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In 1964 the Economic Opportunity Act (EOA) was passed by Congress. Enacted under the Johnson Administration, EOA was seen as one of the most controversial pieces of legislation of its time. It created the "War on Poverty" and instituted self-sufficiency creating approaches to overcoming the problems of the nation's poor. While the mechanism remains far from perfect, it has provided a model for the continued involvement of poor people in shaping the policies which governed their destiny.

The Reagan Administration has called for the dismantlement of the Community Services Administration, which administers most of the programs under EOA. This was done through recent Congressional action which instituted a Community Services block grant to the states and repealed most of the Economic Opportunity Act. This block grant will be federally administered through a newly created Office of Community Services within the Department of Health and Human Services.

This paper provides an overview of the history of the Community Services Administration and the Economic Opportunity Act, and analyzes the future of these programs under the newly enacted block grant.





THE NATIONAL COUNCIL OF LA RAZA

ISSUE ANALYSIS OF  
THE ECONOMIC OPPORTUNITY ACT  
OF 1964

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## I. INTRODUCTION

The Economic Opportunity Act was passed by Congress in 1964 to provide an alternative approach for assisting low-income persons to obtain needed services, such as job counseling, health services, childcare, and other programs which were designed to encourage self-sufficiency. Prior to the passage of the Economic Opportunity Act (EOA), the nation's poor were largely without governmental champions. Traditional agencies, whether at the federal, state, or local level, too often failed to reach or serve the truly needy. This new legislation was designed to overcome that history and to develop a new system for helping the poor to overcome the numerous obstacles created by poverty.

### A. Purpose and Function

The Economic Opportunity Act provides an equitable, participatory planning process and a mechanism for the rational development and implementation of local approaches to combat poverty. Efforts are focused in inner-city neighborhoods, small towns, rural areas, Indian reservations, and migrant farmworker camps -- anywhere there is need. One of the Act's main sources of assistance for low-income persons is Community Action Agencies (CAAs), which are community organizations funded to provide a wide variety of services to the citizens in the community. EOA also provides for special assistance to migrant and seasonal farmworkers and Native Americans through Titles IV and VIII. Through Title VII it encourages housing and economic development efforts, including support for locally-controlled Community Development Corporations (CDCs) and their self-help efforts. Title IX provides for the monitoring and evaluation of other federal agencies to determine the extent to which they equitably serve the poor.



These programs were originally administered by the Office of Economic Opportunity (OEO). This agency became the catalyst for many anti-poverty/economic development programs which were later incorporated into programs within other federal agencies. In 1975 Congress reauthorized the Economic Opportunity Act, but changed the name of the administering agency to the Community Services Administration (CSA).

B. Current Developments

On July 24, 1981, Congress passed legislation which repealed most of the Economic Opportunity Act, and created instead a Community Services block grant. Most programs previously administered by the Community Services Administration will be consolidated and the funds will go directly to the states for allocation. Federal authority for the block grant will go to the Department of Health and Human Services and the Community Services Administration will be abolished as of September 30, 1981.

Many organizations representing low-income and minority groups oppose the abolition of CSA and are working to develop new legislation which will retain the missions of the Economic Opportunity Act in some way. It is uncertain at this time what the outcome of these efforts will be.





## II. HISTORY OF THE ECONOMIC OPPORTUNITY ACT

During the early 60's, several historical events took place which triggered the passage of what has been called some of the most pivotal and controversial legislation ever passed into law -- the Economic Opportunity Act of 1964.

President John F. Kennedy had been in the process of developing plans for this legislation when he was assassinated in Dallas, Texas. In the wake of his death, his former Vice President Lyndon B. Johnson introduced Kennedy's "New Frontier" programs under a new name, "the Great Society" and thereby spawned the creation of the "War on Poverty." Some believed that the War on Poverty was actually waged to provide a showcase for the Johnson Administration; others thought that the legislation was passed as a token of commemoration to the late President Kennedy. However to many community leaders it was seen as a convenient tool with which to answer the cries of the poor throughout the country, as cities intermittently erupted in riots during the 60's and early 70's.

Almost from its inception, the program and its administration came under fire. While some felt that local communities and local anti-poverty agencies had been given too much authority, others felt that the local communities did not contribute enough of their own monies with which to complement the federal funds. The infant Office of Economic Opportunity wavered between life and death during much of its first ten years, as a result of these controversies.

