NATIONAL ASSOCIATION of COUNTIES NACo

SERVING THE UNDERSERVED
COUNTIES ADDRESSING POVERTY

Assessing the local response to poverty and the integral role of counties in administering federal programs helping those most in need.

JULY 2017

"From early childhood development to workforce development, from homelessness to health, counties are investing in services that break cycles of poverty and help people thrive. Counties put people first, but poverty can push them to the end of the line. We are partnering with the public, private and non-profit sectors at the federal, state and local levels to remove barriers, build opportunities and address the many faces of poverty in America."

- Roy Charles Brooks
NACo President
Commissioner, Tarrant County, Texas

"There was a time when I would talk about a difference between 'makers' and 'takers' in our country. But as I spent more time listening, and really learning the root causes of poverty, I realized I was wrong. 'Takers' wasn't how to refer to a single mom stuck in a poverty trap, just trying to take care of her family. Most people don't want to be dependent."

- House Speaker Paul Ryan
March 23, 2016

RECOMMENDATIONS FOR THE FEDERAL GOVERNMENT

As Congress looks to reauthorize and improve federal poverty programs, counties across the country urge Congress to:

- **Engage with local decision makers** to further understand and develop the federal-state-local partnership central to poverty programs
- **Preserve local decision making and flexibility,** including boosting effective local programming where it is already underway
- **Invest early wherever possible,** as upstream investments pay the biggest dividends

TABLE OF CONTENTS

NATIONAL ASSOCIATION of COUNTIES NACo

CHAPTER 1

POVERTY ACROSS AMERICA

LOCAL ECONOMIC RECOVERY REMAINS UNEVEN

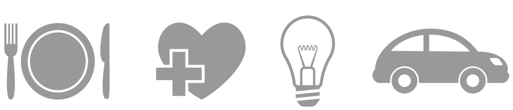
POVERTY ACROSS AMERICA

The official measure of poverty is established by the White House Office of Management and Budget (OMB) and is adjusted annually by the U.S. Census Bureau to reflect inflation.

The average poverty threshold for a family of four in 2015 was

$24,257

This threshold represents the cost of food, housing and other family expenses.

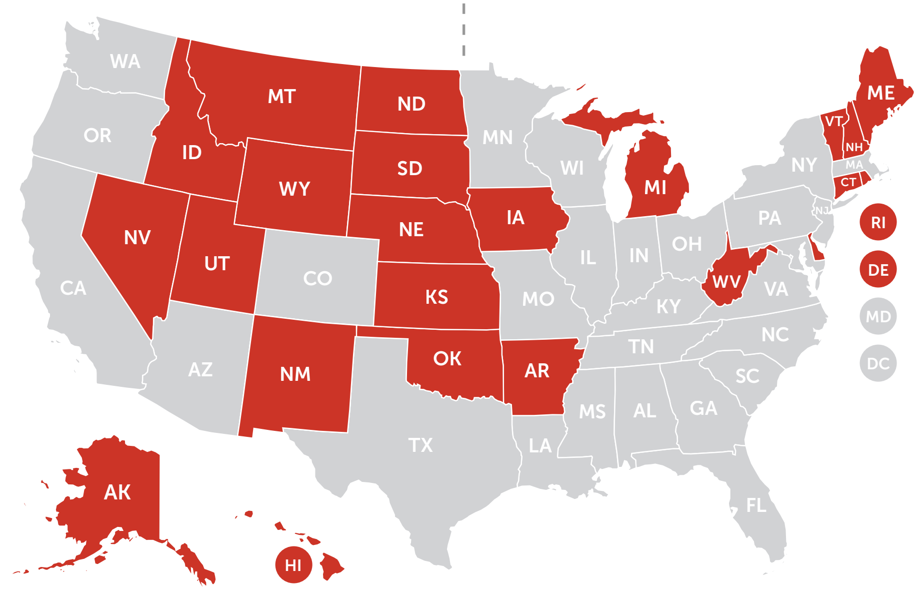


According to the U.S. Census Bureau, in 2015, **13.5 percent of all Americans fell under the federal poverty line.**

