



EMPLOYMENT &  
HUMAN SERVICES

## M E M O R A N D U M

Kathy Gallagher, Director

40 Douglas Drive, Martinez, CA 94553 • (925) 313-1500 • Fax (925) 313-1575 • [www.ehsd.org](http://www.ehsd.org)

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To: The Internal Operations Committee of the Board Date: March 21, 2016  
CC: Julie Enea, County Administrator's Office  
From: Kathy Gallagher, EHSD Director  
Subject: March 2016 Update to IOC Report Regarding the Economic Opportunity Council

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At the October 12th IOC meeting, I reported that conversations with the State regarding CSBG funding would occur. Those conversations have occurred and were centered on the question of which programs of the Community Action Agency (CAA) are taken into account when calculating the 12% administrative costs. As stated in the contractual language, due to the intent of CSBG funding, the total budget of all programs could be taken into account when calculating these costs. The Community Services Bureau had been using this understanding when reporting its total operational budget and computing the administrative expenses which are not to exceed twelve percent (12%).

Although the contractual language was taken directly from Government Code Section 12781(c), further guidance was included in the 2016 contract stating, "*Community action program(s) includes only those programs over which the Contractor's tripartite board or advisory board, in the case of governmental entities, has operational jurisdiction and oversight or advisory responsibility.*"

Staff worked diligently with the EOC in December 2015 to take a zero-based budgeting approach in creating the 2016 CSBG budget. In this effort, administrative costs were scaled back, resulting in administrative costs that do not exceed 12% of the CSBG budget and leave .18 FTEs in administrative support. In addition, the amount of funding subcontracted to the community increased from \$200,000 in 2015 to \$362,382 in 2016. The Community Services Bureau submitted a budget for the 2016 program year that aligns with this new understanding and computes the administrative expenses based on only the CSBG funding.

In the IOC's recommendations to the Board of Supervisors on 12/8/15, it is noted that the primary issue at hand was "reports that most of the Community Services Block Grant (CSBG) received by the EOC was being expended on County staff costs instead of on programs." While the State confirmed that CSB's allocations were in line with the intent of the funding and the law prior to the contract change in 2016, we acknowledged EOC member concerns. While CSB has made every effort to address the concerns of

the EOC regarding their oversight of the CSB funding, which has resulted in these notable changes, there continues to be unrest with a few of the members as to what can be classified as administrative costs vs. program costs. Despite several conversations with the State and an abundance of clarifying materials presented to the EOC fiscal sub-committee, questions persisted and continued to hinder the important work of ameliorating poverty in the County.

On Saturday, March 5, Board training was held to address these concerns and to provide a comprehensive board orientation. We were honored to have the Executive Director of CalCAPA, John Heath, and the Deputy Director of the California Department of Community Services and Development (CSD), Sylvania Britt as our esteemed trainers. The training validated the various methodologies and rationales used in developing the CSBG budget and both trainers indicated that the CSB budget has been and remains sound. The trainers emphasized the advisory role of the EOC and presented a slide that read, *“As you function in your Public Community Action Advisory Board role, remember that your role requires you to master the gentle push. You recommend, you suggest and you advise. Although you do not have the same extent of responsibility as your Private counterparts, your role is just as important and you can be a great voice for those fighting their way out of poverty”*.

While our work was praised and validated as a whole, there was reference to a core governance document that is required in order for a public agency to receive CSBG funds: A Joint Power Authority or JPA; which delineates the role of the board vs. the role of the EOC. CSB has conducted a thorough search of its archives and has asked the state to do the same. The state (CSD) only retains records for 7 years and also lost many historical documents when a server migration failed. CSB has been working with County Counsel, the CAOs office, and the Clerk of the Board to try to find this document and they are still searching.

It should be noted that the 2016 budget was approved by the state and formed the basis of the current CSBG contract for 2016. We continue to be proud of the work we do in the community and are committed to working collaboratively with the EOC as the CSBG advisory body moving forward.