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REPORT BY THE
Comptroller General
OF THE UNITED STATES



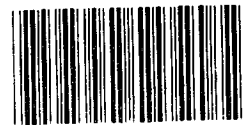
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**A Study Of The Joint Funding
Simplification Act**

The Joint Funding Simplification Act is in its fifth and final year as currently authorized; the act will expire in February 1980.

The act's implementation has been a disappointment. Only seven new joint funding projects have been funded since the act was passed. As of July 1, 1979, there were 17 active projects; 10 of these were carryover Integrated Grant Administration projects.

Despite the low level of activity, the experiences of a few highly successful joint funding projects have demonstrated that with Federal support, joint funding is a viable process for (1) packaging related programs and (2) simplifying grant administration. The State and local governments and Federal agencies which have established a successful joint funding project for several years have become strong proponents of the process.



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July 26, 1979

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-146285

The Honorable James R. Sasser
Chairman, Subcommittee on
Intergovernmental Relations
Committee on Governmental
Affairs
United States Senate

SEN06602

Dear Mr. Chairman:

On June 22, 1979, we briefed your staff on the results of our evaluation study of the Joint Funding Simplification Act (Public Law 93-510). At this meeting, they requested a briefing paper detailing the results of our study in order to assist them in preparing for hearings on joint funding. They requested, also, our analysis of the Office of Management and Budget (OMB) evaluation report on implementing the act. In addition, they asked for our comments on the Integrated Grant Development Act of 1979--Title III, Federal Assistance Reform Act, S.878.

The Joint Funding Simplification Act is in its fifth and final year as currently authorized; the act will expire in February 1980. In anticipation of congressional evaluation of whether joint funding legislation should be extended, and as a followup on our earlier assessment of the Integrated Grant Administration Program, we undertook a limited study to assess the joint funding concept under the act.

During our study, we reviewed six joint funding projects in Federal regions IV (Atlanta) and IX (San Francisco). Each of these projects had been jointly funded for at least 4 years and were considered to be among the most successful in the Nation. We interviewed representatives of the grantees and officials from Federal Regional Councils and regional offices of Federal agencies involved in the projects.

We also interviewed Federal headquarters' officials designated as joint funding coordinators at the Appalachian Regional Commission and the Departments of Commerce, Housing and Urban Development, and Labor. These agencies were selected because each served as the lead agency in at least one of the six joint funding projects reviewed and because of their continuing participation in the joint funding program.

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In addition, we interviewed OMB officials responsible for joint funding management; the Deputy Assistant to the President for Intergovernmental Affairs; and representatives of the various State and local government public interest groups.

The enclosed briefing paper details the results of our study of joint funding, our analysis of OMB's joint funding assessment report, and our comments on the Integrated Grant Development Act of 1979. The following summarizes the results of our work.

THE ACT'S IMPLEMENTATION HAS BEEN A DISAPPOINTMENT

Only seven new joint funding projects have been funded since the Joint Funding Simplification Act was passed almost 4-1/2 years ago. As of July 1, 1979, there were 17 active projects; 10 of these were carryover Integrated Grant Administration projects. In addition, 15 new proposals were in various stages of review.

The reasons for the low level of joint funding activity, as reported by OMB, include the following:

- OMB's lack of adequate and timely leadership, support, and oversight.
- Federal agencies' limited commitment.
- The act's permissive nature; Federal agency participation is not mandated, and no effective forum exists for conflict resolution among agencies.
- Statutory provisions in individual agency programs, which prohibit participation in the joint funding process.
- Federal agencies' inexperience with, improper use of, or nonadherence to OMB Circulars.

Our study's findings confirmed those identified in the OMB evaluation report. In our opinion, the evaluation report presented a reasonably complete assessment of the joint funding concept. Our analysis of the evaluation report is discussed later.

JOINT FUNDING: AN EFFECTIVE PROCESS
WHEN GIVEN PROPER FEDERAL SUPPORT

The experiences of a few highly successful joint funding projects have demonstrated that given the proper level of Federal support, joint funding is a viable process for (1) packaging related programs and (2) simplifying grant administration. The State and local governments and Federal agencies which have established a successful joint funding project for several years have become strong proponents of the process.

These joint funding projects, however, did not achieve a successful program overnight. It took an evolution process, and that process was both at the Federal, State and/or local level. Many administrative and organizational barriers had to be hurdled. The process took time and it required a lot of "give and take" among all parties. Improvements came when the participants, Federal and grantee, became accustomed to the process as an ongoing effort and succeeded in minimizing the obstacles and difficulties.

The six joint funding projects we reviewed are among the few in the Nation that have managed to establish a continuing joint funding program. These grantees, and the Federal officials who have been involved, believe that the projects have achieved significant benefits. Despite their success, these six projects still have some problems.

Benefits achieved and problems
being encountered by joint
funding grantees

Joint funding grantees believe two significant benefits have been achieved using the joint funding process: administrative simplification of the Federal grant process and better internal coordination and management. These benefits are demonstrated in three of the joint funding projects we reviewed: Atlanta Regional Commission (a regional planning project), Chattanooga Human Services Department (a human services delivery project), and Commonwealth of Kentucky (a statewide planning project).

Atlanta Regional Commission

Joint funding enables the Atlanta Regional Commission to achieve a fully integrated planning program. Without joint funding, the requirements for a separate application and work plan for each grantor

agency, plus the additional red tape associated with administering multiple grants with differing, and sometimes conflicting, administrative requirements and funding cycles, would severely inhibit (if not totally preclude) the Commission's achievement of a fully integrated planning program.

Joint funding permits the Commission to seek support from more than one Federal agency for activities necessary to develop and maintain the required common and consistent planning bases. Since these essential elements are eligible for funding by all of the Federal agencies involved in the Commission's Integrated Regional Development Planning Program, joint funding permits the Commission and the participating agencies to agree upon needed total annual amounts and the percentages to be borne by each grantor agency.

Chattanooga Human Services Department

Joint funding enables Chattanooga's Human Services Program to more effectively and efficiently meet the total socioeconomic problems of the community. It permits Chattanooga to use a unified system, on the Federal and local level, to more adequately meet the needs of people for which Federal categorical programs are designed.

Joint funding also has enabled Chattanooga to achieve numerous administrative benefits, such as reducing staff, consolidating transportation services, eliminating service fragmentation, and reducing competition among city agencies for funds.

Commonwealth of Kentucky

The main goal of Kentucky's joint funding project is to provide for the orderly planning and implementation of local, State, and Federal programs that affect and serve continued progressive development of State communities and regions. Joint funding enables Kentucky to provide financial and programmatic resources. These resources support comprehensive planning and technical assistance services to local governments and public agencies by 15 Area Development Districts.

Joint funding enables each Area Development District to prepare one plan instead of many separate plans. Each Area Development District has a complete picture/product to use, which gives it a better understanding as to what it is trying to achieve.

Despite these benefits, the joint funding grantees are still experiencing some problems. One of particular concern to the joint funding grantees is the receipt of Federal funds. The problem stems from different funding cycles of Federal agencies. Another problem involves restrictions imposed by States when the joint funding grantee receives its Federal funds through a State agency. One joint funding grantee said the poor attitude toward joint funding by regional staffs of several Federal agencies is a major stumbling block.

A joint funding grantee said that Federal monitoring of its program was a problem. The grantee believed the success of its program had led to reduced monitoring efforts by Federal agencies. In its view, more Federal monitoring was necessary "to keep us on our toes."

Joint funding grantees generally attributed the success of their programs to the commitment by the Federal lead agency project manager. They indicated that this official was critical in the development of a joint funding program. One joint funding grantee, in particular, believed the success of its program was due largely to the Federal participating agencies officials' desire and willingness to develop a high quality program. The grantee said that the Federal officials were working as a team, not as individual agency representatives, in partnership with the grantee in developing, assessing, and improving the program.

The joint funding grantees all indicated the continued need for joint funding legislation. They stated, also, the program would be improved if (1) OMB and the Federal agencies made a stronger commitment, (2) an appeal process existed to resolve conflicts among Federal agencies, (3) OMB enforced its own circulars, (4) the Federal Regional Councils were given more authority and staff, and (5) the benefits of joint funding were promoted to potential applicants and public interest groups.

Federal agency officials'
viewpoints on joint funding

During our study, we interviewed Federal officials who have been involved in joint funding for many years. Their experiences have included being lead agency project managers for joint funding projects and/or serving as joint funding coordinators in a Federal agency or Federal Regional Council. Some of these officials also assisted OMB in drafting Circular A-111 and participated in OMB joint funding evaluations.

Those Federal officials who served as lead agency project managers generally agreed that their joint funding projects had been successful. Some officials attributed the success of the projects to the good cooperation among Federal participating agencies. Others cited the mutual trust that existed between the Federal officials and the grantees. Most Federal officials stated the grantees had excellent management and staff.