The number of people living in poverty

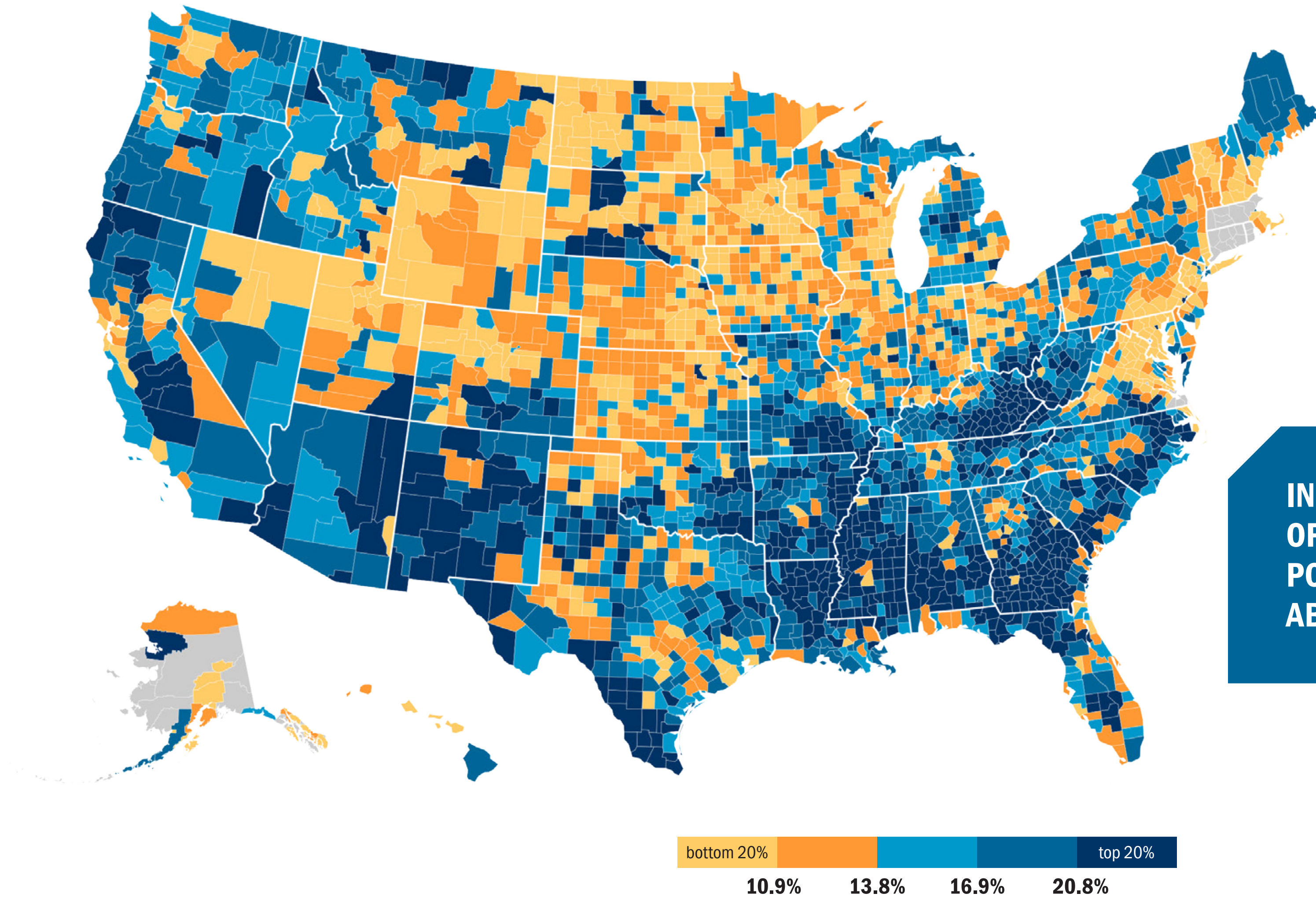
43.1 MILLION PEOPLE

is roughly equal to the entire population of the 23 least-populated states combined.*



**total combined population estimate for 2016: 43.7 million*

2015 POVERTY RATE BY COUNTY



IN 2015, 20 PERCENT OF COUNTIES HAD POVERTY RATES ABOVE 20.8 PERCENT

**The dark grey areas in Conn., R.I., parts of Alaska, Mass. and Va. are counties or county-equivalents without county governments*

NACo County Explorer explorer.naco.org

Source: NACo Analysis of U.S. Census Bureau, Small Area Income and Poverty Estimates 2015; U.S. Census Bureau, American Community Survey 2011-2015 5-year Estimates, 2015

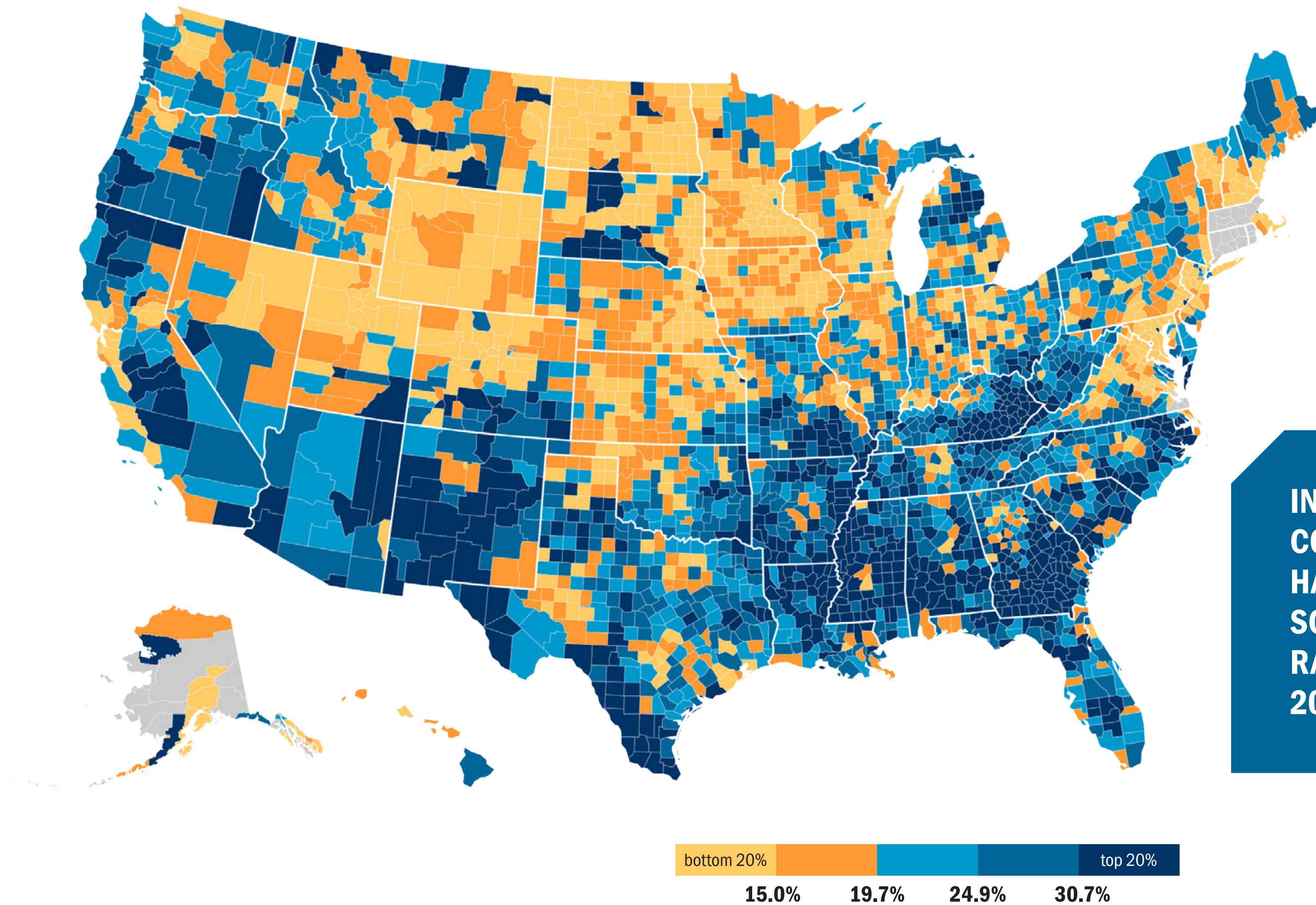
CHILD POVERTY OUTPACES OTHER AGE GROUPS

The poverty rate for children under 18 exceeds other age groups: **19.7 percent of children were living in poverty in 2015**. In fact, the majority of counties (54 percent) had poverty rates for school-age children ranging between 20.4 and 58.1 percent.

19.7%

of children were living in poverty in 2015

2015 POVERTY: CHILD POVERTY RATE BY COUNTY



IN 2015, THE MAJORITY OF COUNTIES (54 PERCENT) HAD POVERTY RATES FOR SCHOOL-AGE CHILDREN RANGING BETWEEN 20.4 AND 58.1 PERCENT

**The dark grey areas in Conn., R.I., parts of Alaska, Mass. and Va. are counties or county-equivalents without county governments*

NACo County Explorer explorer.naco.org

Source: NACo Analysis of U.S. Census Bureau, Small Area Income and Poverty Estimates 2015; U.S. Census Bureau, American Community Survey 2011-2015 5-year Estimates, 2015

ECONOMIC RECOVERY REMAINS UNEVEN ACROSS COUNTIES

A slow economic recovery across the country means there are more individuals in need.