From 1973 through 1975, OEO spun-off a number of its well-established programs to other federal agencies. By and large, these programs -- Head Start, Job Corps, VISTA, Foster Grandparents, Legal Services and others -- stood the test of time. They enjoyed the support of conservative legislators; their appropriations levels increased steadily.



With the onset of the Nixon Administration, OEO came under serious attack as President Nixon attempted to eliminate the office and its programs. If Congress had not intervened in the President's continuing efforts to assume added power, particularly as the controversy of Watergate continued to unfold, President Nixon might have been successful in his efforts to abolish the Office of Economic Opportunity. Following President's Nixon resignation, as President Ford assumed the presidency, a grass roots advocacy campaign was quickly initiated to reauthorize the Economic Opportunity Act and thereby preserve Community Action Agencies. These efforts were successful, and Congress reauthorized the Act in early 1975.

With this reauthorization, President Ford signed into law amendments to the Economic Opportunity Act which created a successor to OEO; the Community Services Administration. As an independent agency, CSA continued such vital programs as Community Action and Community Economic Development, as well as smaller nationwide programs like Senior Opportunities and Services (SOS), Community Food and Nutrition, Summer Youth and Recreation, and State Economic Opportunity offices.

While many of the programs funded under the Economic Opportunity Act continued to receive programmatic support from both political parties, they failed to receive necessary increases in funding levels. This resulted in a gradual decrease in the level of services which could be provided under the Act.

During the early days of the Reagan Administration, the Community Services Administration was targeted for dismantlement under President Reagan's economic recovery package. Congress succeeded in doing this through the passage of its Omnibus Budget Reconciliation Act of 1981. This bill called for the consolidation of most programs previously administered by CSA, and the creation of a new Community Services block grant to the states. The Community Services Administration is scheduled to cease operation on September 30, 1981, with the Department of Health and Human Services assuming responsibility for the administration of the block grant.



Several national advocacy organizations have joined together to form the National Coalition for the Reauthorization of the Economic Opportunity Act. Originally organized to seek reauthorization of the Act, this coalition is now active in attempts to develop new legislation which would incorporate the missions of the Economic Opportunity Act.



### III. PROVISIONS OF THE BLOCK GRANT

The Community Service Block Grant is scheduled to be instituted on August 1, 1981. Under this block grant, states will assume administrative authority and will determine how funds will be allocated under the provisions set forth by Congress. The enactment of this block grant will have the following effects:

- Community Action Programs will be authorized \$354.4 million for FY 1982 and each of four succeeding years. This amount does not include the additional \$35 million approved during an earlier mini-conference, which targeted funds for employment and business development and for the Rural Development Loan Fund.
- Local agencies will receive 90% of total available funding in 1982. Plans call for state oversight of local agencies to insure continuation of community-based anti-poverty programs. Whether or not agencies will retain the same status in 1983 or if language will be added at a later date to downgrade the preference that states must give to CAAs is still unknown.
- The Secretary of HHS (Health and Human Services) is given discretionary authority to operate training activities and other activities of regional or national significance. A limit of 9% of the amount appropriated for the Act is available for these activities.
- The Secretary's Discretionary Fund can be utilized for the following special emphasis programs:
  - .. Programs of assistance to private, locally initiated, community development programs which sponsor enterprises providing employment and business development opportunities for low-income residents of the area;
  - .. The Rural Development Loan Fund;
  - .. Technical assistance and training programs in rural housing and community facilities development; and
  - .. Assistance for migrants and seasonal farmworkers.





- The state's chief executive is required to submit to HHS a plan that describes how the state will carry out the assurances contained in subsection (c). This plan must be made available to the public.
- HHS has the authority to withhold funds from a state's allotment if it is determined that the state does not utilize its funds in accordance with provisions of the Act and the assurances agreed to in the state's application.
- The chief executive of each state must submit an application to HHS. This application shall contain the assurances that the state will comply with the following subsections and paragraphs:
  - .. Public Hearings: A state must conduct public hearings after the first fiscal year in which it receives funds.
  - .. Use of Funds: Under this legislation the state would agree to use funds to provide services and activities having a measurable and potentially major impact on causes of poverty in the community; provide activities designed to assist low-income participants in obtaining employment, education, housing, emergency assistance, etc; provide on an emergency basis for the provision of supplies and services, nutritious foodstuffs and related services to counteract conditions of starvation and malnutrition among the poor; coordinate and establish linkages between governmental and other social services programs to ensure the effective delivery of services to low-income individuals; and to encourage the use of entities in the private sector in efforts to ameliorate poverty in the community.
  - .. 1982: Also provided is the requirement that for fiscal year 1982, not less than 90% of the funds allotted to the state be used to make grants to eligible entities (as defined in section 673 or organizations serving farmworkers).
  - .. After 1982: After FY '82 states will be required to use 90% of funds to make grants to political subdivisions of the state for the subdivision to use directly or indirectly to non-profit community organizations that have a three-party board structure. In the out years, the state must give "special consideration" to existing community action agencies.
  - .. Transfers: The state may transfer up to five percent of its allotment for services provided under the Older Americans Act, the Head Start Act, and energy crisis assistance program under the low-income energy assistance act.
- HHS is permitted to carry out the Act directly if the states choose not to administer the program. Only HHS would be allowed to administer the program in FY '82.