All the Federal officials we interviewed identified some problems with joint funding. In addition, they provided their recommendations for improving the program. The following highlights the major problems and recommendations.

Problems

- OMB has not made a commitment to joint funding: staff resources have been minimal, joint funding training for Federal agency officials has been inadequate, and enforcement of its circulars and regulations has been lacking.
- Federal agencies generally have not made a commitment to joint funding--it has not been institutionalized. It has been viewed as another layer of administrative effort instead of a part of the agencies' mission.
- No focal point or forum exists for resolving conflicts in joint funding. They are resolved through negotiations, which create inconsistent rulings.
- Joint funding is an "add on" responsibility for agency officials in headquarters and regional offices.

- No incentives or rewards for Federal agency participation exist. Likewise, no penalties exist for nonparticipation.

Recommendations

- Joint funding legislation should be reauthorized.
- OMB should be responsible for implementing and managing the joint funding program. It should (1) provide guidance and train Federal agency personnel, (2) develop uniform joint funding provisions for Federal agencies, (3) resolve conflicts between Federal agencies and recipients in developing and administering joint funding, and (4) promote joint funding. OMB should provide staff for these functions.
- Joint funding should be institutionalized as a part of a Federal agency's mission.
- A full-time joint funding coordinator position should be established in each Federal agency headquarters office and its respective regional offices.
- A system of awards and incentives should be developed to provide special recognition of Federal staff efforts in successful joint funding activities.

ANALYSIS OF OMB'S EVALUATION
REPORT AND WORK PROGRAM

Evaluation report

OMB's report on the implementation of the Joint Funding Simplification Act presented a reasonably complete evaluation of the joint funding program. The report was balanced and unbiased--it discussed both the strengths and weaknesses of the joint funding concept and the benefits and problems of the joint funding process. The report's discussion on the costs and benefits of the joint funding process was particularly good. The report, however, was weak in its evaluation of OMB's role in joint funding--implementing the legislation and managing the program.

OMB has recommended that the Congress extend the Joint Funding Simplification Act for a minimum of 5 years. It did not, however, offer any amendments to strengthen the act. On the basis of the report's findings, some amendments should be offered.

OMB has also recommended actions by its office, the Office of Personnel Management, and Federal agencies. These recommendations should improve joint funding if OMB makes a real commitment to the program. It must assume a leadership role in joint funding for it to be successful.

Work program

OMB's Joint Funding Implementation Work Plan represents an ambitious effort to implement the recommendations in its evaluation report. The work elements, when implemented, should improve the joint funding program. Again, improvement is contingent on OMB's commitment to the program.

THE INTEGRATED GRANT DEVELOPMENT ACT OF 1979

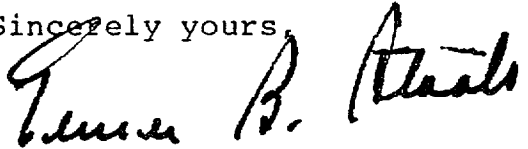
The Integrated Grant Development Act of 1979, Title III of the Federal Assistance Reform Act, S.878, authorizes joint funding for 5 more years and revises the Joint Funding Simplification Act. This legislation will help strengthen joint funding, by mandating that Federal grantor agencies more seriously consider the joint funding process. It will also provide a stronger role for OMB, including (1) training of Federal agency personnel, (2) developing criteria to guide Federal agencies in identifying programs suitable for integrated grant administration, (3) resolving conflicts between agencies in developing uniform provisions, and (4) resolving conflicts between agencies and recipients in developing and administering integrated grant programs.

The language changes incorporated in sections 5 and 8 of the act will resolve a conflict which we noted in our report, "The Integrated Grant Administration Program--An Experiment in Joint Funding" (GGD-75-90, January 19, 1976). Of more significance is the integrated management fund proposed in section 8(a) of the act. While the adoption of the integrated management fund would affect the integrity of individual Federal program appropriations, the integrated fund would allow for simpler administration and accountability of a jointly funded project.

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Should you wish to discuss these matters in more detail, we would be happy to meet with you or your staff. As agreed with your staff, copies of this report will be provided to others.

Sincerely yours,



Comptroller General
of the United States

Enclosure

C O N T E N T S

	<u>Page</u>
INTRODUCTION	1
Integrated Grant Administration Program	1
Joint Funding Simplification Act of 1974	2
Purpose and scope of study	2
JOINT FUNDING: ITS INTENT AND BENEFITS	5
Intent of joint funding	5
Benefits of joint funding	6
Project descriptions	7
THE ACT'S IMPLEMENTATION HAS BEEN A DISAPPOINTMENT	11
OMB's lack of adequate and timely leadership, support and oversight	11
Limited commitment by Federal agencies	14
Permissiveness of JFSA	14
Legislative barriers	14
Federal agencies' inexperience with, improper use of, or non-adherence to OMB Circulars	15
JOINT FUNDING: AN EFFECTIVE PROCESS WHEN GIVEN PROPER FEDERAL SUPPORT	16
Benefits achieved and problems being encountered by joint funding grantees	16
Federal agency officials viewpoints and recommendations on joint funding	25
ANALYSIS OF OMB'S EVALUATION REPORT AND WORK PROGRAM	31
Evaluation report	31
Work program	31
THE INTEGRATED GRANT DEVELOPMENT ACT OF 1979	32
ENCLOSURE	
I The joint funding process	33
II How the joint funding process works in Kentucky	38

III	The Chattanooga human services department experience with joint funding	42
IV	The Kentucky experience with joint funding	53

BRIEFING PAPER
FOR
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS
ON
U.S. GENERAL ACCOUNTING OFFICE STUDY
OF THE
IMPLEMENTATION OF THE
JOINT FUNDING SIMPLIFICATION ACT
(PUBLIC LAW 93-510)

INTRODUCTION

Federal financial assistance to State and local governments has increased dramatically during the last twenty-five years--\$3 billion in fiscal year 1955 to an estimated \$83 billion for fiscal year 1980. This growth resulted from a substantial increase in the number and scope of Federal assistance programs. Currently, assistance is provided through a network of 1,078 programs administered by 57 Federal departments, agencies, and commissions.

These programs provide wide-ranging assistance aimed at improving Americans' lives; however, certain shortcomings in these programs and their administration have become apparent. Studies showed that redtape and delays characterized most Federal assistance programs. In addition, each program often had its own unique requirements for eligibility, application, and administration. Because most new programs were developed without regard to existing ones, many requirements were inconsistent among similar programs.

The nature and extent of these problems were highlighted when grantees attempted to use funds from several Federal assistance programs to undertake specific projects. In 1969 the Office of Management and Budget (OMB) and several Federal agencies began a test aimed at simplifying the process of obtaining funds from several Federal sources for a single project. The test involved four separate projects undertaken by State, local, and regional organizations. The test's major feature was the use of a single application to seek assistance from several Federal agencies.

The concept of simplifying the process for obtaining funds from multiple Federal sources was included in the Federal Assistance Review. This was a Government-wide effort which OMB and 14 Government departments and agencies conducted from March 1969 to June 1973 to place greater reliance on State and local governments, move Federal decisionmaking out of Washington, D.C. and closer to the people, and reduce redtape.

INTEGRATED GRANT ADMINISTRATION PROGRAM

On January 14, 1972, OMB formally announced the Integrated Grant Administration (IGA) program, drawing upon the experience gained in the test use of a single application to obtain funds from several Federal programs. The IGA program was an experiment in simplifying the funding and administration of projects that were to use funds from several Federal programs. IGA, however, was not a grant program and therefore was not, in and of itself, a source of Federal

funds. Rather it was a means to coordinate the delivery of separate Federal assistance programs which contributed to the accomplishment of single or closely related applicant goals.

Among the program's features were the use of a single application and grant award notice, synchronized funding, single audit, and single financial and program reporting requirements.

JOINT FUNDING SIMPLIFICATION ACT OF 1974

The need for a coordinated, unified Federal response to State and local requests for multi-Federal assistance has been apparent since the beginning of Federal grant assistance. Legislation specifically establishing a mechanism to facilitate project funding from several Federal programs was first proposed in 1968. In December 1974 the Congress formally established such a mechanism with the passage of the Joint Funding Simplification Act (P.L. 93-510). Except for certain technical provisions, the Act incorporated the use of funding and administrative approaches similar to those used in the IGA program.

The Joint Funding Simplification Act (JFSA) is in its fifth and final year. The Act will expire in February 1980, but it is expected to be considered for reauthorization by the Congress this year.

On April 20, 1979, OMB issued an evaluation report on the implementation of JFSA, under Section 11 of the Act. Despite some serious deficiencies in the implementation, which are described in OMB's assessment report, OMB is recommending extending JFSA for a minimum of five years. OMB has also prepared a plan to implement the recommendations in their evaluation report.