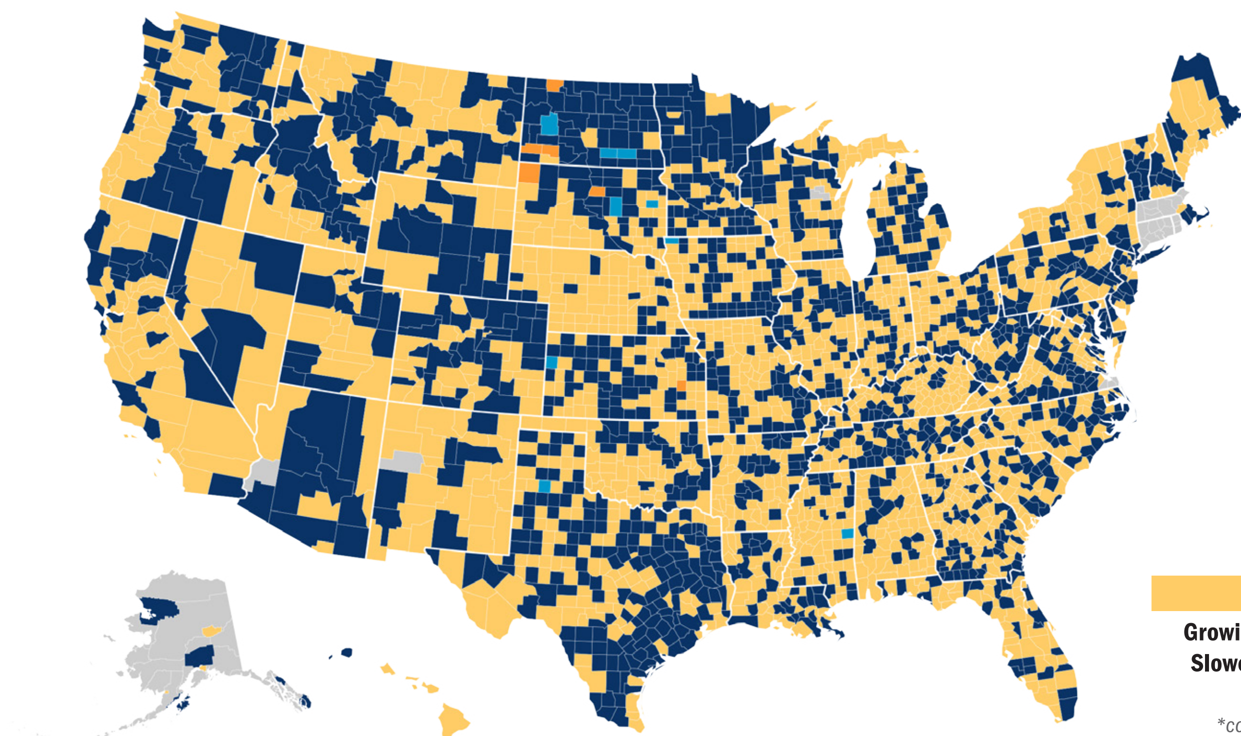
By the end of 2016, **only 824 county economies (or just 27 percent)** had recovered to their pre-recession levels on all of the following four economic indicators:

- Jobs
- Unemployment rate
- Economic output (GDP)
- Home prices

WAGES GREW SLOWER IN THE MAJORITY OF COUNTY ECONOMIES IN 2016

In 2016, wages grew faster than inflation in virtually all county economies. However, the pace of growth slowed down in almost 55 percent of county economies.