## V. CONCLUSIONS

The Community Services Administration structure, although by no means ideal, has shown an ability to significantly improve conditions in many local communities; to mobilize resources from multiple funding sources; to involve public officials, private sector representatives, and low-income persons in program development and management. CSA addresses crisis situations more readily than most other public agencies; it tests the feasibility of innovative service delivery approaches and then "spins them off" to line agencies to promote increased sensitivity to the needs of the poor on the part of many community institutions. CAAs nationwide generate more than one million hours of volunteer support annually. They serve 83% of the nation's low-income population in 3,141 counties in every state. Overall, it is estimated that each \$1 spent by CSA generates a return of \$10 in services and benefits, from the private and the public sector combined. With very limited funding, CSA-supported efforts can point to many significant results.

Many of CSA's programs represent a "safety net" which works. Community Development Corporations, technical assistance efforts, housing programs, and CSA's Title IX monitoring efforts are among the most critical CSA programs, because they represent a workable structure for accomplishing two objectives of the new Administration: to assure continued services for the truly needy and to decrease dependency. It is hoped that the new block grant structure will ensure the continuation of these objectives, through Congressional and Administrative monitoring of state and local activities.

Given the fact that anti-poverty activities continue to be sanctioned by their very preservation within the block grant, it is now up to the localities and the people themselves whether or not they can adapt to the responsibilities of local control, and utilize the turn of events to work in their favor.



#### IV. IMPLICATIONS FOR HISPANICS

The following points indicate some possible implications for Hispanics:

- . Since activities having special impact on Hispanics were never a real priority even under EDA, it is doubtful whether this will improve under the administration of the Department of Health and Human Services (HHS).
- . Although the Secretary's Discretionary Fund permits funding for Migrants and Seasonal Farmworkers, who are predominately Hispanics, it does not provide assurances of special emphasis to do so;
- . After 1982, the states can provide funds through the political sub-divisions of the state and may or may not fund existing CAAs (Community Action Agencies). The local political sub-divisions will have the option of funding other non-profit organizations. These agencies must have a three-party Board Structure (political, poverty and private representatives). For Hispanics, this might mean an opportunity for more meaningful involvement.
- . Should the political sub-divisions (cities or counties) of the state choose to operate programs directly, this might mean regression in the sense that prior to the Economic Opportunity Act of 1964 traditional government agencies often failed to understand or relate to the special needs of the poor.
- . The fact that the Economic Development program (previously Title VII of EDA) has been salvaged and is to be administered by the Department of Housing and Urban Development (HUD), may mean increased involvement for Hispanics. If Title VII activities are coordinated with the Enterprise Zone legislation\* which is currently being projected as the Reagan Administration's major Urban Jobs Program, then Local Development Corporation's (LDCs) and CDCs can play a significant role.

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\* See NCLR Backgrounder Number 11



- . States have the authority to pick up the program on any fiscal quarter of the first year. To begin the administration of the program, the state would have to notify HHS one month in advance of the fiscal quarter of its intention to administer the grants.
- . HHS is limited to administrative expenses of less than five percent of any state's allotment that the agency is administering.
- . Subsection (e) provides the authority for the termination of the affairs of the Community Services Administration to the Director of the Office of Management and Budget, David Stockman.
- . Effective October 1, 1981, all Titles except VIII (Native American Programs) and Title X (Legal Services Act) have been repealed.
- . Title VII which authorized funding for Community Economic Development Corporations has evolved into the "Community Economic Development Act of 1981". This will continue funding for CDCs and will be administered by HUD (the U.S. Department of Housing and Urban Development).

