1.975 billion, the dated criteria decide a state's allocation. It is only when that threshold is substantially crossed that Southern and Western states see meaningful increases in funding. This is because the 1984 formula elements only guide the distribution of funds above \$1.975 billion. *Such funds were last seen 17 years ago* and, if the threshold were passed again with substantial new dollars, that would better enable SSEB's and other states ability to address the burgeoning poverty populations now living within their borders.

We are not alone in sensing something is amiss. The Bush Administration, in a recent Budget Appendix succinctly observed that LIHEAP imperfectly reaches the neediest Americans, and invited ideas to improve the situation.

These archaic formula criteria are rendering the program incapable of directing funds to where they are needed now and in the future. By eclipsing the better formula, they also block LIHEAP from automatically responding to geographic or fuel-specific anomalies, or from addressing the growing need for cooling assistance during hot summer periods as our nation's population ages.

## Heat Kills

Between 1998 and 2000, heat resulted in almost 20 times more deaths than extreme cold. In 1999 alone, over 500 deaths resulted from heat while 7 occurred due to extreme cold. Elderly and low-income households are particularly susceptible to health risks associated with heat because they are either without air conditioning or fear incurring unpayable bills.

The Center for Disease Control (CDC) has advised that home cooling is the most effective protection against heat-related death and injuries. According to the CDC, “exposure to air conditioning for even a few hours a day will reduce the risk for heat related illness.” Although home cooling prevents injury and death associated with extreme heat, summer electric costs impose a tremendous and often unaffordable burden on low-income households. For low-income residents, home cooling bills consume between 20 to 30 percent of their total household income. This oftentimes is beyond their ability to pay, and greatly increases risk of heat related health dangers.

## **Energy Burden is a Viable & Important Gauge of Need**

While the specter of heat-related death and injuries looms large, cold is also a legitimate national problem. Americans are bound together in their energy need regardless if it is for heating or cooling. They are allied by a common, significant burden: it costs proportionately a very great deal to heat or cool the homes of America’s neediest citizens, who are often the elderly and infirm and who increasingly (in the South at least) live in substandard, un-insulated homes with un-vented space heaters in winter and, at best, inefficient window unit air conditioners in summer. Most important, the vast majority of eligible Americans are currently not helped by LIHEAP – regardless of where they reside. As this Subcommittee moves toward reauthorization, we encourage it to explore the energy burdens of low-income citizens. We have been impressed by the work of Roger Colton and others in benchmarking this issue and highlighting the trauma of the unmet need for energy assistance in this country.

## **We’re in This Together**

Mr. Chairman, you and your colleagues have allowed me to state our case for what is wrong with LIHEAP. LIHEAP reauthorization need not, and indeed, must not devolve into a regional fight. While an unabashed representative of my region, I share your allegiance to America first. Any close observer of LIHEAP knows that too many eligible citizens aren’t helped right now. It is a disturbing trend that a small and shrinking percentage of America’s neediest citizens are being reached. It used to be 2 in 10 could be helped. Now, at current funding levels, we are fractionalizing individuals. Today a scant 1.5 in 10 are helped. What level of commitment will it be tomorrow? That is a central question this Subcommittee must soon decide.

## **Recommendations:**

The Southern States Energy Board recommends that Congress:

1. Put the needed, substantial appropriations into the program, ensuring the present trigger point is routinely exceeded and that the program is able to reach more of those that it is intended to reach—not just 15 percent of them. This necessitates a

sustained formula grant appropriation well above \$1.975 billion. Doing so would ensure no State is negatively affected.

2. Increase the LIHEAP authorization level to accommodate a materially higher appropriation. We hope this Subcommittee will strongly embrace this solution; and
3. Closely examine the current formula as well as the adequacy of the authorization and appropriations to insure that LIHEAP is meeting the needs of those citizens who are living in unhealthy and unsafe conditions because they cannot pay their energy bills. Before the program is reauthorized, perhaps DHHS should prepare recommendations for this Committee on the manner in which funds are made available and distributed.

Absent significantly increased authorizations and appropriations, advocates, reluctantly, may be compelled to explore more closely aligning the trigger within the parameters of the lower, actual appropriation levels witnessed over the last 17 years. Unfortunately, such a course invites divisiveness which could siphon energy away from LIHEAP's noble aspirations. It also does little to enable needy eligible Americans to better shoulder their increasingly significant energy burdens, especially for natural gas. Through creating the win/win of substantially increased authorizations and appropriations (We suggest no less than \$3.4 billion for each.), we can make this regional disparity go away and focus on the real problem: the inadequacy of LIHEAP funding to reach more than 15 percent of the nation's eligible population.