2016 COUNTY ECONOMIES: AVERAGE REAL WAGE GROWTH RATE: 2016 VS 2015



THE PACE OF WAGE GROWTH SLOWED DOWN IN ALMOST 55 PERCENT OF COUNTIES NATIONWIDE

Growing Slower | Declining More | Declining Less | Growing Faster

**county data is unavailable if the county is colored grey*

Source: Istrate and Pack, County Economies 2016, *NACo, February 2016*

NACo County Explorer explorer.naco.org

CHAPTER 2

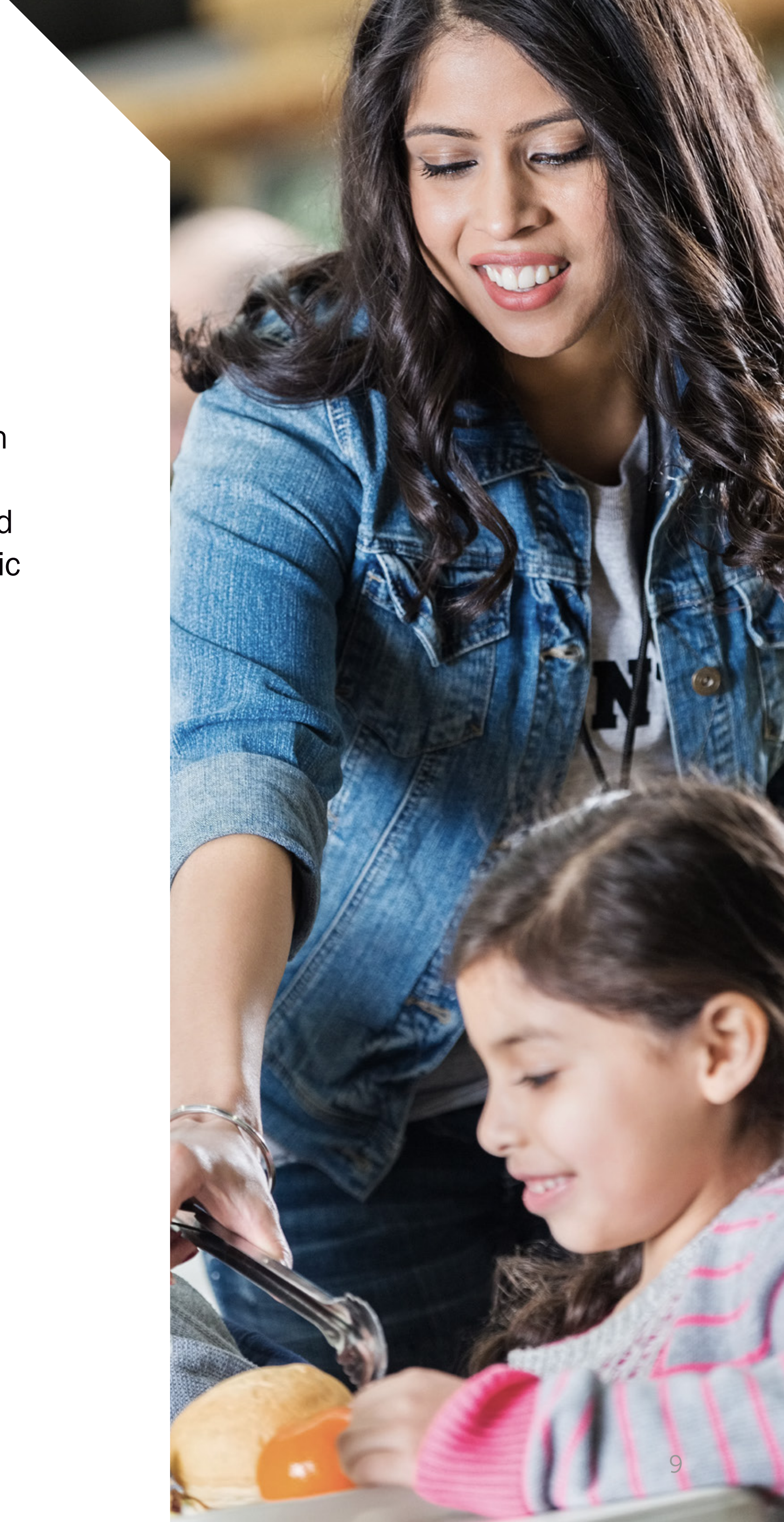
PAVING PATHWAYS OUT OF POVERTY

HOW COUNTIES SUPPORT LOCAL RESIDENTS IN NEED

COUNTIES WORKING TO CREATE PATHWAYS OUT OF POVERTY

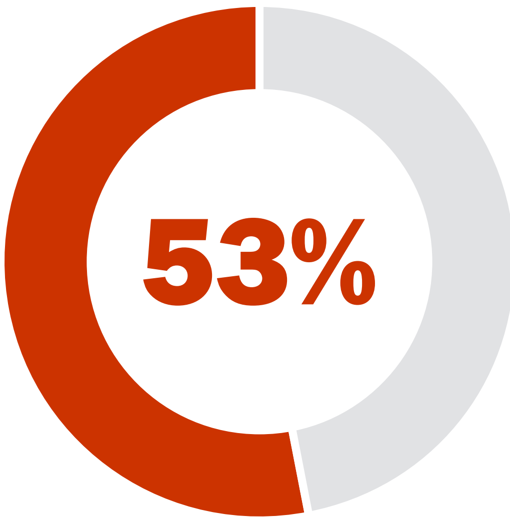
The nation’s 3,069 county governments provide vital services to more than 300 million residents. Counties provide and administer federal, state and local systems of services to break the cycle of poverty, from early childhood development and nutrition assistance programs to workforce and economic development.

In doing so, counties utilize federal, state and local resources to combat poverty and provide workforce training and social services to low-income individuals across the nation.

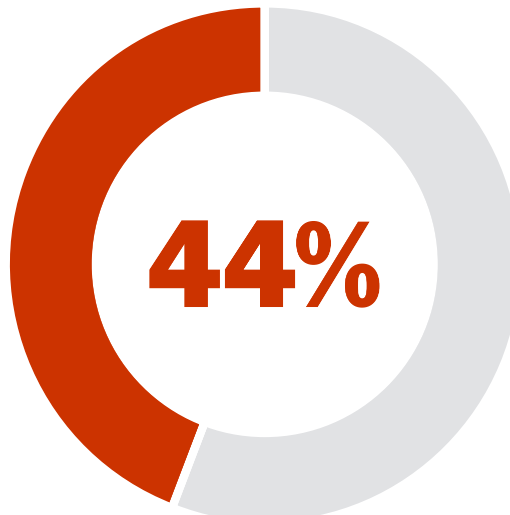


COUNTIES IDENTIFY CHALLENGES ON THE GROUND

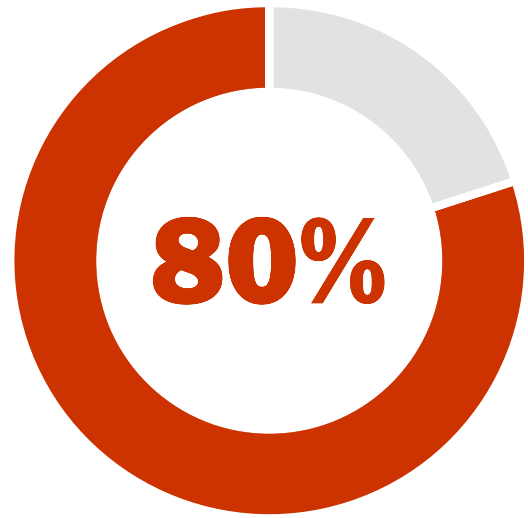
In 2016, NACo conducted a survey to better understand and address the current challenges counties face in fighting poverty. According to the survey:



of county officials identify **families with children living in poverty** as having the greatest need for additional services



of county officials identified **low-wage workers and the working poor** as an at-risk population with a high need for more services

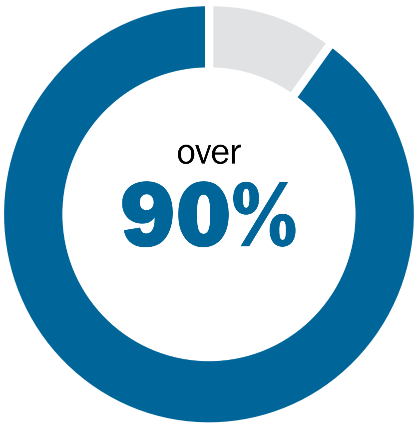


of counties identify **unemployment or under-employment** as a top challenge facing their county

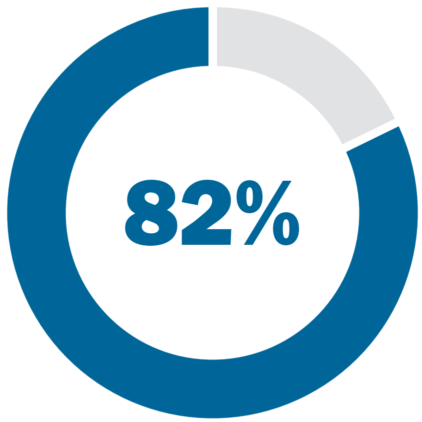
Source: Ortiz, Priorities in America's Counties *2016, NACo, July 2016*

SNAPSHOT OF COUNTY ANTI-POVERTY EFFORTS

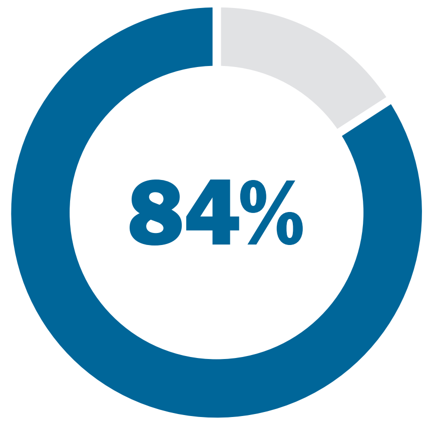
To address the challenges poverty presents in their communities, counties undertake a variety of workforce development efforts to help create pathways out of poverty:



