

AREA DEVELOPMENT DISTRICT WORKING GROUP

Minutes of the 3rd Meeting of the 2019 Interim

August 28, 2019

Call to Order and Roll Call

The 3rd meeting of the Area Development District Working Group was held on Wednesday, August 28, 2019, at 10:00 AM, in Room 149 of the Capitol Annex. Representative Suzanne Miles, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Suzanne Miles, Co-Chair; Senator Brandon Smith; Representative Susan Westrom.

Guests: Harold Monroe, Executive Director, Pennyrile Allied Community Services; Brandon Harley, Deputy Chief Executive Officer, Audubon Area Community Services; Troy Roberts, Executive Director, Blue Grass Community Action Partnership; Hal Goode, Executive Director, Central Kentucky Community Action Council; Roger McCann, Executive Director, Community Action Kentucky; and Jennifer Hays, Committee Staff Administrator, LRC Appropriations and Revenue Committee.

LRC Staff: Mark Mitchell, Jennifer Hays, Cynthia Brown, and Chase O'Dell

Overview of Community Action Agencies in Kentucky

Harold Monroe, Executive Director, Pennyrile Allied Community Services; Brandon Harley, Deputy Chief Executive Officer, Audubon Area Community Services; Troy Roberts, Executive Director, Blue Grass Community Action Partnership; Hal Goode, Executive Director, Central Kentucky Community Action Council; and Roger McCann, Executive Director, Community Action Kentucky, presented an overview of Community Action Agencies in Kentucky.

Roger McCann testified that there are 23 Community Action Agencies (CAA) in Kentucky. All agencies are private 501(c)(3)s, except for Jefferson County. The agencies are a part of the city governments. There are 23 agencies because different communities have different needs, and the agencies are geared towards local needs and participation. There are agency offices in all 120 counties. All CAAs came together to form a statewide association called Community Action Kentucky. There are over 1000 CAAs across the United States.

Mr. McCann stated that CAAs offer a variety of programs and services. The services provided vary depending on the agency. The programs cover a wide range of topics, including workforce development, senior support, family advocacy, asset building, financial literacy classes, and youth enrichment.

Mr. McCann testified that community action grew from the anti-poverty movement of the 1960s. The Economic Opportunity Act of 1964, signed by President Johnson, focused on building community resources in areas such as economic development, education, healthcare, youth development, and senior care. The Quie Amendment of 1967 demanded that agencies follow a tri-partite board structure. An agency's board of directors must be at least 30 percent locally elected officials, and at least 30 percent low income representatives, with the rest of the board being comprised of the private sector.

Mr. McCann stated that the greatest impact to how CAAs look came from President Reagan's administration. In 1981, the Community Services Block Grant (CSBG) was created. The CSBG is the foundation of CAAs today.

Mr. McCann testified that CAAs, through the CSBG, are trying to help people get off government assistance. CSBG is entirely federally funded. Kentucky's allocation in Fiscal Year (FY) 2019 totaled \$12 million, which was the 18th highest allocation in the country. The CSBG is administered by Health and Human Services (HHS), through the Office of Community Services (OCS), in Washington D.C. Kentucky's dollar amount is granted and then administered through the Cabinet for Health and Family Services (CHFS), Department of Community Based Services (DCBS). DCBS grants the CSBG funds to each CAA in Kentucky.

CAAs follow federal Office of Management and Budget (OMB) guidance. CAA programs are monitored at the state and federal levels. Each CAA is also required to submit to a third-party single audit. Mr. McCann outlined the organizational standards that CAAs adhere to.

Mr. McCann testified that the bulk of people served by CAAs are well below the federal poverty line. The poverty rate in Kentucky is 17.2 percent. In the statewide Community Needs Assessment survey, 80 percent of respondents stated that they needed employment.

Over three-hundred thousand individuals participated in a community action program or service from FY 2017 to 2018. Thirty-three percent of families served in Kentucky were in severe poverty. Over one-hundred thousand people served were children.

Senator McDaniel stated that his community does not have enough people to fill jobs. Mr. McCann responded that Community Action Kentucky (CAK) wants to try to help

solve those issues in communities. Hal Goode stated that Northern Kentucky has shown how regionalism is important.