Mr. Chairman, we are grateful for this opportunity to share these insights, and pledge to work closely and cooperatively with you improve LIHEAP. Should you or your colleagues have any questions, I would be pleased to respond.



***APPENDIX F – WRITTEN TESTIMONY OF DR. MARY NELSON,  
PRESIDENT AND CEO, BETHEL NEW LIFE, INC., CHICAGO, ILLINOIS***



**Statement of Mary Nelson  
President  
Bethel New Life**

**Before  
Subcommittee on Education Reform  
Committee on Education and Workforce  
US House of Representatives  
Washington, DC**

**July 8, 2003**

Statement of Mary Nelson  
President  
Bethel New Life  
before  
Committee on Education and the Workforce  
Subcommittee on Education Reform  
US House of Representatives  
Washington, DC

July 8, 2003

Mr. Chairman, my name is Mary Nelson and I am President of Bethel New Life of Chicago. Bethel New Life is a 24 year old faith-based community development corporation in a very low-income area of the west side of Chicago. Building on the strong convictions, persistence and strength of community residents and in partnership with government, private sector and churches, our community shows the visible results of these efforts.

Bethel has developed over 1,000 units of affordable housing placed over 7,000 people in living wage jobs and brought in over \$130 million in investments into our credit starved community. Bethel has created over 800 new jobs in the community, and currently has almost 400 employees and a \$12.5 million a year operating budget. Bethel's initiatives empower individuals, strengthen families and build sustainable community.

I am pleased today to testify on the Human Services Re-authorization Act and in particular the Community Services Block Grant and the Discretionary Authority of the Secretary. As a Community Development Corporation, Bethel has made great use of the Community Economic Development (CED) funding. We fully support re-authorization of the CED program. It has been a tremendous help to our community.

About CDC's

In many poor urban and rural communities, economic activity, job creation and opportunity are lacking and there is a lack of activity by private sector financial institutions. Community Development Corporations work in such communities.

CDCs are private non-profit corporations that work in low-income urban and rural communities to improve housing promote economic development and finance needed community facilities. Like Bethel, many CDCs are faith based. All are committed to providing a better community and working environment. There are over 3000 CDCs across the country.

According to the National Congress for Community Economic Development, CDCs have:

- Created or retained some 247,000 jobs;
- Developed 550,000 units of affordable housing;
- Loaned \$1.9 billion to small businesses;
- Rehabilitated or built 71 million square feet of commercial and industrial space; and
- Assisted 149,000 new homeowners.

#### Community Economic Development Grants

Section 681 of the Community Services Block Grant Act authorizes the Discretionary Authority of the Secretary of Health and Human Services. Under the Community Economic Development (CED) grant program, the Office of Community Services (OCS) has the authority to make grants to Community Development Corporations (CDCs) to promote business and employment opportunities in urban and rural low-income communities.

The Community Economic Development program is unique in a number of ways. First, no other federal program provides capital directly to CDCs to invest in private business enterprises which, in turn target job and business opportunities to low-income citizens. Second, no other federal community development program targets to low-income area and people as well as the CED. As you will hear, CED grants go to CDCs working in the poorest areas of the country and CDCs grants are an important source of jobs for low-income people and people on welfare. Despite working in poor communities, CDCs using CED funding have not only leveraged \$3 in other funding to every one dollar in federal funds, CDCs have been able to use CED funds to attract a significant amount of bank investments to the our nation=s poorest urban and rural communities.

CED is a competitive, discretionary grant program. Grants are made to private, nonprofit community development corporations which in turn provide technical and financial assistance to business and economic development projects which target job and business opportunities for low-income citizens. CED grants are used to finance commercial real estate development, including manufacturing and industrial facilities, business incubators, community facilities such as day care and health care centers and public facilities, to provide loans to small business and to invest in companies that target future job opportunities to low-income individuals. These projects generate new jobs and lead to a more stable employment and business environment in economically depressed areas.

We particularly appreciate the support of President Bush for this important program. The President has regularly requested appropriations for Community Economic Development grants. This year, the President's budget includes \$32.5 million for CED.

Given these tight budget times, that's a great endorsement of the work of Community Development Corporations across the country.

This year, Members of this Committee including Congressman McKeon, Congressman Petri, along with my own Congressman Danny Davis, worked successfully to support the President's request in the Appropriations Committee. We appreciate their support as well.