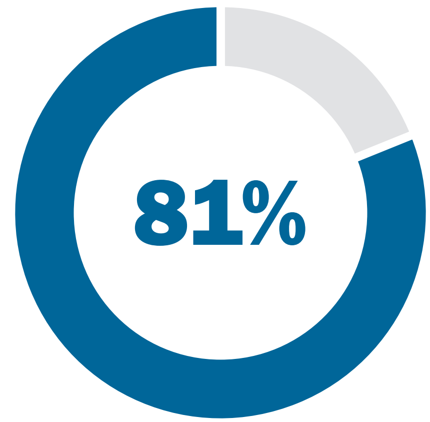
of counties **participate in economic development activities**, including workforce development, business recruitment and retention, regional marketing, small business support and infrastructure investment



of counties engaging in economic development **report using general revenue funds** for this work, while **just 31 percent report using federal grants** (large counties are much more likely to utilize federal grants)



of counties have **formed workforce training partnerships** with local chambers of commerce, cities, state governments or regional economic development organizations



of counties **contribute funding directly** to economic development partnerships, and over half contribute staff; workforce training is the top reported use for these partnerships

Source: Istrate et al, Strong Economies, Resilient Counties, *NACo, July 2014*

COUNTIES INVEST A VARIETY OF RESOURCES

In addition to utilizing our own resources, counties also leverage state and federal resources to help low-income individuals and families.

Although program administration varies by program and state, county governments are often mandated to operate and administer a wide variety of federal programs at the local level.

Counties invest **$58 billion annually** in federal, state and local funds in human services while serving as the front-line social safety net.

CHAPTER 3

THE ROLE OF COUNTIES IN ADMINISTERING FEDERAL POVERTY PROGRAMS

STATE VS. COUNTY ADMINISTRATION OF PROGRAMS

Counties are an integral part of the federal-state-local partnership in service delivery.

Across the country, counties administer federal resources and funds to combat poverty.

Whether or not a federal program is state or county-administered varies by program and state.

There is no precise definition of county administration that applies to all federal programs, and reporting requirements for states may also vary by program.

In county-administered states, states generally offer significant authority and much-needed flexibility to county administrative offices.

Ultimately, states are responsible for the mandates associated with each program, and often pass these mandates down to counties, creating an implementation system that can be extremely complex.

FEDERAL PROGRAMS ADMINISTERED BY COUNTIES

Federal programs administered through counties include:

- Temporary Assistance for Needy Families (TANF)
- Supplemental Nutrition Assistance Program (SNAP)
- Community Services Block Grant (CSBG)
- Social Services Block Grant (SSBG)
- Child Care Development Block Grant (CCDBG)
- Maternal, Infant, and Early Childhood Home Visiting Program (MIECHV)
- Workforce Innovation and Opportunity Act (WIOA)
- Community Development Block Grant (CDBG)

Federal programs address:

- Support for families and children
- Nutrition support
- Child care services
- Workforce training and development
- Adult protective services
- Veteran services
- Child protective services
- Foster care
- Homelessness/housing support

ACTION NEEDED

Congress should enact a long-term reauthorization of the program that provides greater state and local program flexibility. Local administration of benefits allows the county to connect recipients to enhanced local resources, including workforce boards. Additionally, lawmakers should be mindful of potential cost-shifts to local governments through increased requirements on states.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

Program Overview: TANF was created in 1996 and replaced the Aid to Families with Dependent Children (AFDC) program. The program has four broad goals: providing cash assistance to needy families so that children can be cared for in their own homes; reducing the dependency of needy parents by promoting job preparation, work and marriage; preventing and reducing unplanned pregnancies among single young adults; and encouraging the formation and maintenance of two-parent families.

Administrative Authority & FY 2017 Allocation: U.S. Department of Health and Human Services (HHS), Administration for Children and Families (ACF); $16.5 billion

County Role: Although TANF is an entitlement program disbursed to states, counties in ten states administer TANF benefits: California, Colorado, Minnesota, New Jersey, New York, North Carolina, North Dakota, Ohio, Virginia and Wisconsin. In county-administered states, counties share in the administrative and maintenance of effort costs of TANF. Families receiving TANF in the ten county-administered states make up 51 percent of the total TANF population. Roughly $8.5 billion in TANF funds – out of the total $16 billion program – are sent to those ten county-administered states each year.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

Program Overview: SNAP provides nutrition assistance to millions of low-income individuals and families through benefits loaded on an electronic benefits transfer (EBT) card.

Administrative Authority & FY 2017 Allocation: U.S. Department of Agriculture (USDA); Food and Nutrition Service (FNS); $81 billion

County Role: Similar to TANF, SNAP benefits are county-administered in the following states: California, Colorado, Minnesota, New Jersey, New York, North Carolina, North Dakota, Ohio, Virginia and Wisconsin. In these states, counties often contribute substantial local funds to administrative and supplemental costs of running the program.

ACTION NEEDED

As Congress works on improving the day-to-day management and tracking of the program, flexibility for state and local governments in designing and administering SNAP benefits programs, as well increased benefits in general, are crucial to local governments. Additionally, counties would like to see more seamless cooperation across federal programs, including SNAP and Supplemental Security Income (SSI), and a removal of the lifetime ban on eligibility for individual family members with drug felony convictions.

ACTION NEEDED

CSBG should remain fully funded and the program's formula grant structure should be maintained. The flexibility of programs like CSBG is critical to local communities and should be preserved as the block grant is extended and expanded. Counties often serve as the de facto regional government and are in the best position to determine local needs. Block grants that allow local entities, such as CAAs, to make these decisions are extraordinarily useful.

COMMUNITY SERVICES BLOCK GRANT (CSBG)

Program Overview: CSBG is designed to intercept the root causes of poverty. It is one of the most flexible federal block grants: 99 percent of CSBG funds are passed down to community action agencies (CAAs), which are responsible for determining the most pressing needs in their community – ranging from employment to affordable housing to health care – and administering the funding to applicable programs to address those needs.

Administrative Authority & FY 2017 Allocation: U.S. Department of Health and Human Services (HHS), Administration for Children and Families (ACF); $742 million

County Role: In FY 2013, 168 counties in 28 states and the District of Columbia invested $112.8 million of CSBG funds. Local elected officials or their representatives must by law make up one-third of each CAA's board of directors. With over 1,000 CAAs nationwide, county officials play an integral part in determining how CSBG funding is used.