In addition, legislation has been introduced that would authorize joint funding for five more years, and also, revise JFSA. The legislation--Integrated Grant Development Act of 1979, S. 878--mandates a more serious consideration of the joint funding process by the Federal grantor agencies.

PURPOSE AND SCOPE OF STUDY

In anticipation of Congressional evaluation of the need to extend joint funding legislation, and as a follow-up on our earlier assessment of the Integrated Grant Administration

program, we undertook a limited study to assess the joint funding concept under JFSA. Specifically, our objectives were to:

1. Ascertain the adequacy of OMB's and Federal agencies' actions and efforts to implement JFSA.
2. Ascertain the problems encountered and benefits achieved by joint funding grantees using JSFA.

During our study, we reviewed six joint funding projects in Federal Regions IV (Atlanta) and IX (San Francisco). Each project had been jointly funded for at least four years and was considered to be among the most successful in the Nation. We interviewed representatives of the grantees and officials from Federal Regional Councils and regional offices of Federal agencies involved in the projects.

We also interviewed Federal headquarters officials designated as joint funding coordinators at the Appalachian Regional Commission, Department of Commerce--Economic Development Administration, Department of Housing and Urban Development, and Department of Labor. Each agency served as the lead agency in at least one of the six joint funding projects reviewed and has continued participating in the joint funding program.

In addition, we interviewed OMB officials responsible for joint funding management; the deputy assistant to the President for intergovernmental affairs; and representatives of the various State and local government public interest groups.

Many of the Federal officials and joint funding grantees we interviewed have been involved with joint funding--Integrated Grant Administration (IGA) and JFSA--for many years. They are considered to be very knowledgeable about the program. Many of the Federal officials have experiences in assisting OMB in drafting Circular A-111; participating in OMB joint funding evaluations; and serving as joint funding coordinators in a Federal agency or Federal Regional Council. These Federal officials and the joint funding grantees were the primary sources used in our study.

During our study, we also monitored closely the OMB evaluation. We attended periodic meetings of their evaluation task force when they discussed study methodology, data collection, and reporting format. In addition, we reviewed the data they collected and drafts of their report.

For our study, we did not review the mechanics of the joint funding process. Such reviews were done in OMB's current and prior joint funding assessments.

JOINT FUNDING: ITS INTENT AND BENEFITS

Joint funding is essentially a management tool to

"... enable State and local governments and private, nonprofit organizations to use Federal assistance more effectively and efficiently, and to adapt that assistance more readily to their particular needs through the wider use of projects drawing upon resources available from more than one Federal agency, program, or appropriation. ... [and] to encourage Federal-State arrangements under which local government and private, nonprofit organizations may more effectively and efficiently combine State and Federal resources in support of projects of common interest to the governments and organizations concerned."

The Joint Funding Simplification Act provides the legislative authority and the Office of Management and Budget Circular A-111 the policies and procedures to be followed in the joint funding of related programs of Federal assistance to State and local governments and nonprofit organizations.

The following discusses the intent of joint funding and the benefits that can accrue to participating Federal grantor agencies and the grantee/recipient.

INTENT OF JOINT FUNDING

The primary goal of joint funding is to simplify acquisition and administration of Federal grants by insuring uniformity of regulations, coordination among Federal agencies, and reduction of duplicative services. In short, it allows grantees with multiple Federal (and possible State) grants to more effectively manage these increasingly complex and confusing grants. Joint funding does not eliminate problems among funding agencies or among grantors and grantees, nor does it alleviate problems in Federal and State grant programs. However, joint funding does provide a means to address and solve such problems through built-in communication lines and consequent understanding and compromise.

Joint funding has no impact on the programmatic goals and objectives of any existing grantor agency--each grantor agency maintains programmatic, as well as, fiscal responsibility for its particular grant. But the program is administered as a unified group, not as separate, unrelated entities.

BENEFITS OF JOINT FUNDING

Under the joint funding process, certain specific benefits can accrue to both the participating Federal grantor agencies and the grantee/recipient. For the GRANTOR, there are two primary benefits:

1. By allowing and encouraging joint project responsibility among Federal agencies, as well as, between Federal and State government, joint funding provides each participating agency with an increased awareness and understanding of related problems, goals and objectives of other agencies. This provides the foundation for more effective inter-governmental coordination and cooperation in the resolution of shared problems.
2. One of the Federal grantor agencies is designated as a lead agency, who is responsible for coordinating and simplifying the administrative paperwork, which should result in reducing the overall administrative costs for all agencies involved.

Joint funding benefits the GRANTEE/RECIPIENT also in two important ways:

1. By definition, joint funding provides for and encourages applicants to address complex and interrelated physical, social and economic problems. Joint funding thus allows the grantee/recipient to meet the particular needs of its area by coordinating the planning and undertaking of programs with Federal support.
2. Joint funding provides the applicant with three assistants at the Federal level. These assistants, the Federal Regional Council (FRC), Joint Funding Federal Interagency Task Force, and Federal Lead Agency help process a joint funding application and coordinate grantor-grantee relations throughout the grant period. By working with these three groups, the grantee realizes a number of benefits that combine to reduce the administrative workload:

--One application to complete (same application is submitted to all funding agencies).

- One grant award with a synchronized funding cycle.
- One Federal letter of credit for all Federal funds that are eligible for advance draw-down.
- One financial and programmatic report to be completed.
- One set of audit standards and one audit to be performed.
- A means of obtaining waivers of conflicting Federal administrative regulations.
- The ability to establish one overall set of operating procedures.

These benefits add up to two valuable improvements to both the grantee and grantor agencies: increased programmatic output and greater cost effectiveness. Program staff can produce more under joint funding because they have more time to apply toward programmatic work instead of administrative details. Also, because of integration of the program, joint funding enables program administrators to more efficiently assign staff to avoid duplication of effort and to share expertise across different areas of the program. As a result, cost effectiveness is improved through increased programmatic output and reduced administrative functions.

Enclosure I on page 33 explains the steps involved in the joint funding process, the participants, and their responsibilities.

Enclosure II on page 38 discusses in detail how the joint funding process works for a presently operating joint funding program--the Commonwealth of Kentucky.

PROJECT DESCRIPTIONS

Potential grantees are given considerable flexibility in proposing the types of projects to be considered for joint funding. Accordingly, there are no major characteristics common to joint funding projects other than most are targeted to various planning activities e.g., comprehensive planning, land use planning and functional planning. The grantees are States, cities, Indian governing bodies, regional planning agencies, or councils of governments. The following describes the six joint funding projects we reviewed.

Atlanta Regional Commission project

The Atlanta Regional Commission (ARC) is a multi-purpose, comprehensive regional planning agency created in 1971. It is the single governing body for providing unified policy direction to about ten planning components, which form a fully integrated, interfunctional planning process. The Commission serves 16 general purpose local governments including the City of Atlanta, and is governed by a 31-member board.

ARC is in its seventh year as a jointly funded project designed to bring regional considerations into the many different actions and decisions affecting the future of metropolitan Atlanta. The Commission's strategy is to (1) develop regional policies and (2) encourage regional policy implementation. For calendar year 1979, five Federal agencies will provide \$1,876,981 from nine Federal assistance programs to support the project.

Chattanooga Human Service Delivery Project

The Chattanooga Human Services Delivery project is designed to render comprehensive social services, in conjunction with other governmental or private agencies, to its disadvantaged citizens. Program emphasis is on intake and referral at the community level, early childhood development, manpower training, maintenance care and supportive services.

One of the first IGA program projects, Chattanooga is now in its sixth year using joint funding. The project will receive \$3,388,419 from three Federal agencies under three Federal assistance programs to support its human services delivery activities from October 1, 1978 to September 30, 1979.

Enclosure III on page 42 discusses Chattanooga's experience with joint funding.

Commonwealth of Kentucky project

Kentucky was the first State to develop a statewide joint funding project that joined Federal, State and local funds into a single application. It is in its fifth year as a statewide joint funding project.

The main goal of Kentucky's project is to provide for orderly planning and implementation of local, State and Federal programs that impact and serve continued progressive development of communities and regions of the State.

Kentucky's methodology is to provide financial and programmatic resources through joint funding to support comprehensive planning and technical assistance services to local governments and public agencies by 15 Area Development Districts--representing all 120 counties in Kentucky.

For the period July 1, 1978 to June 30, 1979, Kentucky received about \$3,160,086 from seven Federal agencies under seven Federal assistance programs to fund the project, which totals \$5.6 million. The project will work toward developing community and social resources.

Enclosure IV on page 53 details Kentucky's experience with joint funding.

