

THE MORNING CALL

Block grant cuts could hit cities, nonprofits hard

Some believe that funneling federal money to poorer communities is a crutch.

By Scott Kraus – August 3rd, 2013

Carlos Ramos has spent dozens of afternoons, wrench in hand, fixing bicycles.

In his five years with Allentown's Community Bike Works, the Allen High School freshman has become self-assured and confident in all things bike-related. With the help of the program's mentors, he has improved his reading skills, developed some business savvy and learned what it's like to earn something through his own labors.

In one of the city's poorer neighborhoods, Bike Works is a haven, he said.

"I like the fact that it's a really safe environment where kids can hang out with their friends," he said. No fights, no serious arguments, low drama. At 14, Ramos now is teaching younger kids how to spiff up a wobbly two-wheeler.

Without the program, Ramos admits he'd probably spend his summer just "roaming the streets."

Bike Works is one of dozens of Lehigh Valley programs that depend at least partly on an annual infusion of cash from Uncle Sam through the Community Development Block Grant program.

Its annual grant of \$10,000 is part of a \$3 billion pot of federal money that has been slowly drying up.

The Lehigh Valley has seen a 20 percent reduction in Community Development Block Grant funding over the last five years as federal lawmakers have gradually reduced the program's budget. And more cuts are coming.

Since their creation in the 1970s, the federal block grants have become a critical source of cash for many of the Lehigh Valley's nonprofits as well as cities and boroughs with low-income populations that need cash for essential services and public works projects.

They have paid for sewers in Glendon, where aging septic systems were polluting groundwater, wheelchair-accessible curb cuts in Coplay and art school scholarships for Allentown children.

But the program that once provided \$8.6 million in federal dollars a year in the Lehigh Valley will provide \$6.9 million this year. Seen by critics as a crutch that keeps communities from being more self-sufficient, the program could face steeper cuts in the future under a proposal now before Congress.

"I don't see any changes in the near future," said Karen Parish, senior project manager with Mullin & Lonergan Associates, planning and development consultants for Easton. "We have kind of known this was coming in a morbid kind of way, for years."

In the House, lawmakers on the Appropriations Committee have approved a spending plan that would cut the funding in half for 2014. That plan — which was part of a bigger spending bill — failed to come to a vote in the full House on Wednesday, in part because of the CDGB cuts.

U.S. Rep. Charlie Dent, R-15th District, who is on the Appropriations Committee and supported the proposal to cut funding in half, said he generally likes the CDBG program. Before the plan was shelved, he sponsored an amendment to put \$300 million worth of funding back in.

However, with spending on programs such as Medicare and Medicaid growing and federal debt payments rising, there's simply less money left over for discretionary programs. And the federal government can't keep piling up debt, he said.

"If we don't get a handle on this broader fiscal question, all these discretionary programs, not just CDBG, will be very much impacted," Dent said. "These are not pleasant or easy choices."

If CDBG funding is cut in half, it will be more difficult for Lehigh Valley residents to obtain city services and get charitable assistance with housing, youth programs, literacy programs and food.

"We would have to make serious decisions about what programs would be cut or eliminated," said Alan Jennings, executive director of Community Action Committee of the Lehigh Valley, which provides an array of services to the region's poorest residents. "There is no ability of any nonprofit, any community to sustain that kind of cut and not eliminate services."

The erosion of funding has already forced cutbacks in services, he said. Many of his agency's clients have to go from nonprofit to nonprofit looking for assistance as strapped agencies are forced to refer them elsewhere, creating a "merry-go-round of people looking for help."

While the Republican-controlled House favors reducing the grants, the Democrat-controlled Senate wants them slightly increased. The Obama administration's 2014 budget for the program calls for a \$280 million cut, almost 10 percent.

"I just don't understand the rationale," said U.S. Sen. Bob Casey, D-Pa., who is pushing the Senate plan. "These communities aren't getting rivers of money coming through their towns. They are getting very limited money. To slash it even more doesn't make sense."

The Senate plan failed to muster the support to come to a vote Thursday.

If history is any guide, the House's proposed 50 percent cut is unlikely, observers say, as is any increase.

Critics say the steady flow of federal dollars to local communities, with little accountability, absolves local politicians from making tough choices about how to pay for government services.

The federal government shouldn't be paying for curb cuts, arts school scholarships or sewer hookups, said Tad DeHaven, budget analyst with the libertarian Cato Institute.