A recent survey of Community Economic Development Grants found that grantees not only have good success in attracting capital from the private sector but have also put that capital to good use, along with CED funds, to create jobs in the poorest communities in the country. Ninety four percent of the jobs created by CDCs were filled by low-income and unemployed people or people receiving public assistance. Ninety one percent of the jobs created (3,843) were full-time, year round positions of which 50% were for skilled and semi-skilled workers. The average wage for these positions was \$8.31 per hour. Grantees created 445 businesses during the survey period, or 87% of the number that they projected they would create. Ninety nine percent were locally owned; 39% were minority owned and 38% were owned by women.

#### Community Economic Development Funding at Work

I would like to describe a project that we developed using Community Economic Development funds. I have also included an example of a project in southeastern Kentucky developed by another CDC Kentucky Highlands Development Corporation. In both cases you will see that the CED funds are an important part of the financing puzzle and that the federal funds leverage a much larger investment in other public and private sources of financing. The final result: jobs, business opportunities and an improved community.

In Chicago, Bethel has used CED grants in its devastated low-income community for a number of projects. Most important is the national model of adaptive re-use of a 9.2 acre closed down inner city hospital campus.

**"IT WILL TAKE A MIRACLE"** bannered the headlines in Crain's Chicago Business when Bethel bought this eyesore. Today, 12 years later, the square block is transformed from an abandoned site with weeds and transients seeking entry into the buildings into a vibrant intergenerational campus with child care, 100 units of elderly housing, 85 units of assisted living, a small business center, health center, cultural arts center and our administrative offices. There are three micro enterprises on campus, too. It is new life to the people who live there and the whole neighborhood. Bethel's CED grants of about \$1 million leveraged over \$30 million of total investment in the renewal of the site, and created over 170 permanent jobs on campus for community residents – from certified nurses' aides to maintenance to child care workers and kitchen workers to administrative positions.

Kentucky Highlands Investment Corporation (KHIC) is a community development corporation created in 1968 to reduce chronic poverty and welfare dependency in Southeastern Kentucky. The CDC carries out its mission by investing in businesses that provide job opportunities for residents living in the area. In addition to making equity investments in businesses, KHIC also makes loans to start-up or expanding companies and provides extensive technical assistance and support to such businesses.

One of the counties included in Southeastern Kentucky is Wayne County, a federally designated empowerment zone with a poverty rate of 35%, almost three times the national average, and an unemployment rate of 9%, nearly twice the national average. The county is located in a remote section of the state that is relatively inaccessible to major interstate highways and therefore, a difficult place to attract the type of investment capital needed to start and sustain a new business.

KHIC was awarded \$742,000 from the CED program to help launch T.Q. Inc., a contract manufacturer of children's sports uniforms and equipment. The CED grant which became part of a \$1.1 million financing package to help launch T.Q. Industries. With these funds, T.Q. Industries was able to purchase state-of-the-art silk screening and injection molding equipment to produce both uniforms and sporting goods. The CED grant was also used to retain the services of a team of experts from Kentucky State University (a historically black college) to provide employee screening and assessment services. These services were needed to help assure that the right person was hired for the right manufacturing job.

The \$1.842 million project included loans from the Tennessee Valley Authority, the Area Development District (U.S. Department of Commerce funds), and KHIC's Small Business Investment Company. It also included \$850,000 from KHIC which acquired equity in T.Q., Inc. In addition, KHIC raised almost \$2 million to finance the construction of a warehouse facility for T.Q. Inc. The funds came from the federal, state and local governments, as well as private institutions. The facility was built in ninety days.

The firm substantially exceeded the job creation projections included on KHIC's CED application by creating 118 full-time, year round positions for local residents, 57% more than the 75 jobs originally projected. In addition, virtually all the positions were filled by low-income or unemployed persons, 47 of whom had been receiving welfare/public assistance. All these jobs offer workers health benefits. In addition, T.Q., Inc.'s success has attracted other business to Wayne County. Soon after the CED project ended, a croquet manufacturing operation moved to the Wayne County Industrial Park.

As T.Q., Inc. moved forward, it forged a strong subcontracting relationship with Hutch Sports, USA Inc., a specialty sporting goods manufacturer. In 1996, when Hutch Sports, USA, Inc. was sold to a Fortune 500 corporation, the new owner insisted on purchasing T.Q. as well. This transaction allowed KHIC to sell its equity stake in the firm for a combination of cash and debt to the parent organization. T.Q., Inc. is now a

subsidiary of Hutch Sports, USA Inc., which, in turn, is owned by Roadmaster, a diversified manufacture of sporting equipment.