South Carolina Appalachian Council of Governments project

The South Carolina Appalachian Council of Governments (SCACOG) is an association of county and municipal governments created to foster intergovernmental coordination and cooperation in regional planning and policymaking. Council members consist of 6 counties and 46 cities.

SCACOG is in its fifth year as a joint funding project for comprehensive areawide planning. From July 1, 1978 to June 30, 1979, five Federal agencies provided about \$518,415 from six Federal assistance programs to support its regional planning activities.

State of Arizona project

Arizona is in the fourth of a five-year commitment for the joint funding of certain Federal planning grant programs. The project is one of two in the Nation in which the Governor's office receives funds from multiple Federal sources and then channels them to several State agencies and regional planning organizations.

For the period October 1, 1978 to September 30, 1979, Arizona will receive \$2.1 million from seven Federal agencies under seven Federal assistance programs. These funds awarded to the Governor's office, in turn, will pass through to three State agencies and six councils of governments.

Sacramento Regional Area Planning Commission project

The Sacramento Regional Area Planning Commission (SRAPC), an association of local governments created in 1965

encompassing 4 counties and 12 cities, is an advisory mechanism through which citizens and their elected officials seek solutions to problems that cross city and county boundaries. It provides a forum for planning and formulating of recommendations on areawide problems of concern to its local governments.

SRAPC is in its seventh year using joint funding. The project received about \$1,565,778 from seven Federal agencies under ten Federal assistance programs to support comprehensive areawide planning activities from July 1, 1978 to June 30, 1979.

THE ACT'S IMPLEMENTATION HAS BEEN A DISAPPOINTMENT

The implementation of the Joint Funding Simplification Act (JFSA) has been a disappointment. Only seven new joint funding projects have been funded since JFSA was passed-- almost four and a half years ago. As of July 1, 1979, there were 17 active projects, ten of these being carryover IGA projects. In addition, 15 new proposals were in various stages of review.

The reasons for the low level of joint funding activity, as reported by OMB, include the following:

- OMB's lack of adequate and timely leadership, support, and oversight.
- Federal agencies' limited commitment.
- The act's permissive nature; Federal agency participation is not mandated, and no effective forum exists for conflict resolution among agencies.
- Statutory provisions in individual agency programs, which prohibit participation in the joint funding process.
- Federal agencies inexperience with, improper use of, or nonadherence to OMB Circulars.

Our study's findings confirmed those identified in the OMB evaluation report. In fact, in our opinion, the evaluation report presented a reasonably complete assessment of the joint funding concept. Our analysis of the evaluation report is discussed later.

The primary impediments to the implementation of JFSA are described below.

OMB'S LACK OF ADEQUATE AND TIMELY LEADERSHIP, SUPPORT AND OVERSIGHT

OMB did not provide adequate and timely leadership, support, and oversight to implement JFSA. These factors resulted in the long delay in promulgating joint funding regulations after passage of JFSA; less than complete success of the OMB joint funding training program; lack of information about the joint funding program; limited monitoring and

enforcement of JFSA and Circular A-111; and assignment of minimal staff resources to implement joint funding.

Long delay in promulgating
joint funding regulations

After enactment of JFSA (December 5, 1974), it took OMB 20 months to issue the implementing regulations--Circular A-111, Jointly Funded Assistance to State and Local Governments and Non-profit Organizations (July 30, 1976). The delay was attributed to two factors:

1. OMB's long delay in approving proposed regulations for publication in the Federal Register. Although proposed regulations were completed in April 1975 by GSA (who was responsible for implementing JFSA from December 1974-December 1975) they were not approved by OMB until 6-7 months later. The proposed regulations were eventually published for comment in December 1975.
2. Under Executive Order 11893, December 31, 1975, the responsibility for implementing JFSA was transferred from GSA to OMB. The transfer further delayed implementation, but more importantly, it significantly reduced resources devoted to central management of joint funding--only one professional staff member being assigned to implement joint funding. This condition still exists today, three and a half years later. GSA had three professional staff members assigned to the program when it had responsibility for joint funding.

Less than complete success
of joint funding training program

After issuance of Circular A-111, OMB conducted a series of three two-day joint funding training sessions from July - September 1976. Over 140 Federal agency personnel in headquarters and regional offices were provided basic information about joint funding principles and procedures to enable them to become trainers in their agencies and regions.

OMB's Joint Funding Program Manager characterized their joint funding training, however, as a failure, citing two reasons:

1. Most of the Federal agency officials trained three years ago were no longer involved in joint funding today, resulting in a shortage of joint funding trainers.
2. OMB never conducted any more joint funding training programs because it believed that the Federal agencies were responsible for training their staff.

Joint funding grantees and various Federal agency officials we interviewed agreed with OMB's self-assessment of their joint funding training program. They stated OMB should have done more training, and in some cases, retraining. Some Federal officials believed that the training should have focused more on the programmatic aspects instead of the mechanics of joint funding.

Lack of information on joint funding program

OMB has not published a general information booklet describing the joint funding program. This lack of general information about joint funding has been a contributing factor to the low level of joint funding activity. A booklet, however, was drafted almost two years ago, which OMB has handed out selectively when they have received requests for joint funding information.

OMB did not start publishing their Listing of Federal Assistance Programs Suitable for Joint Funding Purposes--essential information needed by potential joint funding grantees--until November 1977. This information, however, is now published semi-annually--May and November.

Limited monitoring and enforcement of JFSA and Circular A-111

OMB did not assume an active role in monitoring and enforcing JFSA and Circular A-111. OMB's evaluation report illustrated the results of OMB's limited monitoring and enforcement of joint funding implementation by Federal agencies. Various Federal agency officials we interviewed confirmed OMB's limited monitoring and enforcement role.

Minimal staff resources assigned to implement joint funding

Since OMB has been responsible for implementing and centrally managing joint funding, only one professional person has been assigned to carry out these functions. Joint

funding, however, is not this person's full-time responsibility. He estimates that he spends 75-percent of his time on joint funding responsibilities.

OMB's allocation of minimal resources to joint funding has been a major impediment to the success of the program. Almost every Federal agency official and joint funding grantee we interviewed cited OMB's minimal resources for implementing and managing joint funding as a major problem.

LIMITED COMMITMENT BY FEDERAL AGENCIES

Joint funding has had limited support from Federal agencies; basically, it has been of low priority. Many agencies have not issued regulations or trained their staff, and the staff allocated for joint funding has been extremely limited.

Most Federal agency headquarters and regional office officials stated that joint funding was an "add on" responsibility; a relatively minor part of their responsibilities. We identified only three officials who indicated that they had joint funding coordination or project management in their job descriptions.

Generally, joint funding has yet to become institutionalized in Federal agencies. It has been viewed as another layer of administrative effort, instead of a part of the agencies' mission. Federal agencies see joint funding benefits as indirect and long range, with no immediate short-term payoffs.

PERMISSIVENESS OF JFSA

JFSA was legislated as a voluntary process, and the legislation provided no incentive for Federal agencies' participation.

Furthermore, JFSA did not provide any effective forum for resolving conflicts among Federal agencies involved in a joint funding project. As a result, the Federal Regional Councils--who lack administrative authority over member agencies--have had difficulty mediating and resolving conflicts.

LEGISLATIVE BARRIERS

Statutory provisions in certain Federal programs prohibit participation in the joint funding process. The

statutes prohibiting participation include the Older Americans Act of 1965, as amended and the Rehabilitation Act of 1973, as amended.

FEDERAL AGENCIES' INEXPERIENCE WITH
IMPROPER USE OF, OR NON-ADHERENCE TO
OMB CIRCULARS

OMB Circular A-111 uses certain grant administrative standards promulgated by other OMB financial management circulars to provide more uniformity and consistency to grant application/reporting policies and procedures. Some of the impediments to the joint funding process were attributed to Federal agencies' inexperience with, improper use of, or non-adherence to these circulars. Various joint funding grantees and Federal agency officials stated that if OMB enforced its own circulars, some joint funding problems would be alleviated.

JOINT FUNDING: AN EFFECTIVE PROCESS
WHEN GIVEN PROPER FEDERAL SUPPORT

The experiences of a few highly successful joint funding projects have demonstrated that given the proper level of Federal support, joint funding is a viable process for (1) packaging related programs and (2) simplifying grant administration. The State and local governments and Federal agencies which have established a successful joint funding project for several years have become strong proponents of the process.

These joint funding projects, however, did not achieve a successful program overnight. It took an evolution process, and that process was both at the Federal, State and/or local level. Many administrative and organizational barriers had to be hurdled. The process took time and it required a lot of "give and take" among all parties. Improvements came when the participants, Federal and grantee, became accustomed to the process as an ongoing effort and succeeded in minimizing the obstacles and difficulties.

The six joint funding projects we reviewed are among the few in the Nation that have managed to establish a continuing joint funding program.