SOCIAL SERVICES BLOCK GRANT (SSBG)

Program Overview: SSBG funds are distributed to states and can be used for nearly 30 different activities – such as adult and child protective services – to help and safeguard vulnerable populations. Like CSBG, this array of services makes it one of the most flexible federal block grants. In FY 2014, the last year for which data is available, SSBG served 30 million individuals, 44 percent of whom were children.

Administrative Authority & FY 2017 Allocation: U.S. Department of Health and Human Services (HHS), Administration for Children and Families (ACF); $1.7 billion

County Role: While counties across the country utilize SSBG for various programs, SSBG funds are county-administered in the following states: Colorado, Minnesota, New Jersey, New York, North Carolina, North Dakota, Ohio, Pennsylvania, Virginia and Wisconsin. Counties in these ten states determine the best use of SSBG funding based on their own local needs: NACo conducted a survey in 2012 that revealed that counties most commonly use SSBG for adult and child protective services. In FY 2015, 796 counties in 29 states and the District of Columbia invested over $763 million in SSBG funds.

ACTION NEEDED

SSBG should be preserved and expanded, as the flexibility and breadth of these funds allows counties to determine the most pressing needs in their communities. In some cases, SSBG funds are the only available federal funding stream (adult protective services). In others, SSBG helps protect those who do not qualify for federal assistance through other programs (child foster care services). These efforts make the funding level and flexibility of SSBG funding critical.

ACTION NEEDED

Counties hope to see CCDBG continually funded at or above current levels through the annual appropriations process. CCDBG is the only federal block grant specifically designated for child care assistance programs. Counties often supplement federal programs with general revenue funds. However, it can be difficult and costly for counties to comply with federal and state mandates while also fully addressing the needs of those in their community.

CHILD CARE DEVELOPMENT BLOCK GRANT (CCDBG)

Program Overview: CCDBG helps low-income families, families receiving public assistance (such as TANF) and families transitioning from public assistance in obtaining child care. CCDBG includes provisions to help develop the social-emotional health of children, including combatting the effects of expulsion from early care and screenings for cognitive or developmental delays.

Administrative Authority & FY 2017 Allocation: U.S. Department of Health and Human Services (HHS), Administration for Children and Families (ACF); $2.85 billion

County Role: Many states pass the responsibilities of delivering child care assistance down to counties, meaning those counties must comply with federal mandates for child care programs. In addition to complying with federal guidelines, counties must focus on the administration of benefits to families in their communities. In FY 2013, at least 438 counties in 23 states invested $939 million in federal CCDBG funds. Counties use these funds to supplement assistance to families in the TANF program and serve other low-income families. Additionally, counties can distribute funds to families to select their own child care programs or establish baseline health and safety protections within child care programs receiving CCDBG funds. Counties supplement CCDBG funding with other state and local resources. The top 5 states in terms of CCDBG amounts invested by counties are New York, North Carolina, Pennsylvania, Florida and Ohio.

MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITATION (MIECHV) PROGRAM

Program Overview: The maternal, infant and early childhood home visitation program provides in-home support to pregnant women, newborn babies and families with children up to five years old. The program helps parents of at-risk children from birth to kindergarten ensure their children are physically, socially and emotionally healthy and ready to learn. In particular, this work boosts early childhood development and enhances childhood trauma prevention efforts.

Administrative Authority & FY 2017 Allocation: U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA); $400 million

County Role: Although states are the primary recipient of home visitation program funding, resources are often passed on from states to counties to operate local programs. Counties either employ public health nurses to conduct visits or contract with local social service nonprofits to provide these services. Counties operate two types of home visitation programs: general public health visits for mothers and newborns and targeted visits to high-risk families as identified by research approved by HHS.

ACTION NEEDED

Congress should reauthorize the MIECHV program in 2017. HRSA funding – which counties supplement with local and state dollars – is vital to home visiting programs for new and expecting mothers and should be increased and continued. While home visits can be costly, they can have substantial positive impacts on a child's development and prevent childhood trauma.

ACTION NEEDED

Counties urge Congress to recognize us as regional leaders in training and workforce development across the country and express continued support for the goals and structure of WIOA. Local decision making in workforce development programs is critical and county governments should have the flexibility to merge TANF and WIOA programs into a single entity.

WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA)

Program Overview: WIOA is designed to strengthen and improve the U.S. workforce system and help individuals get and retain high-quality jobs. In particular, WIOA targets the long-term unemployed, dislocated workers and disconnected youth. WIOA has six broad goals, including reducing welfare dependency and increasing access to training and education.

Administrative Authority & FY 2017 Allocation: U.S. Department of Labor (DOL); $2.7 billion

County Role: WIOA funding is directed to local workforce development boards (WDBs). Counties are involved in 90 percent of the country's local WDBs, participating in the development of plans and local partnerships, managing fiscal resources, appointing and certifying the local WDB, or a combination of all three. 28 percent of WDBs operate directly within a county government.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Program Overview: CDBG was enacted in 1974 to provide funding for community development programs. The program assists urban, suburban and rural communities in improving housing and living conditions and expanding economic opportunities for low and moderate income individuals. CDBG helps create jobs through the expansion and retention of businesses and is an important tool for helping local governments tackle serious challenges facing their communities.

Administrative Authority & FY 2017 Allocation: U.S. Department of Housing and Urban Development (HUD); $3 billion

County Role: Grants are provided to counties on a formula basis: 70 percent of CDBG funds go to cities and counties, while 30 percent go to states. Counties use the flexibility of CDBG funds to meet their particular community needs and to partner with the private and nonprofit sectors to develop and upgrade local housing, water and infrastructure projects and human services programs.

Currently, 185 “entitlement counties” receive CDBG funds directly, while “non-entitlement counties” must compete for funding via the state formula allocation.

ACTION NEEDED

Counties ask Congress to restore funding for CDBG to $3.3 billion. Counties of all sizes rely on the flexibility of CDBG funds to meet their particular community development needs. According to HUD, over the last decade CDBG has created or retained over 353,000 permanent jobs, yet funding for the program has declined by nearly $1 billion.

