

Legislative Analysis



BUREAU OF COMMUNITY ACTION AND ECONOMIC OPPORTUNITY ACT

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<http://www.house.mi.gov/hfa>

House Bill 5060 as reported from committee
Sponsor: Rep. Amos O’Neal

Analysis available at
<http://www.legislature.mi.gov>

House Bill 5523 as reported from committee
Sponsor: Rep. Carol Glanville

Committee: Economic Development and Small Business
Complete to 4-30-24

(Enacted as Public Acts 201 and 202 of 2024)

SUMMARY:

Together, House Bills 5060 and 5523 would replace the Michigan Economic and Social Opportunity Act with a new but substantively similar act, the “Bureau of Community Action and Economic Opportunity Act.” The current law provides for the administration of the Community Services Block Grant (CSBG), a federal funding program intended to alleviate poverty and support low-income individuals.¹

Michigan is required to pass through at least 90% of its CSBG award to community action agencies (CAAs) that advocate for the reduction of poverty, with the remaining funding available to be used for related projects and administrative costs. CAAs are designated by the Bureau of Community Action and Economic Opportunity (in consultation with the Commission on Community Action and Economic Opportunity) and can be a public office or agency of one or multiple local governments, a nonprofit private agency that serves one or multiple local governments, or a public or private nonprofit agency designated by one or multiple tribal governments.

House Bill 5060 would repeal 1981 PA 230, the Michigan Economic and Social Opportunity Act. Most of the act’s contents are included in House Bill 5523. However, sections 13 to 15 and 17 to 19 would not be replaced, resulting in the elimination of the following provisions:

- A requirement that the Bureau of Community Action and Economic Opportunity develop and annually renew interagency agreements with other agencies that provide services to low-income individuals.
- A requirement that the Commission on Community Action and Economic Opportunity, a CAA’s board of directors, or a CAA’s advisory board conduct business at a public meeting held in accordance with the Open Meetings Act, and a requirement that written materials prepared or used by those entities be made publicly available in accordance with the Freedom of Information Act (FOIA).
- A requirement that an existing public agency, nonprofit private agency, or nonprofit organization that performs poverty reduction services for which federal or state funds were expended generally must be the recipient of those funds.

¹ For more information on the CSBG program, see: https://www.acf.hhs.gov/sites/default/files/documents/ocs/COMM_OCS_CSBG%20FactSheet_FY2022.pdf and <https://www.michigan.gov/mdhhs/doing-business/commissions-boards/community-economic/bureau-of-community-action/csbg>. Michigan’s CSBG allocation is approximately \$23.0 million per year.

- A requirement that the legislature conduct public hearings on the proposed use and distribution of the Community Services Block Grant funds and approve or disapprove the bureau's plan for funding distribution.
- An obsolete provision requiring the Department of Health and Human Services (DHHS) to submit a report to the Senate and House labor committees before January 1, 1986, on the effectiveness of the bureau, the commission, and community action agencies in reducing poverty and promoting social and economic opportunities for low-income persons.

The bill would also repeal a section that provides that the legislature is not required to appropriate funds for the CSBG program if federal funding for coordinating the programs and services funded by the Community Services Block Grant is eliminated.

MCL 400.1101 et seq. (repealed)

House Bill 5523 would create the Bureau of Community Action and Economic Opportunity Act. The act would be nearly identical to sections 3 to 11 and section 16 of the Michigan Economic and Social Opportunity Act, with some differences as described below.

Commission on Community Action and Economic Opportunity

The Commission on Community Action and Economic Opportunity annually advises the governor and the DHHS director on the Bureau of Community Action and Economic Opportunity's performance in fulfilling its duties, based on reports from the bureau on strategies to reduce poverty. House Bill 5523 would specify that the commission must receive reports from the bureau annually and must provide the governor and DHHS director with a written report on the bureau's performance at least once per year. The bill would also add the executive director of the Michigan Community Action Agency Association or its successor organization to the commission as a nonvoting member.

A member of the commission would continue to receive per diem compensation and reimbursement for actual and necessary expenses incurred while serving on the commission, but the legislature would no longer be required to establish the per diem compensation and reimbursement schedule every year.

Community action agency boards

In order to administer CSBG funds, federal law requires community action agencies to establish a board of directors. The Michigan Economic and Social Opportunity Act currently requires one third of the board members to be elected public officials (or their representatives); one third to be low-income, elderly, or consumers with disabilities; and one third to be individuals representing the private sector. Instead, House Bill 5523 would require one third of the members to be elected officials who are holding office on the date of their selection,² at least one third of the members to be democratically selected to adequately ensure that they represent low-income individuals and families in the communities served, and the remainder of the board members to be officials or members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the communities served.³

² If there are not enough elected officials reasonably available and willing to serve on the board, appointed public officials or their representatives could serve on the board and count towards this requirement.

³ This change would more closely align Michigan's law with federal law, although states are able to determine their own selection mechanism. See:

Additional provisions

The term *poverty standard* (as is published annually by the United States Department of Health and Human Services) would be replaced with *federal poverty guidelines*.

Finally, the Bureau of Community Action and Economic Opportunity would continue to provide assistance for the purpose of establishing and operating a community action agency, but it would no longer be required to provide the assistance specifically to local governments.

BACKGROUND:

House Bill 5523 is nearly identical to House Bill 5061 from the current legislative session. However, House Bill 5061 would not reinstate a requirement that DHHS promulgate rules for implementation of the act in consultation with the Commission on Community Action and Economic Opportunity.

BRIEF DISCUSSION:

According to committee testimony, the bills are intended to modernize the enabling legislation for Michigan's community action agencies and align state law with national best practices. The bills would better reflect how these agencies operate today, as many CAAs are private nonprofits rather than public agencies within county governments. Concerns were raised specifically that provisions in the current statute requiring CAAs to comply with the Open Meetings Act are impractical, are unnecessary, and limit an agency's ability to provide services, especially for agencies that cover a large geographical area.

FISCAL IMPACT:

House Bills 5060 and 5523 would have a negligible fiscal impact on state expenditures to the Department of Health and Human Services and have no significant fiscal impact on local units of government. Under the provisions of House Bill 5523, the department would no longer be required to develop interagency agreements or provide the house and senate committees that oversee labor matters an effectiveness report. Any savings the department would experience would likely be minimal.

POSITIONS:

Representatives of the following entities testified in support of the bills (3-5-24):

- Michigan Community Action
- Oakland Livingston Human Service Agency

The Community Economic Development Association of Michigan indicated support for the bills. (3-5-24)

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

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