BENEFITS ACHIEVED AND PROBLEMS
BEING ENCOUNTERED BY JOINT
FUNDING GRANTEES

The six joint funding projects we reviewed have achieved significant benefits, but they still have some problems. The following discusses the perceptions of grantees and Federal agency officials of the benefits these projects have realized and the problems they are still encountering.

Atlanta Regional Commission (ARC)

Benefits

1. Achievement of a fully integrated planning program. Without joint funding, the requirements for a separate application and work plan for each grantor agency, plus the additional red tape associated with administering multiple grants with differing, and sometimes conflicting, administrative requirements and funding cycles, would severely inhibit (if not totally preclude) ARC's achievement of a fully integrated planning program.

2. Ability to treat its Integrated Regional Development Planning Program as a single unified "project" in computing the required matching share in accord with Attachment F of OMB Circular A-102. Simply stated, the matching share computation is based on the "total project"; rather than on individual elements thereof. This permits ARC to utilize overmatch from some elements to offset undermatch in other elements so long as there is sufficient total match available within the project to cover all of the individual participating grantor agency requirements.
3. Ability to seek support from more than one Federal agency for activities necessary to develop and maintain the required common and consistent planning bases. Since these essential elements are eligible for funding by all of the Federal agencies involved in ARC's Integrated Regional Development Planning Program, joint funding permits ARC and the participating agencies to agree upon needed total annual amounts and the percentages to be borne by each grantor agency.

Problems

1. Lack of State participation where ARC receives its Federal funds through a State agency/ARC subgrant contract.
2. Inability to use joint funding to apply for competitively awarded, discretionary grant programs administered out of Washington.

Grantee and Federal agencies comments

Grantee

ARC's joint funding project success has resulted from the commitment of two groups. First, from the Federal side, the success was the result of the commitment by the lead agency's joint funding project manager. ARC found that the calibre and dedication of the person who was project manager was critical. With a good one, things could be accomplished. If not, progress slowed down. Second, the commitment by ARC was critical to the project's success.

ARC officials believe the joint funding program could be improved if OMB exerted a stronger leadership role, provided more joint funding training and retraining for

Federal agency officials, and promoted the benefits of joint funding to the public interest groups, and if Federal agencies were required to incorporate Circular A-111 in their own regulations.

Federal agencies

The success of the ARC joint funding project can be attributed to the cooperation among the participating Federal agencies. While there were some problems initially, over a period of time, ARC and the Federal agencies developed a mutual trust. The low turnover of Federal agency officials dealing with ARC contributed to the development of this mutual trust.

The Federal participating agencies characterize the ARC joint funding project as an excellent one. ARC's management is strong, and its product excellent and on-time.

Chattanooga Human Services Department

Benefits

1. Joint funding enables Chattanooga's Human Services Program to more effectively and efficiently meet the total socioeconomic problems of the community. It permits Chattanooga to use a unified system, on the Federal and local level, to more adequately meet the needs of people for whom Federal categorical programs are designed.
2. Joint funding also has enabled Chattanooga to achieve numerous administrative benefits, such as reducing staff, consolidating transportation services, eliminating service fragmentation and reducing competition among city agencies for funds.

Problems

1. Receiving Federal funds once joint funding grant award is approved. The problem stems from different funding cycles of Federal agencies.
2. Additional reporting requirements. Two agencies are requiring Chattanooga to file separate reports in addition to their regular joint funding quarterly reports. Efforts are being made to reduce the extra reporting.

3. State restrictions imposed on Chattanooga, where Chattanooga receives its Federal funds through a State agency.

See enclosure II for Chattanooga's experience with joint funding.

Grantee and Federal agencies comments

Grantee

The Chattanooga Human Services Department believes that joint funding has been invaluable in planning and delivering human services to the people of Chattanooga. Human services delivery is much more effective and efficient than it was prior to joint funding and consolidation.

Chattanooga officials believe that success of their joint funding project is due largely to the Federal participating agencies' officials desire and willingness to develop a high quality program. They are working as a team, not as individual agency representatives, in partnership with Chattanooga in developing, assessing, and improving the program. In fact, they are now considering jointly funding an internal monitoring and planning unit for the total Chattanooga program.

Chattanooga officials believe OMB has not been a strong leader in joint funding, and that OMB must make a commitment to the program for it to work successfully.

Federal agencies

The Federal agencies participating in the Chattanooga joint funding project generally agree that the program has been successful, and that definite benefits have been achieved by coordinating the various categorical programs involved in the project. These agencies, however, believe there is still room for improvement. Therefore, they are continuously working with Chattanooga to improve the program.

Commonwealth of Kentucky

Benefits

1. Joint funding enables Kentucky to provide financial and programmatic resources to support

comprehensive planning and technical assistance services to local governments and public agencies by 15 Area Development Districts (ADDS).

2. Joint funding provides a total plan for the ADDS instead of many separate plans. The complete picture/product gives them a better understanding of what they are trying to achieve.
3. It provides better awareness of Federal and State programs that meet their needs.
4. It allows for better administration of programs. Reduction in staff time to administer programs has allowed more time to doing actual program implementation.
5. It fosters flexibility of staff.

Problems

1. Insufficient monitoring of Kentucky joint funding project by Federal agencies. The success of the project has led to a reduction of monitoring efforts by Federal agencies. Kentucky officials believe more Federal monitoring is necessary "to keep them on their toes."

See enclosure IV for Kentucky's experience with joint funding.

Grantee and Federal agencies comments

Grantee

The success of Kentucky's joint funding program would not have been possible without the commitment and support of the Governor and the State legislature. They have allocated more funds to the Department for Local Government (DLG) for use in the joint funding program, encouraged State agencies to participate, and spoken to Federal policymakers on behalf of joint funding. Other reasons for Kentucky's success include:

1. Presence of a statewide system to assist local governments with DLG as coordinator and the ADDS as program implementors.
2. Support of a strong, active Southeastern Federal Regional Council.

3. Assistance, understanding and support from participating Federal funding agencies, particularly the Federal lead agency. These agencies were patient in dealing with IGA as a demonstration project. They gave DLG the opportunity to alleviate problems, correct mistakes and develop a viable project over 3 years duration.
4. Support by local officials for addressing problems and needs at the regional and State level.

The Kentucky joint funding project has been running smoothly for the last three years. Kentucky officials feel they have reached the point where most of the project's administrative problems are now resolved--a system is in place in which all Federal, State and local participants have approved. Kentucky and Federal officials are now looking for ways to improve and expand the programmatic aspects of the project.

Kentucky officials believe joint funding could be improved if Federal agencies were more strongly committed to the program; an appeal process existed to resolve conflicts between Federal agencies; the Federal Regional Council's were given more authority and staff; and OMB enforced its own Circulars.

Federal agencies

Federal agency officials involved believe the Kentucky joint funding project is an excellent program. The key to their success has been the strong State staff and the support of the Governor, in addition to, the support of the Area Development Districts.

The Federal participating agencies believe most of the mechanical and bureaucratic problems of the Kentucky project are now resolved. They are now concentrating more on improving the programmatic aspects of the program--integrating more Federal programs into the project.

South Carolina Appalachian Council of Governments (SCACOG)

Benefits

1. Development of an integrated program to deliver planning and management services. Joint funding simplifies obtaining Federal grant funds to achieve a integrated program.

- 2 Flexibility of staff.
3. A 30-percent increase in administrative costs if SCACOG did not use joint funding.
4. Reduction of financial and program reports.

Problems

1. Receiving Federal funds once grant award is approved. The problem stems from different funding cycles of Federal agencies.

Grantee comments

South Carolina Appalachian Council of Governments' officials attribute the success of their joint funding project to their lead agency project manager. This individual was committed to make the SCACOG joint funding project a success. In their view, it has been.

SCACOG officials believe joint funding could be improved if Federal agencies were more strongly committed to the program; the Federal Regional Council's were given more authority and staff; and joint funding was sold to other potential applicants.

State of Arizona

Benefits

1. Joint funding provides the Governor's office with a basis for integrating and coordinating the planning efforts of semi-autonomous State agencies.
2. It allows subgrantees (councils of governments) to see how Federal programs fit together rather than simply seeing the programs separately.
3. Joint funding has enabled subgrantees to improve project timetables, project data, state and local relationships and information sharing which has resulted in improving planning coordination.

Problems

1. No audit has been done of the entire project in four years.
2. No common system exists for allocating indirect costs among the Federal agencies.
3. No agreement has been reached among all parties on a consolidated joint funding project quarterly program report.
4. A major stumbling block has been the poor attitude toward the joint funding concept on the part of regional staffs of several Federal offices.