"Of course local politicians love this program," DeHaven said. "Because they get to divvy out the funding and they don't have to tax their voters to pay for it."

Some Lehigh County commissioners took the opposite stance in 2012 by considering refusing the grant money. They were especially critical of money set aside to fund social service organizations, but favored grants targeting federal mandates, such as curb cuts.

Some Republican commissioners suggested nonprofits lean more on private donors and less on government handouts. Commissioner Scott Ott abstained in protest from voting on the grants, which he said contributed to a flawed system of government overspending.

"The Chinese communist government is fronting us money to feed 85-year-old elderly women in Lehigh County," he said in 2012. "It's not sustainable. It's not right. It's not morally acceptable to do that."

Commissioners, some grudgingly, approved the grants in 2012. A year later they unanimously and quietly approved the \$805,000 allocation.

The grant program pumps tens of thousands of dollars a year into the Lehigh Valley's most well-known nonprofits, including Habitat for Humanity, the Allentown Public Library, Meals on Wheels, the YMCA, the Boys and Girls Clubs and the Salvation Army.

It also pads city government budgets. In Lehigh County, for example, 20 percent, or \$227,000, of its 2013 allocation funded CDBG administration and services.

In Allentown, \$341,553 of the city's CDBG \$2.2 million allocation will pay salaries and benefits for 11 employees in the building standards and safety department.

Those dollars pay for oversight and services that help the city's poorest neighborhoods, Allentown Mayor Ed Pawlowski said. The city would be hard-pressed to maintain those services — including code enforcement, property rehabilitation and blight remediation — with local dollars if the program is cut in half.

Pawlowski disputes critics like DeHaven, who say such work should be paid for with local taxes.

"I think we have a responsibility as a society to help out the poorest among us," he said. "We do that in a number of different ways through the federal government, and this is one of the ways we help the poorest urban core communities in the country."

The federal grant money flows to five Lehigh Valley governments: Easton, Allentown, Bethlehem, Lehigh County and Northampton County. The cities use a large chunk of the money for code enforcement and housing and economic development, and distribute up to 15 percent to local nonprofits that provide public services to poor neighborhoods. The nonprofits must apply for the grants yearly. The money approved by the counties this year will be distributed to agencies next year.

The counties also give grants to charities and distribute them to boroughs and townships with low-income populations for capital projects.

For example, in Northampton County, Walnutport is in line to receive \$180,000 for water main repairs.

Because of the most recent cuts, the Literacy Center in Allentown won't be getting the \$30,000 it received this year from Lehigh County, though it will continue to get a \$10,000 grant from Allentown in 2014.

The grants have helped people like Michael Benson, 49, who is studying for a high school equivalency diploma.

Three decades after dropping out of high school, Benson is taking classes at the center and getting one-on-one tutoring for the General Educational Development test, which he plans to take in October.

"As I got older, I got wiser," Benson said. "I can't turn back the hands of time but I can make things better."

Without the county grant, the center said it will have to cut four classes, affecting about 80 students.

Many nonprofits rely even more heavily on CDBG funding, getting grants from more than one of the cities and counties.

North Penn Legal Services' fair housing arm, for example, gets money from all five, totaling \$85,000. With 11 offices serving 20 counties in northeastern Pennsylvania, the nonprofit provides free legal assistance to low-income individuals and families. In 2012 it took on more than 10,000 cases with its \$5.76 million budget.

In the Lehigh Valley, CDBG funds a fair housing office and hotline that receives about 10 calls per week from people who may have been discriminated against over disability, ethnicity, family size or other factors. It also spreads information about fair housing rules.

"A 50 percent cut would really curtail the activities," Executive Director Victoria Coyle said. "A 50 percent cut would take us down to \$45,000, and that's not even enough to cover one full-time attorney. The education component would be completely lost, and people would be unaware of their rights and [landlords] of their obligations."

All their sources of income are taking a hit, Coyle said. "If CDBG gets cut, obviously it's going to be a lot more difficult to absorb than it ever used to be. We don't have a cushion to rely on."

Even if a steep cut doesn't come in the next year, said Parish, Easton's planning consultant, communities would be wise to prepare for more reductions.

Cities and nonprofits are simply going to have to learn to look elsewhere for funding, she said.

"The only thing you can do is play the smorgasbord game and be more aggressive about going after more sources."