KHIC=s ability to sell its equity stake in T.Q., Inc., for new funds for economic development, demonstrates the leveraging potential of CED grant funds. KHIC was able to reinvest the proceeds from T.Q. sale in other economic development activities in its target area that were consistent with CED grant objectives. Also, through its parent organization, T.Q. now has access to mainstream sources of credit and capital (such as banks and other financial institutions), that would not have been available to the organization before it received assistance under the CED program. The CED funds enabled KHIC to help T.Q. improve its production capability and build the successful subcontracting relationship with Hutch that led to its ultimate acquisition.

### Recommendations

Finally, we urge the Committee to continue this important program. No other federal program works in the poorest communities of this nation to promote economic and business opportunity for low-income citizens.

We appreciate your help Mr. Chairman, and that of Congressman McKeon, in assisting us in working with HHS to streamline regulations and to clarify the law. It is important that we continue that effort. In that huge human services bureaucracy it's sometimes hard to get attention to important regulatory matters.

We are suggesting a number of changes to the statute that would more fully capture the purpose of Community Economic Development grants and the important work that is accomplished with these funds. We are also proposing a series of technical amendments that would codify current policy and clarify the law.

In recent years, there has been confusion on HHS policy regarding disposition of assets and use of CED funds for construction and add-on investments to economic development projects. We support a disposition policy that would allow the CDC to continue to use federal funds for purposes consistent with law, and clarification of policy so that CDCs may continue to use Community Economic Development Funds for construction of needed day facilities, charter schools and commercial and industrial facilities. Also, we propose the CDCs with successful projects can continue to invest in such projects, using CED funds.

I appreciate the opportunity to testify before the Committee and thank you for your attention to this matter.



**APPENDIX G – WRITTEN TESTIMONY OF MR. MICHAEL TUBBS,  
EXECUTIVE DIRECTOR, COMMUNITY ACTION ASSOCIATION OF  
ALABAMA, BIRMINGHAM, ALABAMA**




**Community Action Association of Alabama**

950 22<sup>nd</sup> Street North, Suite 674  
 Birmingham, Alabama 35203  
 (205) 458-8875 Voice  
 (205) 458-8876 Fax  
[www.caaalabama.org](http://www.caaalabama.org)

Testimony related to the

U.S. House of Representatives  
 Subcommittee on Education Reform

July 8, 2003

The War on Poverty has not been won in Alabama. In 2003, Life, Liberty and the Pursuit of Happiness are more a distant hope than the present reality. While many of our fellow citizens are looking to get ahead, too many people in rural and urban areas of Alabama are just hoping to get by. Fifteen Alabama counties are saddled with double digit unemployment. Unfortunately, this is a number that is on the rise in many parts of our state. In the last five years, Alabama has lost over 35,000 jobs, most of which came from decline of textile manufacturing and manufactured home construction. While some regions of our state enjoy solid economic gains, new industry and a better quality of life, too many seniors, parents, children and individuals have not realized the benefits of the American Dream. As President Johnson said in 1964, 'the war on poverty cannot be won from Washington', but it certainly is a war that can be won at the community level. This is where Community Action is needed. Partnered with the resources of the Federal government, State and local leaders and the faith community, Community Action has and will make a difference in Alabama.

Community Action Agencies in Alabama are on the front lines of the war against poverty. Our twenty-two agencies covering all sixty-seven counties, seek to reduce the cause and consequence of poverty by administering programs and services that have helped people and changed lives. Using the Community Services Block Grant as venture capital, our agencies have brought additional investment from the local and state community to grow the impact of the various programs we administer. Poverty is a complex issue that requires comprehensive solutions. There is no 'quick fix' to poverty. Using the CSBG, the employees of our agencies are able to create partnerships that link public and private funding, seek out new partners, recruit hundreds of volunteers and manage the investment of tax dollars effectively and efficiently.

Poverty in Alabama is no respecter of persons, and there is a high cost in being poor. The percent of available income needed for housing, health care, energy, food and transportation is higher for the poor of Alabama than for any other group. Poverty in Alabama is a Cambodian family on the Gulf Coast who found help after they lost their ability to earn an adequate income and

2002-2004 Association Officers

**President**

Thomas Wood, III  
*Executive Director*  
 Community Action Partnership of  
 North Alabama

**First Vice President**

David Boleware  
*Executive Director*  
 Chairman: Tallapoosa-Coosa  
 Community Action Committee