Grantee and Federal agencies comments

Grantee

Arizona officials believed the word "simplification" in the title of JFSA implied less work, staff time and paperwork. This, however, was not the case. In spite of this realization, they are still strong supporters of JFSA because of the benefits its regional planning organizations and state agencies can reap.

A major concern to Arizona officials was that Federal regional agency officials involved with its program could not make decisions for their agencies. They believe these officials should have this authority for joint funding projects.

Arizona officials stated that OMB needs to play a larger role in joint funding than it has in the past. More guidance from OMB is needed to encourage Federal agencies compliance with joint funding regulations.

Federal agencies

The former lead agency project manager for the Arizona joint funding project said that coordination and management was difficult because only two of the eight Federal agencies involved made their funding decisions at the regional level. The other six Federal agencies made their funding decisions in Washington.

Federal officials involved with the Arizona project felt that there has been a significant amount of "organizational learning" by Arizona in the joint funding process.

Some officials believed that the State had finally "turned the corner" on its project.

The Chairperson of the Western Federal Regional Council stated that JFSA and its regulations were good. He indicated, however, three reasons why there were difficulties with the JFSA. First, although OMB had conducted training sessions for Federal officials in the beginning, it did not continue its training efforts. Second, no system existed for problem referral and problem resolution in JFSA. Third, there has been a continuing problem of staff turnover of Federal officials involved in joint funding projects.

Sacramento Regional Area
Planning Commission (SRAPC)

Benefits

1. Development of a comprehensive areawide planning program. Joint funding simplifies Federal, State and local administrative machinery and enables a more comprehensive and effective approach to SRAPC's program.
2. Reduction of administrative costs.
3. Simplified cash flow.

Problems

1. Waiver of Federal agency non-statutory administrative programmatic and/or fiscal requirements. Overall, many requirements which should be waived are not known in advance of the application.

Grantee and Federal agencies comments

Grantee

SRAPC officials believe that joint funding has made it easier to get Federal grant funds than trying to obtain funds through individual categorical programs.

The role of the lead agency project manager, according to SRAPC officials, is critical to joint funding success. He must be competent, conscientious and "tough" in getting other Federal participating agencies to fulfill their responsibilities. There must be "give and take"

between all Federal agencies involved in the project and the grantee, and not just between the lead agency and grantee. SRAPC believes their lead agency has always been supportive of their joint funding project. The other participating Federal agencies, while not enthusiastic about joint funding, have all been supportive of the SRAPC project. In fact, the Federal agency officials involved with the project have been "good."

SRAPC officials believe joint funding could be improved if the Federal Regional Councils had more authority and staff and multi-year funding was available.

Federal agencies

We did not have the opportunity to interview Federal officials involved with the SRAPC project. The Chairperson of the Western Federal Regional Council, however, thought it was the best joint funding project in the region.

FEDERAL AGENCY OFFICIALS VIEWPOINTS AND RECOMMENDATIONS ON JOINT FUNDING

During our study, we interviewed Federal officials who have been involved in joint funding for many years. They have been lead agency project managers for joint funding projects, and/or served as joint funding coordinators in a Federal agency or Federal Regional Council. Some of these officials, also, assisted OMB in drafting Circular A-111 and participated in OMB joint funding evaluations. In addition, we interviewed Federal Regional Council (FRC) staff officials and a FRC Chairperson.

The following are their individual views about joint funding and their overall recommendations for improving joint funding.

Viewpoints

Federal Regional Council joint funding coordinator

--This FRC has absolutely no concern for joint funding. There is no use in trying to deal with the FRC if no pre-applications are received.

--OMB has not been enforcing any of its financial management circulars. On that basis, it has not been discriminatory against Circular A-111.

--No official interpretation of Circular A-111 exists. OMB farmed out the circular to Federal agencies to implement without any organizational unit--which should have been OMB--to resolve any questions and/or conflicts as to interpretation.

--No reward exists for Federal agency officials participating in a joint funding project.

--The strength of joint funding is the ability to mesh various Federal programs together to achieve a common purpose.

Federal agency headquarters joint
funding coordinator and a lead
agency project manager

--OMB enforcement of its own circulars and regulations is lacking. They develop the draft regulations, ask for comments from the Federal agencies, make changes, and then tell the agencies to implement them. However, OMB never follows-up to see if they are implemented or enforced.

--No focal point or forum exists for resolving conflicts in joint funding. They are resolved through negotiations, which can create inconsistent rulings.

--Except on joint funding projects, Federal agency program people rarely, if ever, talk with each other, even when they are dealing with the same grantee.

--Joint funding coordination is an "add-on" responsibility for officials in this agency.

--JFSA and OMB Circular A-111 do not solve the attitudinal problems some Federal agency officials have toward joint funding.

--No Federal agency or official is responsible for the success or failure of joint funding.

--This Federal agency has made a real commitment to joint funding.

--The successful projects in this region result from the dedication and perseverance of lead agency project managers and task forces to make joint funding work.

--Joint funding is an administrative mechanism. It is a success when administrative consistency has been achieved among Federal agencies. It allows more time for delivering program services than administering them.

Lead agency project manager

--This joint funding project works because of the desire of the grantee to see it succeed.

--Joint funding only works when people are willing to work together.

--The successful projects in this region result from local initiatives to get them going and make them work. These people got involved because they foresaw the benefits, and they believe they have achieved them.

--Generally, Federal agencies have not made a commitment to joint funding. It is not institutionalized, and unless it is, it won't work.

Lead agency project manager

--If you want to make joint funding work, it will work. If you don't want joint funding to work, you can throw up many roadblocks to hinder its progress.

--The joint funding program is designed to make the Federal grant process easier for the grantee, not for the Federal agencies.

--Joint funding is an "add-on" responsibility for a lead agency project manager.

Federal Regional Council
executive director

--If you have a holistic viewpoint and mission - and production-oriented people, you can make anything go. For these reasons, we have successful projects in this region.

Federal Regional Council Chairperson

--Joint funding is a good piece of legislation, with good regulations.

- OMB's joint funding training for Federal agency officials is inadequate.
- There is no system of problem resolution for joint funding. A system needs to be developed to assure that problems are referred upwards and resolved.
- Staff turnover in Federal agencies has been a continual problem.
- Decisionmaking authority for joint funding projects should be in Federal agency regional offices.

Federal Regional Council
staff director

- Joint funding conjures up words like "more staff time" and "more work" to Federal agency regional administrators. Hence, administrators will try to avoid joint funding, if possible, since there are no incentives for participation in joint funding and no penalties for non-participation.
- A permanent staff is necessary in Federal Regional Councils to handle joint funding, the A-95 process and other intergovernmental matters.

Federal agency headquarters
joint funding coordinator

- Joint funding has not simplified the grant administrative process or reduced costs for Federal agencies.
- Officials in this Federal agency dislike joint funding for a number of reasons:
 - a. Joint funding is a different way of doing things from the normal grant process.
 - b. Program officials have trouble finding where "their" money went.
 - c. Program officials believe they lose information and contact with the grantee.
 - d. Agency officials do not see any agency benefits from joint funding.

e. State and local grantees do not come into joint funding with a common programmatic perspective or a common work program.

--Joint funding is an "add-on" responsibility for agency officials in Washington and the regional offices.

Federal agency headquarters
joint funding coordinator

--Top management of this Federal agency is neutral toward joint funding, while some headquarters and regional officials see benefits.

--Joint funding coordination is viewed as a collateral duty in this agency. A joint funding advocate is looked upon as a salesman for joint funding at the expense of agency programs.

--There are no rewards or payoffs for having a good joint funding project, except the satisfaction one receives from seeing a job "done better."

--Joint funding provides an excellent opportunity for areawide agencies to tie their programs together.

--Federal agencies and OMB have not gotten the "word" out to potential applicants about the benefits of joint funding.

Recommendations

The following recommendations for improving joint funding were expressed by the above Federal officials.

--Joint funding legislation should be reauthorized.

--OMB should be responsible for implementing and managing the joint funding program. They should provide guidance and train Federal agency personnel; develop uniform joint funding provisions for Federal agencies; resolve conflicts between Federal agencies and recipients in developing and administering joint funding; and promote joint funding. OMB should provide staff for these functions.

--Joint funding should be institutionalized as a part of a Federal agency's mission.

- Joint funding regulations should be incorporated as part of each Federal agency's regulations.
- There should be a full-time joint funding coordinator in each Federal agency headquarters office and their respective regional offices.
- Federal Regional Councils should be assigned permanent staff for such activities as joint funding coordination, A-95 review, and other inter-governmental matters.
- A system of awards and incentives should be developed to provide special recognition of Federal staff efforts in successful joint funding activities.
- Provisions of program statutes and regulations that prohibit or impede participation in joint funding should be identified and appropriate legislative or administrative changes initiated.
- Federal agency regional offices should have more authority, where necessary, to facilitate joint funding.
- Commonly-related assistance programs for joint funding projects should be prepackaged.