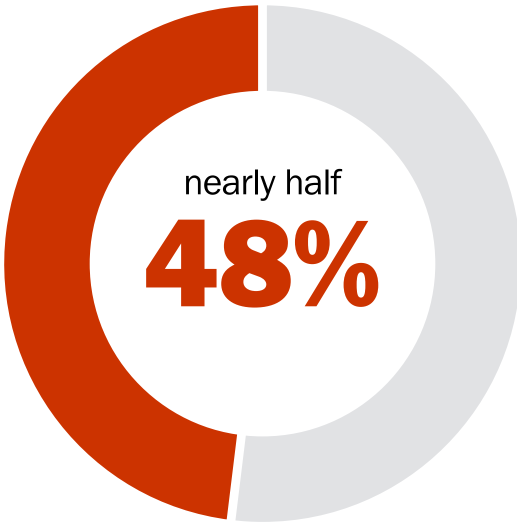
CHAPTER 4

THE IMPORTANCE OF FEDERAL SUPPORT

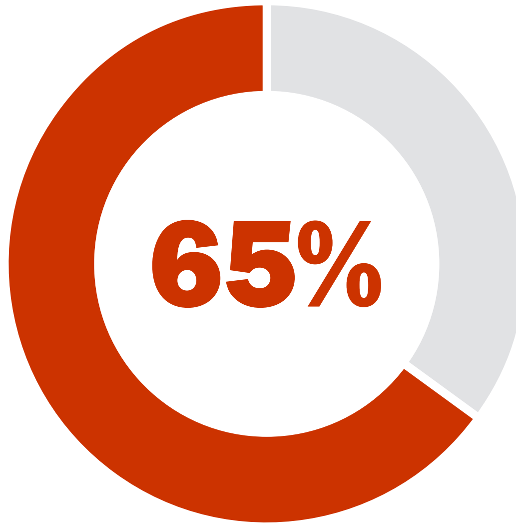
FISCAL CONSTRAINTS ON COUNTY GOVERNMENTS

COUNTIES MANDATED TO PROVIDE VARIETY OF SERVICES

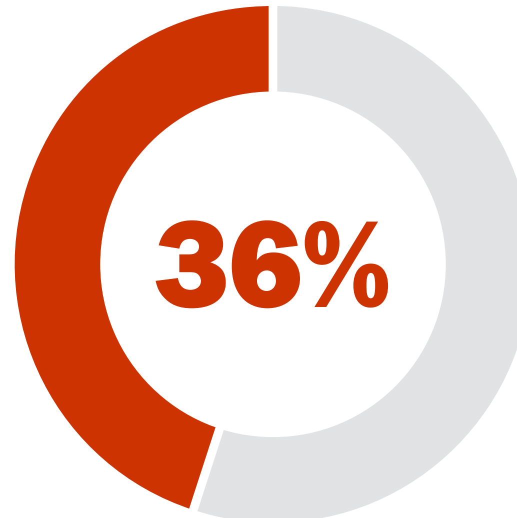
According to the 2016 NACo report *State of County Finances*, costs and demand for mandated services in counties are rising across the country:



of counties recorded overall **2013 expenses above their 2007 levels**, even when adjusted for inflation



of counties saw **increases in justice and public safety expenses**

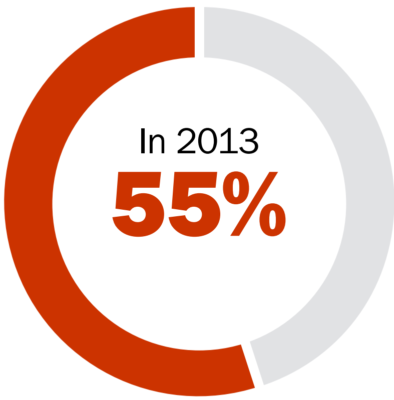


of counties had **health and human services costs increase** above overall inflation

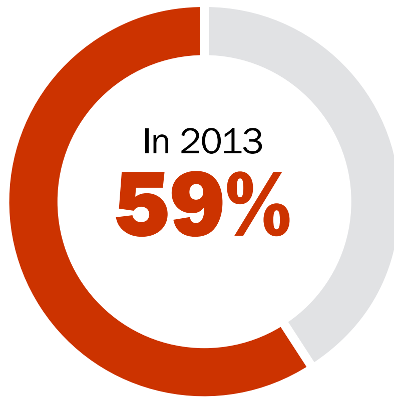
Source: Istrate and Handy, The State of County Finances, *NACo, October 2016*

COUNTY FINANCES FACE ADVERSITY

Meanwhile, as costs rise, federal and state funding remains insufficient.

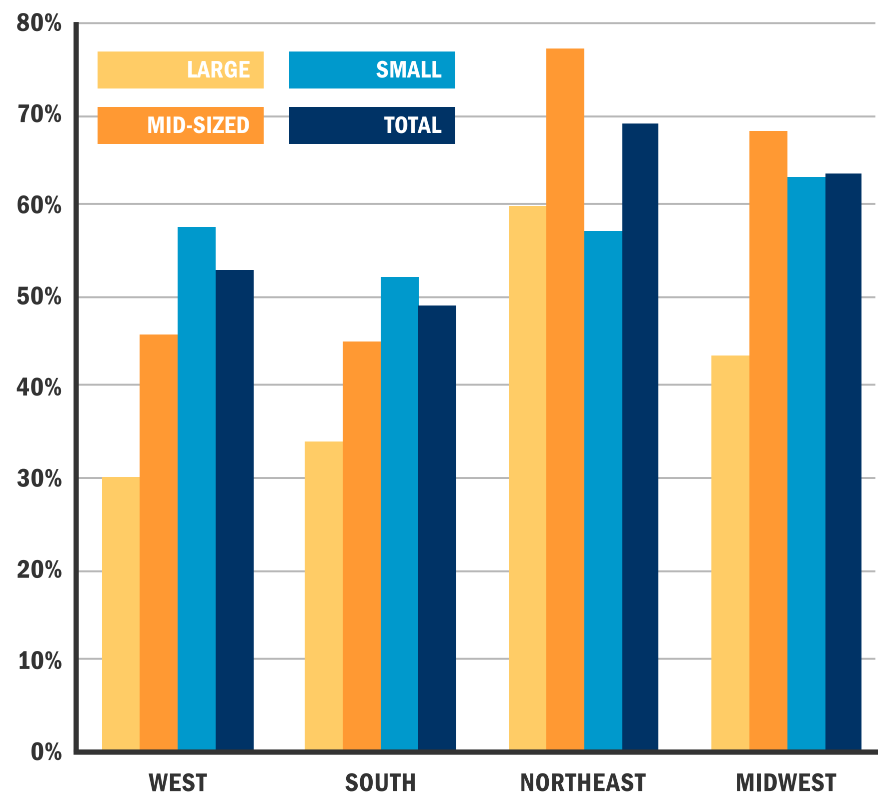


of counties reported **general revenues paying a larger share** of expenses, compared to 2007 data



of counties recorded dedicated **grants covering a smaller percent** of county expenses