**Second Vice President**

Nancy Spears  
*Program Director*  
 Alabama Council on Human Relations

**Secretary/Treasurer**

Cassandra Boykin  
*Executive Director*  
 Community Action Agency of  
 Baldwin, Escambia, Clarke, Monroe &  
 Conecuh Counties

Association Staff

**Executive Director**

Michael Tubbs

**Communications  
 Coordinator**

Ashley Quibodeaux



## Community Action Association of Alabama

950 22<sup>nd</sup> Street North, Suite 674  
 Birmingham, Alabama 35203  
 (205) 458-8875 Voice  
 (205) 458-8876 Fax  
[www.caaalabama.org](http://www.caaalabama.org)

maintain affordable housing due to declining shrimp markets. It is an elderly Caucasian man in central Alabama who came to our door seeking emergency energy assistance (LIHEAP) and who now has better quality housing, reduced energy consumption, SSI benefits and has signed up for a reduced price drug benefit plan. It is a family of four where the parents were recently laid off at a local textile mill – Alabama’s new poor. These are working parents who have until recently paid a mortgage, paid their bills and enjoyed a decent quality of life. Parents who now need help on their energy bill (LIHEAP) just to make ends meet, and temporary support until they can find employment. Poverty is an elderly African-American woman who receives a nutritious meal and group social contact through a senior grandparents program.

The CSBG allows flexibility at the local level that supports these agency activities. By providing a one stop shop, the Community Action Agency provides intensive case management that meets direct needs and provides the follow-up necessary to ensure that results are achieved. At least four dollars are matched at the local level for every dollar received by our agencies. Community Action Agencies are unique. Effective strategy and management is provided by a three part board that by law must consist of one third each:

- volunteers from local elected officials,
- representatives of the poor and
- individuals from the private sector.

This unique blend of community representatives provides a clear understanding of the needs of the poor that matches those needs with appropriate, local solutions. A strategy that works in an urban area may not be a fit in a rural area.

Community Action Agencies are good for the community also. Our agencies:

- provide employment,
- pay insurance,
- move millions of dollars through Alabama banks,
- contract with a variety of businesses,
- own buildings and build quality affordable housing,
- involve thousands of volunteers and
- promote community and economic development.

Healthy agencies make for healthy communities. In many parts of Alabama, economic prosperity will not precede community prosperity.

### 2002-2004 Association Officers

#### **President**

Thomas Wood, III  
*Executive Director*  
 Community Action Partnership of  
 North Alabama

#### **First Vice President**

David Boleware  
*Executive Director*  
 Chambers Tallapoosa-Coosa  
 Community Action Committee

#### **Second Vice President**

Nancy Spiers  
*Program Director*  
 Alabama Council on Human Relations

#### **Secretary/Treasurer**

Cassandra Boykin  
*Executive Director*  
 Community Action Agency of  
 Baldwin, Escambia, Clarke, Monroe &  
 Conecuh Counties

### Association Staff

#### **Executive Director**

Michael Tubbs

#### **Communications**

**Coordinator**

Ashley Quibodeaux


**Community Action Association of Alabama**

950 22<sup>nd</sup> Street North, Suite 674  
 Birmingham, Alabama 35203  
 (205) 458-8875 Voice  
 (205) 458-8876 Fax  
[www.caaalabama.org](http://www.caaalabama.org)

Not only is reauthorization of this important legislation necessary, it is extremely important to maintain level funding. The CSBG is the fuel of our anti-poverty efforts in Alabama. High unemployment, the pure numbers of people in poverty and our 'new poor' continue to push many people to the Community Action door. Local communities, faith organizations and families just do not have the resources to assist families and individuals in need. Using the CSBG, Community Action Agencies will continue to work closely with our faith community, local and state leaders, academia and national partners to truly change the lives of vulnerable Alabamians, and help make Alabama's communities a better place to live.

Thank you for your support of the reauthorization and level funding of the Community Services Block Grant and Low Income Home Energy Assistance Program (LIHEAP).

Michael Tubbs  
 Executive Director  
 Community Action Agencies of Alabama

2002-2004 Association Officers
**President**

Thomas Wood, III  
*Executive Director*  
 Community Action Partnership of  
 North Alabama

**First Vice President**

David Boleware  
*Executive Director*  
 Chambers-Taliposki-Cocca  
 Community Action Committee

**Second Vice President**

Nancy Spears  
*Program Director*  
 Alabama Council on Human Relations

**Secretary/Treasurer**

Cassandra Boykin  
*Executive Director*  
 Community Action Agency of  
 Baldwin, Escambia, Clarke, Monroe &  
 Conecuh Counties

