



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5258 (Substitute H-1 as reported without amendment)

Sponsor: Representative Bill Caul

House Committee: Family and Children Services

Senate Committee: Families and Human Services

Date Completed: 3-13-06

RATIONALE

The Michigan Economic and Social Opportunity Act provides for the designation of community action agencies (CAAs) to advocate for the reduction of the causes and effects of poverty, and foster self-sufficiency opportunities for low-income individuals. There are 30 community action agencies covering Michigan's 83 counties. Administered within the Department of Human Services by the Bureau of Community Action and Economic Opportunity, CAAs also must be approved by the local units of government in their service area. Community action agencies receive Federal funding from Community Service Block Grants and from a variety of other sources, including State and local government and nonprofit organizations.

Each CAA must appoint a board consisting of low-income members, public officials, and representatives from the private sector. The Administrative Code states that an individual other than a public official may not serve on the board of a CAA for more than five consecutive years without a one-year service break after the fifth year, or for more than 10 years total (R 400.19411). A CAA may request a waiver from the Bureau of Community Action and Economic Opportunity to the five and 10-year limits for an individual board member based on his or her contribution to the service area, participation in activities that benefit low-income people, effectiveness as a community leader, and other factors.

Because board members are not compensated for their work, some CAAs reportedly have had difficulty finding and retaining effective board members. Some

are concerned that the administrative rule requires the resignation of qualified board members who otherwise might be willing to serve for a longer period of time. Some believe that local CAAs should be able to establish term limits for their board members, notwithstanding the administrative rule.

CONTENT

The bill would amend the Michigan Economic and Social Opportunity Act to specify that a community action agency (CAA) could establish term limits for members of its board, and that an administrative rule establishing such term limits would be void.

The Act requires a CAA to establish a board of directors as follows: One third of the members must be elected public officials; one third must be low income, elderly, or consumers with disabilities; and one third must represent the private sector, including representatives of business and industry, agriculture, labor, and religious and civic organizations.

Under the bill, a CAA could establish term limits in the agency's bylaws for members of its board of directors. An administrative rule that purported to establish term limits for a member of a CAA board of directors would be void.

MCL 400.1111

BACKGROUND

Under the Act, community action agencies are required to serve as a primary advocate for the reduction of the causes, conditions, and effects of poverty, and to provide social and economic opportunities that foster self-sufficiency for low-income individuals. Either a public office or agency, or a nonprofit private agency, may be designated as a CAA. Authorized activities for a CAA include providing information on the nature and extent of poverty within the agency's service area; developing and administering programs to reduce poverty in the service area; assisting participants to secure and retain meaningful employment, attain an adequate education, and obtain adequate housing; and providing emergency supplies, food, and services to counteract starvation and malnutrition among the poor. Agencies may cooperate with members of the private sector in efforts to reduce poverty, and may mobilize Federal, State, and local public and private financial resources for that purpose.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Other than the State government, CAAs are said to be the largest providers of human services programs in Michigan. Their activities include administering Head Start programs, providing heating assistance and emergency food assistance, and weatherizing homes to reduce heating costs for low-income individuals.

Because CAA board members are not compensated for their service, finding and retaining effective board members is sometimes difficult. Reportedly, due to the term limits in the administrative rule, a highly respected board member serving on a CAA in Clare County will have to step down soon. Voiding that rule and authorizing CAAs to set their own term limits would allow experienced and capable board members to continue serving the community for longer than the five- or 10-year limit.

With the shortage of people who are willing and qualified to serve as board members, experienced members should not be arbitrarily limited in their terms of service.

Although the rule allows an agency to apply for a waiver of the term limits, CAAs would be better served if they could establish their own term limits without having to apply for a waiver, reducing the bureaucratic hurdles to retaining good board members. Local CAAs should be able to decide, based on their circumstances, what the appropriate term limits should be. Community action agencies perform important services for the poor and vulnerable, and the bill would give CAAs more flexibility to retain valuable members so that they can perform their functions well.

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Constance Cole

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.