In response to a question from Representative Miles, Mr. McCann stated that CAK helps CAAs and their staff do their jobs better. CAK provides training to CAA staff through various methods. In response to another question from Representative Miles, Brandon Harley stated that Audubon Area Community Services has a CEO, and encompasses the same area as the Green River ADD. Harold Monroe added that Pennyriple Allied Community Services has an office in each Pennyriple county. In response to another question from Representative Miles, Mr. McCann stated that HHS uses a formula to allocate CSBG funds across all states. He continued to say that the formula is based upon the number of people in poverty in each state. In response to another question, Mr. Harley stated that the federally approved indirect rate for Audubon Area Community Services is issued by HHS. Troy Roberts stated that Bluegrass Community Action Partnership also has to apply for their federally approved indirect rate each year. In response to a final question from Representative Miles, Mr. McCann stated that data and analysis must be reported to local CAA boards and DCBS. He continued to say that he has received feedback stating that Kentucky's CAAs are very good.

In response to a question from Representative Westrom, Mr. McCann stated that CAAs started in Kentucky in 1964. In response to another question, it was stated that CAA funds are a combination of state and federal funds. The CSBG allows CAAs to leverage dollars to seek other grants and funds. In response to another question from Representative Westrom, it was stated that CAAs are generally the service provider for ADDs. In response to further questions from Representative Westrom, Mr. Monroe stated that Pennyriple Allied Community Services is the only service provider for aging services for the Pennyriple ADD. Pennyriple Allied Community Services is expected to provide services even if the funding available is not adequate. Mr. Monroe stated that his CAA is constantly doing fundraising for its programs. It was stated that needs outstrip the resources available. It was also stated that ADDs contract with CAAs to provide services. As it relates to aging services, the money comes through the Department of Aging, to the local ADDs, who then sub-contract to someone who will provide the services.

In response to Representative Miles, Troy Roberts stated that the Blue Grass Community Action Partnership is a subcontractor for the Bluegrass ADD. He continued to say that the Bluegrass ADD is not a service provider for aging services. Mr. Monroe stated that state and federal funds float through the Department of Aging and the ADDs. Mr. McCann testified that the relationship between ADDs and CAAs is a contractual one. Mr. Harley stated that the Audubon CAA is not a contracted entity. CAAs are direct service providers to the communities. Mr. Roberts stated that CAAs remove barriers to an individual's self-sufficiency.

In response to Representative Westrom, it was stated that CAAs have to go through a Request for Proposal (RFP) every three years. In response to further questions, it was stated that CAAs have some programs for which they contract directly with cabinets. It was also stated that several, but not all, contracts are renewed annually. Several of them are also automatically renewed.

Mr. Harley testified that the Audubon CAA has become more involved in healthcare. The CAA has opened a primary care clinic for those that are homeless and precariously housed.

Answers to Prior Questions

Jennifer Hays, Committee Staff Administrator, LRC Appropriations and Revenue Committee, provided information related to questions asked at previous meetings.

Jennifer Hays testified that there were questions from the first working group meeting regarding the creation and boundaries of ADDs. The average number of counties per ADD is eight. It does not appear that the number of counties in an ADD was the deciding factor in where to set boundaries. It also does not appear that ADD boundaries were determined by population. Every ADD's population has increased since 1970 except for the Kentucky River ADD. Square mileage also does not appear to have been a factor in ADD creation. It does not look like per capita income was a measure used to define ADD boundaries. The boundaries of the ADDs correlate to geographic areas of the state. For example, the Bluegrass ADD is located in the Bluegrass Region of the state. The boundaries may be a result of a combination of mobility as well as who had already started working together and cooperating prior to the boundaries being set.

Ms. Hays stated that the ADD reports required under KRS 147A.115 are not submitted in a uniform electronic format. The reports are also full of lingo that does not allow someone outside of the daily operations to fully understand them.

Ms. Hays reviewed the total dollars awarded in grants to the ADDs as reported under KRS 147A.115. The percent of administrative costs range from two to nine percent for most ADDs. The percentage of direct expenditures range from 52 percent to 80 percent for the ADDs.

Ms. Hays reviewed the various funds that flow through the Joint Funding Administration (JFA) to the ADDs. There are differences in the numbers reported by different data sources in regards to the funding provided to ADDs through the JFA.

It is required that annual audited financial statements be made of each ADD under KRS 65A.030. Ms. Hays testified that nothing in the required reports or the audited financial statements answer the questions she hears most about ADDs.

Ms. Hays reviewed the structures of districts in surrounding states.

Adjournment

With no further business before the working group, the meeting was adjourned.