



**House
Legislative
Analysis
Section**

House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

**REVISE MICHIGAN ECONOMIC AND
SOCIAL OPPORTUNITY ACT**

**House Bill 4502 (Substitute H-1)
First Analysis (5-6-03)**

**Sponsor: Rep. Sandra Caul
Committee: Family and Children
Services**

THE APPARENT PROBLEM:

In 1964, the federal Economic Opportunity Act established a variety of programs aimed at combating poverty. The act established the federal Community Service Administration to designate and provide assistance to local community action agencies which were designed to carry out the purposes of the act. In 1965, a Romney Administration executive order granted the Bureau of Community Services within the Michigan Department of Labor the authority to administer programs established under the Federal act. In 1981, the federal Omnibus Budget Reconciliation Act abolished the Community Service Administration and established the Community Service Block Grant (CSBG), which provided states with greater flexibility and more responsibility in carrying out anti-poverty programs.

The abolition of the federal Community Services Administration created a void in the actual administration of the Community Services Block Grant. Though the Bureau of Community Services in the Department of Labor was created for that purpose, it lacked the statutory authority to do so. The result was the enactment of the Michigan Economic and Social Opportunity Act of 1981 (Public Act 230). The act created a three-tiered structure under the direction of the Department of Labor. The Bureau of Community Services was charged with coordinating and administering state activities under the Community Services Block Grant. The Commission on Economic and Social Opportunity was to serve as a statewide policy forum. Finally, the community action agencies were the "street level" agencies that carried out the programs.

Over the course of the more than 20 years since the act was enacted, the responsibility for the administration of the Community Services Block Grant, as provided in the act, has shifted to various departments and agencies within the state's bureaucracy. In 1992, the Bureau of Community Services merged with the Bureau of Employment and

Training, to form the Bureau of Employment Training and Community Services (BETCS). In 1993, Governor Engler issued executive order 1993-4, which transferred all authority of the Department of Labor under Public Act 230, BETCS, and the Commission on Economic and Social Opportunity within the Department of Labor to the Jobs Commission. The executive order also officially abolished the bureau and the commission. In 1995, executive order 1995-2 and transferred all authority of the Michigan Jobs Commission for the administration of P.A. 230 and the programs established pursuant to the Community Services Block Grant to the Department of Social Services, which was later renamed the Family Independence Agency, where responsibility for the programs remains today.

Recently, a member of a local community action agency expressed concern regarding certain provisions that restricts commission members to two full terms. The review of those provisions led to a more thorough review of the act in its entirety, and a finding that the act is extremely outdated. Legislation has been introduced that would update the act.

THE CONTENT OF THE BILL:

House Bill 4502 would revamp the Michigan Economic and Social Opportunity Act of 1981. The following are among the many amendments made to the act by the bill.

Three-Tier structure/names. The bill would retain the three-tiered structure contained in the act, but rename the bureau as the Bureau of Community Action and Economic Opportunity, and the commission as the Commission on Community Action and Economic Opportunity.

House Bill 4502 (5-6-03)

Department designation. Under the act, the bureau and commission were created within the Department of Labor. House Bill 4502 would specify that the “department” would be the Family Independence Agency or other department designated by the governor to receive and distribute community services block grant funds under the Community Services Block Grant Act within the federal Omnibus Budget Reconciliation Act of 1981.

Bureau activities. The act provides that the bureau shall serve as a statewide advocate for social and economic opportunities for low income persons. Further, the act enumerates a list of activities that the bureau may undertake. These activities include, among others, coordinating state activities designed to reduce poverty and implement community social and economic programs, and providing assistance to and entering into contracts with local units of government and community action agencies. House Bill 4502 would require the bureau to engage in listed activities. In addition, the bill would delete provisions permitting the bureau to participate in the development of the state program budget and make budget recommendations, and to administer the Neighborhood Assistance Program established in accordance with Neighborhood Participation and Assistance Act (Public Act 56 of 1980) and other programs and services as designated by the department director or legislature. Further, the bill would add the requirement that the bureau serve as an advocate within the executive branch to remove administrative barriers to self-sufficiency services and to seek additional resources for anti-poverty programs.

Commission membership. The act requires that the Commission on Community Action and Economic Opportunity shall consist of 15 members appointed by the governor with the advice and consent of the Senate. At least five members must be low income persons. Of the other members at least one must be from local government, at least one from organized labor, at least one from the business community, and at least three must be persons from local community action agency governing boards. Also at least five members of the board must reside in rural communities. Under House Bill 4502, the commission would consist of 6 to 15 members with equal numbers (or as close to equal numbers as possible) of elected officials, private sector members, and low income individuals. Further, at least one-third of the commission would be staff or board members of community action agencies. The bill would also change the quorum of the commission from eight members to a majority. Commission

terms would remain for three years, but the bill would delete a requirement that no member serve for more than two full terms.

Commission duties. The bill would add the following to the list of commission duties:

- Convene a state forum every two years that includes representatives from the public, private, nonprofit, and low income sectors to analyze poverty trends and make recommendations to reduce poverty;
- Participate with the bureau to implement a public education program to increase public awareness of poverty in the state;
- Receive reports from the bureau on strategies to reduce poverty and make recommendations based on those reports;
- Establish an education and public information program, in conjunction with the community action agencies, to increase awareness of poverty in the state and existing community social and economic programs;
- Evaluate state laws and programs regarding the reduction of poverty, and recommend appropriate changes to the governor and the legislature; and
- Submit reports to the governor, legislature, congressional delegation, and other appropriate federal officials regarding the needs, problems, opportunities, and contributions of low income persons and the effectiveness of existing state and federal policies, and recommendations to improve economic and social opportunities for low income persons.