Association Staff
**Executive Director**

Michael Tubbs

**Communications  
 Coordinator**

Ashley Quibodeaux



***APPENDIX H – WRITTEN TESTIMONY OF MR. DAVID BRADLEY,  
EXECUTIVE DIRECTOR, NATIONAL COMMUNITY ACTION  
FOUNDATION, WASHINGTON, D.C.***





**Testimony of David A. Bradley  
Executive Director, National Community Action Foundation**

**Before the**

**SUBCOMMITTEE ON EDUCATION REFORM  
Committee on Education and the Workforce  
U.S. House of Representatives**

**Hearing on "LIHEAP & CSBG: Providing Assistance to Low-Income Families"**

**July 8, 2003**

Mr. Chairman, Ranking Member Woolsey and members of the Subcommittee, thank you for this opportunity to discuss the reauthorization of the Community Services Block Grant.

At the outset, it is important to remind the Subcommittee that although Community Action Agencies have been identifying and meeting low-income community needs for almost thirty-nine years, the Community Services Block Grant is just now approaching its twenty-second year.

CSBG was created by Congress in 1981. From the beginning, it was seen as a program that combined the desire by a President and some in Congress to shift authority and responsibility for programs to the states while at the same time recognizing an equally strong desire by the Congress to maintain a funding stream to the nation's Community Action Agency network.

Congress recognized that the purpose and goals of a Community Services Block Grant program are different than the more specific purposes of the services and investments authorized, for example, the Social Services Block Grant or the Community Development Block Grant.

Mr. Chairman, the Community Services Block Grant allows Community Action Agencies to do their job. And what is that job? Let me quote the best description of the purpose of the Community Action ever written: it comes from the Office of Economic Opportunity in the Nixon Administration:

- *“While the operation of programs is the CAA’s principle activity, it is not the CAA’s primary objective. CAA programs must serve the larger purpose of mobilizing resources and bringing about greater institutional sensitivity. This critical link between service delivery and improved community response distinguishes the CAA from other agencies....”*
- *“(We) recognize that a Community Action Agency has a primarily catalytic mission: to make the entire community more responsive to the needs and interests of the poor by mobilizing resources and bringing about greater institutional sensitivity. A CAA’s effectiveness; therefore, is measured not only by the services which it directly provides, but more importantly, by the improvements and changes it achieves in the community’s attitudes and practices toward the poor and in the allocation and focusing of public and private resources for anti-poverty purposes.”*

Mr. Chairman, those words by then-OEO Director Donald Rumsfeld, published in 1970, set the goals and benchmarks for Community Action and those goals were carried into the 1981 Act. Investing in the Community Services Block Grant, Congress acknowledged that the unique characteristics of Community Action Agencies warranted continuing federal support.

The Community Services Block Grant now funds more than 1,100 agencies to maintain the leadership and capability for creating, coordinating and delivering comprehensive programs and services to almost a quarter of all people living in poverty.

The unique characteristics of CSBG-funded Community Action Agencies are worth repeating:

**1. GOVERNANCE** - Community Action Agencies (CAAs) are required to have a tripartite governing board consisting of equal parts of private sector, public sector, and low-income representatives of the community being served. This structure brings together leaders from each of these sectors to collaborate on responses tailored to local needs.

**2. INNOVATIVE SOLUTIONS** - CSBG funds give CAAs the flexibility to design programs that address needs specific to individuals and the local community.

**3. COMPREHENSIVE SOLUTIONS** - CAAs use CSBG dollars to coordinate multiple programs. CAAs provide services that address the full range of family needs - from Head Start and family literacy, to child care and after-school programs, to youth and adult employment and training, to permanent housing and job placement, to asset building and budget counseling, to services for seniors and the frail elderly. Integrated service delivery is tailored to individual circumstances.

Attached is a summary of the FY 2001 funding and client data showing that this is a nearly \$9 billion system serving:

- o 98% of U.S. counties;
- o As many as 24% of persons in poverty; and
- o More than 13 million low-income who were members of about 4 million families.
  - o Of these, over 1.7 million were "working poor" families who relied on wages or unemployment insurance.

Mr. Chairman, Community Action is truly a work in progress. Since its beginning in 1981, every reauthorization that this Committee has worked on has strengthened, improved, and focused the program. In 1998, we requested, and Congress provided, a mandate to develop better accountability and modern management tools for the local agencies.

We are very proud of that new system – Results Oriented Management Assessment (ROMA) that CAAs are pioneering locally. This system is capturing the outcomes of more than 200 program combinations invested in more than 4 million families and their communities yearly.