PERCENT OF COUNTIES WITH RISING SHARES OF COUNTY EXPENSES FUNDED BY GENERAL REVENUES, INFLATION-ADJUSTED, 2007-2013



Source: Istrate and Handy, The State of County Finances, *NACo, October 2016*

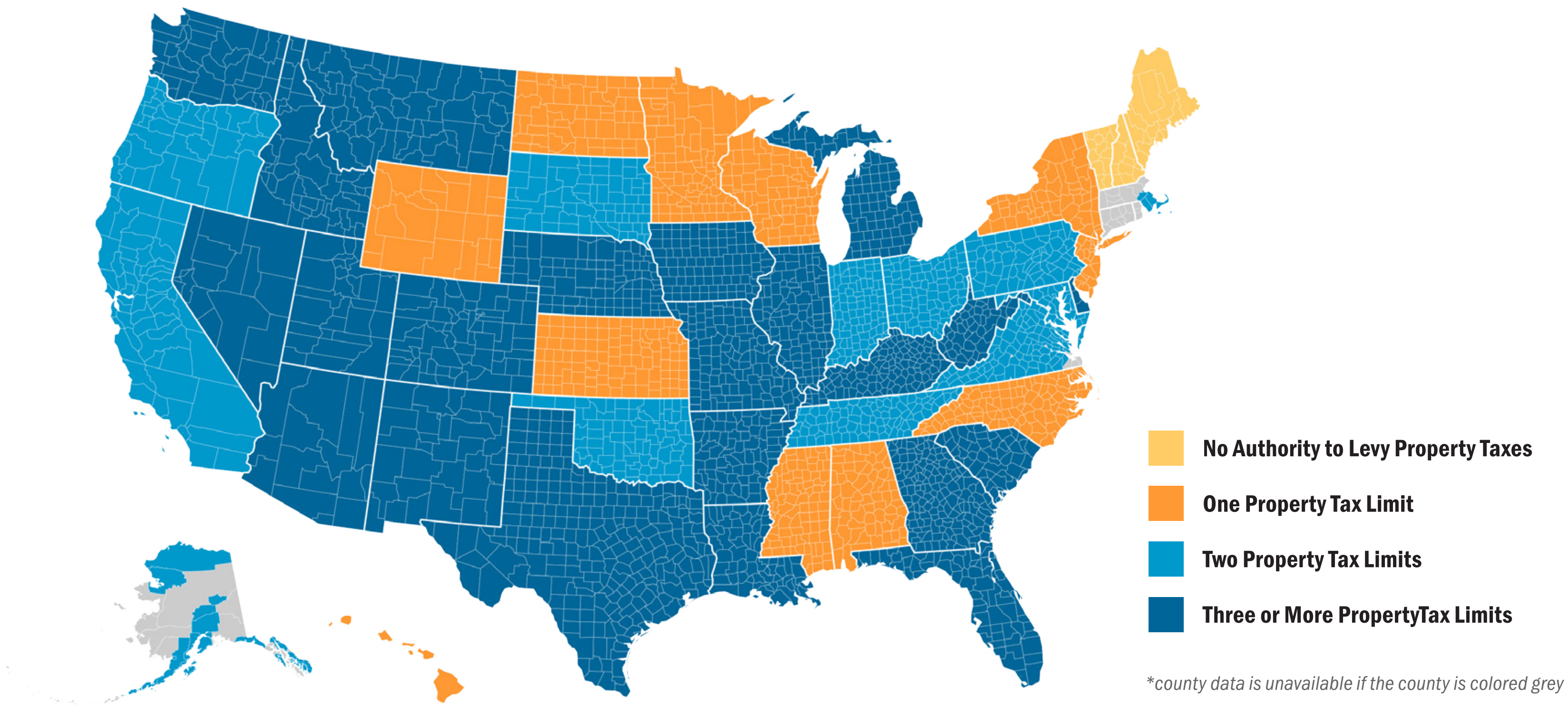
MAJOR CONSTRAINT: COUNTIES' ABILITY TO RAISE REVENUE

Although the need for services and assistance remains pressing in communities across the country, many states place limits on counties' already limited options for raising revenue.

In fact, **45 states** impose some form of county property tax limits, affecting the main revenue source for counties.

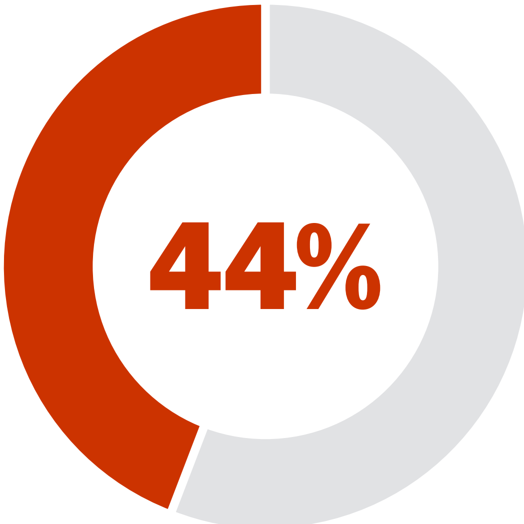
At the same time, many states mandate delivery of human services and indigent care, often forcing counties to choose between critical programs.

2017 STATE LIMITS AND MANDATES: STATE PROPERTY TAX LIMITATIONS FOR COUNTIES, AS OF APRIL 2017



NACo County Explorer explorer.naco.org

Source: NACo interviews with state associations, as well as county and state officials; NACo analysis of state legislation.



of county officials mentioned that their county **reduced and/or eliminated programs and services because of budget constraints** in their last fiscal year

CONSTRAINTS ON COUNTIES MAKE FEDERAL SUPPORT CRITICAL

Given the fiscal limitations counties already face from states, the federal government's commitment to programs helping those most in need and to supporting local stakeholders and service providers is increasingly crucial.

Without the support of federal and state funds, many counties would have to reduce service levels for critical programs and cut any non-mandated services, such as economic development activities.

In a 2016 NACo survey, 44 percent of county officials mentioned that their county reduced and/or eliminated programs and services because of budget constraints in their last fiscal year.

Source: Ortiz, Priorities in America's Counties *2016, NACo, July 2016*

CHAPTER 5
TAKE ACTION!

TAKE ACTION

County officials should encourage their federal lawmakers to enhance and preserve a number of critical federal programs in the fight to reduce poverty:

- Counties often must comply with state and federal mandates, yet are hampered in their ability to raise revenue. **Federal support for local anti-poverty programs is critical**.
- Consistent and continued support for federal programs like **SSBG, CSBG and CCDBG helps counties serve those most in need** and aid individuals and families in breaking the cycles of poverty.
- Federal lawmakers should **consider local officials key stakeholders** and partners as they work to update and reform programs like TANF and SNAP.

For more information and resources,
please visit NACo's website at www.naco.org

NACo STAFF CONTACTS

Matt Chase
Executive Director
mchase@naco.org

Deborah Cox
Legislative Director
dcox@naco.org
202.942.4286

Eryn Hurley
Associate Legislative Director
ehurley@naco.org
202.942.4204

STRONGER COUNTIES.
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660 North Capitol St. NW
Washington, D.C. 20001
202.393.6226
www.naco.org

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