Rescinding agency designation. The act permits the “executive director” (that is, chief administrator of the bureau) to rescind the designation of a community action agency for cause after he or she consults the director of the department, the chief elected officials of the municipalities served by the agency, and the commission, and hold at least one public hearing. The bill would also require the executive director to follow the procedures set forth in the federal Community Services Block Grant Act.

Community action agency activities. The bill would add the following to the list of activities that community action agencies can engage in to carry out the purposes of the act:

- Provide services that have a measurable and potentially major impact on causes of poverty in the community;
- Provide activities designed to help low income participants retain meaningful employment and education, make better use of available income, obtain adequate housing, obtain emergency assistance when needed, remove obstacles toward achieving self-sufficiency, and make effective use of related programs;
- Provide, on an emergency basis, supplies and services, food, and other services to combat starvation and malnutrition;
- Provide a link between governmental and other social services programs to assure effective delivery of such programs;
- Encourage the use of private sector entities in the community to reduce poverty;
- Mobilize community involvement to address issue of poverty, including coordinating welfare-to-work strategies and implementing strategies to assure long-term economic self-sufficiency; and
- Serve populations that face barriers to self-sufficiency.

Distribution of funds/budgeting. The bill would delete provisions requiring that each community action agency and other organizations seeking funding annually develop and submit a program budget request, that the executive director publish guidelines on seeking funding, and that the department promulgate rules regarding the funding distribution. Instead, the bill would simply state that the distribution of funds to community action agencies would have to meet federal requirements.

Community action agency board. Under current law, a board of directors must consist of between 15 and 51 members with one-third from each of the following groups: persons who have low incomes, the elderly, or person with disabilities; officials from local governments or public agencies; and persons from the private sector. However, the act allows a community action agency that is a public agency (rather than a nonprofit) to establish an advisory board instead of a board of directors. Under House Bill 4502, all community action agencies would be required to establish a board of directors, with no specified number of members, and with one-third of those members being persons with low income, the

elderly, or persons with disabilities; one-third being public officials; and one-third being persons from the private sector. The bill would also delete specific responsibilities listed for the board of directors.

MCL 400.1103 et al.

FISCAL IMPLICATIONS:

The House Fiscal Agency reports that the bill could potentially increase state costs by an indeterminable amount due to the possible need for additional employees in the Bureau of Community Action and Economic Opportunity to provide statewide advocacy for low income people. The agency notes that there may be federal revenue available from the Community Service Block Grant (CSBG) for administrative costs. The HFA says the Family Independence Agency has projected a CSBG of about \$24 million for the 2003 fiscal year, with \$1.2 million allocated to state administration costs and an additional \$1.2 million allocated to discretionary costs. FIA has not yet determined how much may be available for the 2004 fiscal year. The agency also notes that the bill is silent on whether the employees needed would be redeployed from FIA, which currently performs some of the functions described in the bill to reduce poverty and implement community social and economic programs. Additional costs could also be associated with the expanded role for the Commission on Community Action and Economic Opportunity. (HFA fiscal analysis dated 5-2-03)

ARGUMENTS:

For:

The bill actually serves two main purposes. First, it simply updates an act that has remained virtually unchanged since its enactment over 20 years ago. These changes include placing responsibility for administration of the programs under the act and the federal Community Service Block Grant program with the Family Independence Agency (or other department designated by the governor) and changing the composition of local community action boards. The bill would delete a provision that limits the number of terms an individual may serve on the state commission. This term limit provision could make it more difficult to find community members from each of the three constituencies willing to serve and could deprive the board of much needed expertise on what is an important and complex area of public policy.

Beyond updating the act, the bill also reconstitutes the bureau and commission originally established under the act. After years of being shuffled around in the state's bureaucracy, they were both abolished, and their functions absorbed by the Family Independence Agency. According to committee testimony, the commission only existed on paper, as members were never appointed. *By reconstituting the bureau and the commission, the bill demonstrates the state's commitment to fight the causes and effects of poverty among its most vulnerable residents.* This is particularly important during the current economic downturn. The programs that are offered by the 30 local community action agencies that serve residents in all 83 counties sustain low income families in times of need. Furthermore, reconstituting the bureau and the commission provides for an increased coordination among the state, local governments, and community action agencies and other non-profit human service organizations. This is particularly important at time when funding for these programs is becoming more and more limited.

POSITIONS:

The Michigan Community Action Agency Association supports the bill. (5-1-03)

Representatives from several community action agencies indicated their support for the bill. These agencies include the Mid-Michigan Community Action Agency; City of Detroit Department of Human Services; the Area Community Service Employment and Training Council serving Kent and Allegan counties; the Northwest Michigan Human Services Agency; the Washtenaw County Community Action Agency; the Human Development Commission in Caro, serving Huron, Lapeer, Sanilac, and Tuscola counties; the Genesee County Community Action Resource Department; and the Ottawa County Community Action. (4-30-03)

Analyst: M. Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.