Attached are materials explaining how this system, which was developed for local managers to assess and improve their varied operations, not just CSBG, is evolving into one that can soon provide similar reports from all CAAs nationwide on a few key items. Nothing like this has ever been attempted before; we think that's why in 2002 the John F. Kennedy School of Government nominated it as a semi-finalist for the prestigious Innovations in Government Award.

The Committee has also continued to demonstrate strong bipartisan support for Community Services Block Grant and the CSBG-funded Community Action Agencies.

Our work can be even better. We have specific recommendations for the Committee to consider during the reauthorization of CSBG. Generally they are:

- 1) Amendments ensuring that the three fundamental purposes of CSBG are clearly stated and distinguished from public policies of contemporary concern to Congress;
- 2) Amendments ensuring that the Community Services system has 21<sup>st</sup> Century management and accountability systems at the Federal and State levels, as well as at the community level; and
- 3) An amendment providing flexibility in determining CSBG eligibility so that participants in CAA programs that support low-wage workers' efforts to become economically self-sufficient are not disqualified from the programs as soon as they begin working in entry-level jobs.

We have attached a description of changes in each of the three categories. Legislative language and a more detailed explanation will follow.

I do not want to neglect LIHEAP; it is a major part of CAA programs. Between \$300 million and \$650 million in payments is spent locally by CAAs, depending on LIHEAP overall funding. More important, literally millions of LIHEAP applicants whose benefits are not included in that total came through the CAA doors to be certified as eligible for LIHEAP and find other resources to help move them towards self-sufficiency.

Let me make two key points.

1. First, LIHEAP is insufficient to meet even the most basic energy needs in every region of the country. The 'sunbelt' is certainly grossly under-funded; the 'snowbelt' may be either very under-funded or grossly under-funded. Either way, cold states have no LIHEAP 'surplus' to ship to other needy states.

Funding LIHEAP at \$3.4 billion or more, as approved by the House in H.R. 1644, the Energy Policy Act of 2003 for the coming two years, and proposed in the bipartisan, multi-regional Pickering - Markey joint letter on FY 2004 appropriations, would go a long way in redressing the imbalance. I have attached a chart showing how the formula works at that level of funding; once funding exceeds current levels of \$2 billion, the balance is essentially allocated on the basis of poverty population, thereby benefiting the growth states in the Sunbelt, especially California, Texas and Florida, and also redressing the current imbalance.

2. Second, we feel the performance of the LIHEAP program in a number of states and the federal oversight of the programs are inadequate and must be addressed with stronger statutory direction. Many states have excellent programs and have proven effective LIHEAP is possible.

Specifically, every state should have a program that

- Allows working families and the elderly to apply for LIHEAP without having to either go to the "welfare", or TANF, office or to use a computerized system;
- Makes sure the state is getting the lowest-cost fuel in return for the direct transfer of millions or tens of millions, of dollars to energy vendors and
- Provides incentives to customers who pay their bills; the fact is, some are set up to do the opposite; and finally
- Ensures LIHEAP participants are afforded the information and services that can change their long-term energy situation and their level of self-sufficiency.

Just like CSBG, we believe that there is a need for performance standards for local and state LIHEAP programs and for its federal managers. We will have suggestions for such standards as well.

We are grateful once again that a strong bipartisan majority of this Committee and the Congress appear ready to reauthorize these two critical programs. We look forward to working with you to achieve this result.



***APPENDIX I – WRITTEN DOCUMENT SUBMITTED FOR THE RECORD BY  
DR. CAROLYN C. DRAKE, DIRECTOR, SOUTHERN STATES ENERGY  
BOARD, WASHINGTON, D.C., AT THE REQUEST OF THE HONORABLE  
VERNON EHLERS, SUBCOMMITTEE ON EDUCATION REFORM,  
COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF  
REPRESENTATIVES***





### Percent LIHEAP Funds By Program Component

NOTE: The LIHEAP statute tells states they must provide assistance to low-income households in meeting their home energy costs, intervene in energy crisis situations, and provide low-cost residential weatherization and other cost-effective energy-related home repair (15 to 25 percent of the grant); it also allows states to spend no more than 10 percent of their grant for administrative purposes. Beyond that, states decide what percent of their funds go to each program component. In some cases, state legislatures have mandated component expenditures. For example, state statutes in California, Minnesota, Pennsylvania, Tennessee and Virginia mandate the amount of the weatherization set aside from LIHEAP funds.