ANALYSIS OF OMB'S EVALUATION
REPORT AND WORK PROGRAM

EVALUATION REPORT

OMB's report on the implementation of the Joint Funding Simplification Act presented a reasonably complete evaluation of the joint funding program under JFSA. The report was balanced and unbiased. It discussed both the strengths and weaknesses of the joint funding concept and the benefits and problems of the joint funding process. The report's discussion on the costs and benefits of joint funding was particularly good. The report, however, was weak in its evaluation of OMB's role in joint funding--implementing the legislation and managing of the program.

OMB has recommended that the Congress extend JFSA for a minimum of 5 years. It did not, however, offer any amendments to strengthen JFSA. On the basis of the report's findings, some amendments should be offered.

OMB has also recommended actions by its office, the Office of Personnel Management and Federal agencies. These recommendations should improve joint funding, if OMB makes a real commitment to the program. It must assume a leadership role in joint funding for it to be successful.

WORK PROGRAM

OMB's Joint Funding Implementation Work Plan represents an ambitious effort to implement the recommendations in its evaluation report. The work elements, when implemented, should improve the joint funding program. Again, improvement is contingent on OMB's commitment to the program.

THE INTEGRATED GRANT
DEVELOPMENT ACT OF 1979

The Integrated Grant Development Act of 1979, Title III of the Federal Assistance Reform Act, S. 878, authorizes joint funding for 5 more years and revises the Joint Funding Simplification Act. This legislation will help strengthen joint funding, by mandating that Federal grantor agencies more seriously consider the joint funding process. It will also provide a stronger role for OMB, including (1) training of Federal agency personnel, (2) developing criteria to guide Federal agencies in identifying programs suitable for integrated grant administration, (3) resolving conflicts between agencies in developing uniform provisions, and (4) resolving conflicts between agencies and recipients in developing and administering integrated grant programs.

The language changes incorporated in sections 5 and 8 of the act will resolve a conflict which we noted in our report, "The Integrated Grant Administration Program-- An Experiment in Joint Funding" (GGD-75-90, January 19, 1976). Of more significance is the integrated management fund proposed in section 8(a) of the act. While the adoption of the integrated management fund would affect the integrity of individual Federal program appropriations, the integrated fund would allow for simpler administration and accountability of a jointly funded project.

THE JOINT FUNDING PROCESS

For the most part, joint funding proposals represent the applicant's strategy to enlist the participation and support as required of local, State and Federal agencies to develop a needed facility or management system to provide a program of services. Like any intergovernmental or interagency undertaking, a high degree of cooperation, coordination, shared interests and commitment to the proposal is needed for a successful joint funding effort.

WHO'S INVOLVED IN JOINT FUNDING

There are many actors in the joint funding process. Each plays an integral role in the development and continuation of a successful joint funding effort.

Office of Management and Budget. The Office of Management and Budget is responsible for overseeing the implementation of joint funding policies and procedures. It also provides necessary guidance to Federal agencies, Federal Regional Councils, and applicants.

Federal Regional Councils. Federal Regional Councils are available to assist applicants in initiating and processing joint funding proposals and coordinating Federal (and State, if appropriate) participation in joint funding projects. FRC's have the authority to establish interagency task forces to oversee the processing and administration of joint funding proposals including providing a forum for resolution of interagency issues or problems. Additionally, FRC's maintain continuous oversight over jointly funded projects within their areas.

Participating Agencies. Participating agencies are those Federal (sometimes State or other) agencies providing financial assistance for a jointly funded project. While one of the participating agencies is designated to serve as lead agency for coordinating Federal participation in the project, all participating agencies are still responsible for ensuring that their funds are properly disbursed and for monitoring project elements funded by their programs.

Lead agency. The lead agency functions as the communication link in administrative matters between participating agencies and the applicant. The lead is generally assumed by the Federal agency which has central interest in the

project and/or which is providing the largest amount of financial assistance. It is responsible for providing the necessary services in administering the jointly funded project and arranges for establishment of a joint management fund and letter of credit payment method for the project.

Interagency Task Force. The interagency task force functions as a collective project review and decisionmaking body of representatives from participating Federal and State agencies. The task force meets at the request of the project manager, usually a staff person assigned by the lead agency, to coordinate and communicate Federal and applicant concerns with all the participants.

Applicant. The applicant can be any State or local government, Indian tribe, or non-profit organization.

State. The State can act as a grantor and/or an applicant. State participation in jointly funded projects is encouraged.

State and Local Interest Groups. State and local interest groups serve as an information source to applicants of jointly funded projects.

HOW TO OBTAIN A JOINT FUNDING GRANT

All Federal domestic assistance programs available to State and local governments and non-profit organizations, unless excluded by statute, are eligible for inclusion in joint funding programs. State grant programs also are eligible for inclusion at the discretion of specific State legislation, regulations and policies.

A list of Federal programs eligible for joint funding is published annually in the Catalog of Federal Domestic Assistance. This listing includes the programs considered suitable for joint funding with other closely related Federal financial assistance programs in accordance with the provisions of OMB Circular A-111.

Preapplication phase

Before actively pursuing a jointly funded project, the potential applicant must

- study and define the program desired, which should include determining local needs and assessing potential linkages between needs and existing funding sources;
- study the list of grant programs eligible for joint funding; and
- determine from this list, those grant programs that are eligible to fund activities to be included in the joint funding project.

After making these determinations, the applicant should contact the appropriate FRC, obtain the name of the Council's joint funding coordinator, and discuss the potential program with this individual. The coordinator would provide general information and place the applicant in contact with appropriate personnel in each Federal funding agency.

If discussions with potential Federal funding agencies--also State agencies, if involved--produce favorable results, a preapplication can be developed following the format and instructions provided in OMB Circular A-111. The applicant should advise the appropriate A-95 clearinghouses of its intent, if required, and then submit the preapplication to the FRC.

Through the joint funding coordinator, the FRC oversees review with the appropriate Federal agencies. If State agencies are involved, the applicant should attempt to have one State agency as primary contact point to review at the State level. If this is not possible, each State agency involved should be forwarded a copy of the preapplication.

If one or more Federal and one or more State programs, or two or more Federal programs indicate a favorable review, the FRC--who authorizes preparation of full application--will designate a lead agency for the project and that agency will name a project manager. The lead agency will assist the applicant in preparing the application and in coordinating activities with participating agencies. The project manager will chair an interagency task force--composed of a representative from each participating agency--named to oversee the project.

Application processing

After the lead agency, project manager and interagency task force are designated, the applicant can prepare an

application. From the beginning, all parties should be in agreement concerning work program content and tentative funding levels. No application should be completed in a vacuum, or attempted in a trial and error fashion. The applicant should know what the funding agencies want and will accept before initiating an application.

When the application is completed, it is submitted to the appropriate State and A-95 clearinghouses, if required, and to the lead agency. The lead agency will coordinate review, provide the applicant with final comments, and will arrange for preparing the grant award and letter of credit upon approval of the application by the participating Federal funding agencies.

Funds delivery

The lead agency is responsible for arranging the establishment of a joint management fund and letter of credit that allows the grantee to conveniently draw funds as needed. The management fund is a financial device established by the lead agency to record the receipt and disbursement of funds awarded by several Federal agencies to the joint funding recipient. It enables the lead agency to utilize the Federal letter of credit procedure to facilitate disbursing multiple grants on a timely basis in response to the funding needs of the project.

MANAGING A JOINT FUNDING PROGRAM

The basic requirements for obtaining and managing a joint funding grant are indicated in OMB Circular A-111 (Jointly Funded Assistance to State and Local Governments and Non-Profit Organizations), OMB Circular A-102 (Uniform Administrative Requirements for Grants-In-Aid to State and Local Governments) and Federal Management Circular 74-4 (Cost Principles Applicable to Grants and Contracts with State and Local Governments).

To meet the requirements indicated in A-111, A-102 and 74-4 the following is suggested:

1. Be fully cognizant of all terms and conditions of the grant award.
2. Compile an administrative handbook and obtain approval for administrative procedures from each grantor. Subjects covered in the handbook should

ENCLOSURE I

ENCLOSURE I

include a formal method to amend the annual work program, a method to make budget amendments, and a standard reporting format for both financial and programmatic reports.

3. Establish, with approval of participating agencies, a bookkeeping system that includes agency operating policies such as those for personnel, vacation, procurement, indirect cost rates, etc.
4. Build in, as part of the joint funding program, a method to evaluate program's overall effectiveness.

To facilitate management of the joint funding program and avoid problems, the grantee should maintain open lines of communication to the participating agencies, especially the lead agency. Significant problems can arise in the joint funding program when participating agencies are uninformed or misinformed--misunderstandings occur and distrust arises among agencies. Cooperation is necessary for joint funding to work.

