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Good morning Chairman Martin, Chairman Kearney, Chairman Moul, Chairman Freeman and all members of the House and Senate Local Government Committees. My name is Rick Vilello and I serve as Deputy Secretary for Community Affairs and Development with the Department of Community and Economic Development (DCED). On behalf of Secretary Dennis Davin and DCED, we appreciate this opportunity to discuss how the federal Community Services Block Grant (CSBG) plays a meaningful role in assisting the neediest and most vulnerable in Pennsylvania. DCED is a proud partner with the Community Action Agency (CAA) network which serves as the distribution network for CSBG funds. The CSBG program is managed and overseen by the Center for Community Services, a bureau within DCED's Community Affairs and Development.

Through this hearing presentation today, we hope to familiarize the General Assembly with how DCED administers this important program. My overview will include how funds are distributed and how our network of 43 local agencies, covering all 67 counties, provides a comprehensive delivery system of programs and services, leveraging CSBG with other federal state and private funds. As much or more than any program that the commonwealth administers, the CSBG program addresses real needs and helps families lead better lives.

According to the US Census update for 2018, 12.2 percent of Pennsylvania's population lives at or below the poverty level, while the national average poverty rate is 13.1 percent. According to the recent United Way of Pennsylvania's ALICE Report, in Philadelphia County alone, 28 percent of residents live in poverty. The purpose of CSBG through the U.S. Department of Health and Human Services is to provide services and activities to address the root causes of poverty in communities or in those neighborhoods where poverty is particularly acute. CSBG, therefore, requires local needs assessments to be conducted every three years, with annual updates to assure that the neediest communities are identified.

In addition, Pennsylvania through its own state plan emphasizes a better focus on human and financial resources with the objective of eliminating poverty by encouraging efficient coordination of existing programs intended to address the challenges faced by those in poverty. While the goal of the program is to work toward reducing and eliminating poverty, it also recognizes that the cause of poverty has many contributing factors, such as a lack of access to education or job opportunities. CSBG funding is one of our best tools for helping those in the greatest need in our communities because it not only helps to eliminate the cause of poverty, but it also provides a safety net of services and programs to help those in need.

DCED develops both this state plan and a formula to administer CSBG funds. A state plan for CSBG is developed every two years and submitted to the U.S. Department of Health and Human Services for approval. Through public comment and CAA participation, a plan is developed that sets forth the priorities for funding under this program, identifies problems to be addressed and prescribes the distribution of funds to address those problems. The Pennsylvania state plan can be accessed on our website at www.dced.pa.gov.

To reinforce Pennsylvania's commitment to federal goals, the administration of CSBG from 2020-2022 will be focused on reducing poverty in Pennsylvania's communities by supporting the

local catalytic efforts of the CAA Network with training and technical assistance, program support, and assessment to help them achieve operational success and remain flexible to respond to emergent needs and create local partnerships to develop meaningful long-term solutions.

The statewide distribution of funds as prescribed by the state plan is as follows: no less than 90 percent of the CSBG funds are distributed to 43 eligible entities; 5 percent is used as discretionary funds for which there is a separate cycle with specific priorities; and 5 percent is used for administration by the commonwealth. The 90 percent distributed to the agencies is allocated according to a formula developed by the state. The current formula is comprised of two factors: the number of persons with incomes below 125 percent of the poverty level in each service area and the number of unemployed persons in that service delivery area.

Each year, to receive their share of CSBG funding, all eligible CAAs must submit a work plan that outlines their intended use of CSBG. All work plans are reviewed to ensure that the proposed use of the funds addresses actual needs as identified in their local needs assessments; that the local agencies present efforts to leverage and coordinate CSBG funds with other resources, including resources and initiatives of other service providers and local agencies; and finally, that the proposed investments demonstrate sustainability and deliver measurable outcomes. There is encouragement for partnerships among CAAs and other organizations to help raise more funds for these types of projects. An example of this is the use of the Neighborhood Assistance Tax Credit Program to encourage public/private partnerships and private investment into communities.

I know that many of you are familiar with the CAAs in your area, as they are doing great work in your communities that deserves recognition. During my time here at DCED, I have had the opportunity and privilege to get out to these communities and see firsthand the benefits of the work their leaders put into bettering their communities.

Our next presenter is Lynette Praster, the Director of the Center for Community Services, with DCED. The Center for Community Services is considered the State Management Office for CSBG and is responsible for setting the direction and management of CSBG, according to federal regulation and is also responsible to oversee all CSBG related activities.