State	FY	% Funds Heat	% Funds Cool	% Funds Crisis	% Funds Wx	Comment
Alabama	2003	40	20	20	5	
Alaska	2003	72	0	3	10	
Arizona	2003	75			15	Heating, cooling and crisis operated as one year round program.
Arkansas	2003	57		18	15	Crisis is year-round, funds can be used for cooling
California	2003	37		30	25	Heating/cooling is one year-round program, year-round crisis is optional for CAAs but majority do run year-round.
Colorado	2003	72	0	3	15	
Connecticut	2003	87	0		0	87% for heating, crisis, and Safety Net Emergency Fund.
Delaware	2002	50	20	10	10	
District of Columbia	2003	55	0	10	15	Funds left in spring are used for cooling; heat and crisis are year-round until out of funds.
Florida	2003	10	10	45	15	
Georgia	2003	74.3	0	7	15	
Hawaii	2002	64	0	25		
Idaho	2003	70	0		15	
Illinois	2003	60			15	Heating and crisis are integrated.
Indiana	2003	64	3	38	10	
Iowa	2003	60	0	5	15	
Kansas	2003	56	0	19	15	Heating and crisis operate as one program
Kentucky	2003	45	0	30	15	
Louisiana	2003	75			15	Heating, cooling and crisis are operated as one year-round program. Emergency funds are used for cooling.
Maine	2003	72	0	1	15	
Maryland	2003	77	0	5		Wx: \$750 k for furnace repair or replacement

Massachusetts	2003	76	0	2	8	Heating and crisis are integrated.
Michigan	2003	72		19	0	
Minnesota	2003	70.2	0	12	4.5	Wx is required by state statute.
Mississippi	2003	57	12	5	10	
Missouri	2003	70	0	20	0	Crisis is year-round and used for cooling electricity in summer.
Montana	2003	66.6	0	3	15	
Nebraska	2003	30	9	30	11	
Nevada	2003	75		2	0	Heating, cooling and fast-track crisis operate as one program (2% for crisis other than fast-track.)
New Hampshire	2003	65		10	10	
New Jersey	2001	71		6	9	71% for heating includes medically necessary cooling.
New Mexico	2003	80	0		10	Once-a-year benefit can be used for heating, cooling and expedited crisis.
New York	2003	55	0	19.8	15	
North Carolina	2003	40.7		29.2	13.52 6.31	6.31% of crisis funds is allocated to Heating Assistance Repair and Replacement Program (HARRP) which will eliminate the need to apply for waiver each year.
North Dakota	2003	85	0		15	Heating, cooling and crisis operate as one program.
Ohio	2003	47	0	27	15	
Oklahoma	2003	75	0	6	9	
Oregon	2003	57	0	3	15	Wx will increase to 25% with waiver
Pennsylvania	2003	62	0	12	15	
Rhode Island	2003	55	0	15	15	
South Carolina	2003	70			15	Cooling and crisis are included in 70%
South Dakota	2003	65	0	5	15	Heating and crisis are under one budget, crisis get expedited heating payment, can't get both. Emergency furnace repair and replacement year-round.
Tennessee	2003	76	10		10	Wx is set by state legislature.
Texas	2003	69			10	Heating, cooling and crisis are one year-round program
Utah	2003	67	0	5	10	
Vermont	2003	72.4	0	13.6	4	

Virginia	2003	58	9	7	15	Wx is legislative mandate.
Washington	2003	70.8	0		15	Heating and crisis are integrated
West Virginia	2003	53	0	22	15	
Wisconsin	2003	67	0	7	15	
Wyoming	2003	60	0	5	15	Will allocate 25% to wx if waiver approved.

Source: FY 2003 state plans and interviews with state directors

**TABLE OF INDEXES**

Chairman Castle, 2, 4, 5, 7, 9, 10, 12, 14, 16, 17, 18, 19, 20, 21, 22, 24, 26, 27, 28, 30, 31  
Mr. Bradley, 7, 14, 19, 20, 23, 25, 26, 27, 29, 30  
Mr. Davis of Illinois, 26, 28  
Mr. Ehlers, 20, 21, 22  
Mr. Osborne, 20, 22, 23, 24  
Mr. Rogers, 6  
Mr. Tubbs, 12, 21, 22, 23, 24, 25, 27, 29  
Mrs. Davis of California, 28, 29, 30, 31  
Ms. Drake, 9, 18, 21, 23, 27, 30  
Ms. Lee, 7, 17, 21, 22, 25, 26  
Ms. Majette, 24, 25, 26  
Ms. Nelson, 10, 18, 19, 23, 27, 28, 29  
Ms. Woolsey, 3, 5, 19, 20