Finally, the grantee should work very closely with the lead agency to promote a strong, active and enlightened interagency task force. The stronger the task force, the better the chance of an effective joint funding program.

Enclosure III discusses in detail how the joint funding process works for a presently operating joint funding program--the Commonwealth of Kentucky.

HOW THE JOINT FUNDING PROCESSWORKS IN KENTUCKY

Enclosure I discussed the specific aspects of the joint funding process--who's involved, how to obtain a jointly funded grant, and how to manage the program. The following explains how one joint funding grantee--the Commonwealth of Kentucky--implements the joint funding process for its program.

KENTUCKY'S JOINT FUNDING PARTICIPANTSDepartment for Local Government

The primary role of Kentucky's Department for Local Government (DLG) is to act as a broker between Kentucky's Area Development Districts (ADD's) and the Federal and State funding agencies. DLG staff assists the funding agencies in delivering their money to the local level. It also assists the ADD's, both programmatically and administratively, to carry out the objectives of the funding agencies and of their local constituencies.

DLG administers the program, including all funds in the joint funding program. It prepares and submits the official application, coordinates work program development, mediates disputes between funding agencies and ADD's, facilitates intergovernmental cooperation, and monitors the progress of work programs.

Area Development Districts

The Kentucky ADD's are legislatively defined geographic regions of the State governed by boards of local officials and citizens which provide planning, management, and technical services to local units of government, and thus are the actual implementors of the joint funding program. They receive funds from the various funding agencies through DLG to hire staff and perform work activities agreed upon by their Boards of Directors and the funding agencies.

Funding agencies

The Federal lead agency for Kentucky's joint funding program is the Economic Development Administration (EDA). A staff person from EDA's regional office in Atlanta is the project manager, and also, the chairperson for the joint

funding task force. This task force is comprised of a member from each funding agency, both Federal and State. The participants include:

- Department of Housing and Urban Development (HUD),
- Economic Development Administration (EDA),
- Appalachian Regional Commission (ARC),
- Urban Mass Transportation Administration,
- Kentucky Department for Human Resources (KDHR), which provides funds from the State, Department of Health, Education, and Welfare (HEW), and the Department of Labor (DOL),
- Kentucky Department of Transportation (KYDOT), which provides funds from the State, and the Federal Highway Administration (FHWA),
- Kentucky Division of Disaster and Emergency Services (KDES), which provides funds from the State and the Department of Defense, and
- Kentucky Department of Natural Resources and Environmental Protection (DNREP), which provides State funds.

KENTUCKY'S JOINT FUNDING
GRANT PROCESS

Annual work programs

A comprehensive work program that satisfies both the needs and desires of the ADD and its funding sources is established annually for each ADD. Funds in Kentucky's joint fund program from EDA, HUD, ARC, and DLG call for work activities within a defined framework, but this framework is generally broad enough to accommodate specific objectives determined by the ADD. Consequently, each ADD, with DLG direction and assistance, prepares annually a joint funding proposal for the use of EDA, HUD, ARC, and DLG funds. These agencies review each ADD's proposals, discuss them among themselves, and negotiate jointly a final, individualized work program with each ADD.

Use of funds in Kentucky's joint funding program from other sources (KYDOT, KDOJ, KDHR, KDES, and DNREP) is more restrictive, and consequently, a different work program is designed for each. KYDOT and KDES work directly with each ADD to prepare an individual work program for their funds to address as many needs of both the ADD and funding agency as possible. KDHR and KDOJ receive input from the ADD's and, then develop in-house, a standard program that applies to each ADD. In the past, DNREP has used the same procedure as KDHR and KDOJ. In all cases, DLG acts as coordinator to achieve a comprehensive work program acceptable to all involved parties.

Application processing

The Department for Local Government has sole responsibility for completing the joint funding application. While the ADD's and funding agencies are developing and negotiating the final work programs, DLG is working on the application according to the guidelines stipulated in OMB Circular A-111. DLG files a Notification of Intent with the State A-95 Clearinghouse and compiles introductory material and a general description of the programmatic elements to be included in the application.

DLG also devises an acceptable process for allocating funds it directly administers (State funds for ADD's in DLG's budget and HUD 701 funds) and allocates these accordingly. Also, DLG receives tentative funding levels for each ADD from the funding agencies. Once this is complete, DLG can finalize the funding information forms stipulated in OMB Circular A-111, add any appendices, and submit the application to the Southeastern Federal Regional Council, EDA, and other funding agencies.

-Application completion time is generally set for around May 1 of each year. This allows 30 days for A-95 review and 30 days for agency review before the beginning of the new fiscal year (July 1). Although this appears quite simple, it is often difficult to obtain accurate funding estimates from the agencies in time for the May 1 deadline. Nor is it easy for DLG to equitably allocate State and HUD funds in the necessary timeframe. The problem is obtaining funding information in a timely fashion.

Applying for continuation of the joint funding program is not a major obstacle for DLG since a preapplication is only

necessary the first year and much of the information included in the application simply requires annual updating.

Funds allocation

Each participating agency is responsible for its allocation of funds, just as it is responsible for programmatic content and monitoring. Therefore, agencies allocate funds to the ADD's in a variety of ways, according to their particular priorities.

Funds delivery

Funding is provided for Kentucky's joint funding program through two means. First, DLG receives a letter of credit from EDA for funds provided directly from the Federal agencies. Second, funds are provided through contracts with other State agencies. Since Federal funds are often obtained by these State agencies and included in the contracts, some Federal agencies participate indirectly through grants to State agencies.

MANAGEMENT OF KENTUCKY'S JOINT FUNDING PROGRAM

Administratively, DLG maintains about five professional and clerical personnel to monitor and assist the ADD's with financial management. This same group insures that the proper paperwork and reports flow among the ADD's, DLG, and the funding agencies.

The basis for effective management of the joint funding program is the Kentucky Joint Funding Administration Manual. This contains an administrative handbook, bookkeeping manual, and audit guide, all of which have been approved by the funding agencies and are updated annually. Also included in the Manual are copies of OMB Circular A-111 and A-102 and Federal Management Circular 74-4 for reference purposes.

For program development, program monitoring, and liaison with funding agencies and ADD's, DLG maintains about fifteen professional and clerical staff persons. These individuals search for new programs with potential benefit to the Commonwealth to include in joint funding; work with agencies and ADD's to determine program content each year; monitor the current year's activities; and coordinate functions among the involved parties.

Two additional employees have responsibilities for supervising and administering the overall program, for a total of about twenty-two staff persons.

THE CHATTANOOGA HUMAN SERVICES DEPARTMENTEXPERIENCE WITH JOINT FUNDING

The City of Chattanooga is the only human services delivery joint funding program in the Nation. The program, which is operated by the city's Human Services Department, is designed to render comprehensive social services, in conjunction with other governmental or private agencies, to its disadvantaged citizens. One of the first IGA program projects, Chattanooga is now in its sixth year of joint funding.

Joint funding has enabled Chattanooga's Human Services Program to more effectively and efficiently meet the total socioeconomic related problems of the community. The joint funding process, however, has not created a utopia. There are still those elements of local government in terms of planning and coordination within the programs that create some problems. The Chattanooga Human Services Department experiences of operating a jointly funded program of service delivery has taught them, however, that the advantages far exceed the remaining problems.

HISTORICAL PERSPECTIVE

In 1969, by action of the Congressional Green Amendment, the City of Chattanooga became the grantee agency for four categorically funded Federal programs:

- The Manpower Program, funded by the Department of Labor.
- The Community Action Agency, funded by the Office of Economic Opportunity, now the Community Services Administration.
- The Model Cities Program, funded by the Department of Housing and Urban Development.
- The Head Start and Parent Child Center Program, funded by the Department of Health, Education, and Welfare, and operated by the Community Action Agency.

Programmatically, the categorical concept posed problems for the city officials and for the citizens who were eligible for services:

1. The high cost of staffing each program, with one executive and two or more deputy directors, imposed cost for which the city had to account.
2. The duplication of services, offered by each program, imposed an unnecessary cost and a waste of manpower.
3. Outreach workers from different agencies, all seeking the same basic information, were converging upon the families simultaneously.
4. Periodically, the City Commission was flooded with a series of single program documents--applications, reports, and assessments--for action and/or approval.
5. The recipients of the services of categorical programs were frustrated with the individual source of these services.

In the early 1970's Chattanooga began looking for a better way. The city realized that planning and design were necessary for effective programming. To fully accomplish this, they had to look for an alternative to categorical funding. The integrated grant funding mechanism--the IGA program--was the alternative they envisioned.

DEVELOPMENT OF THE CHATTANOOGA
JOINT FUNDING PROGRAM

In December 1972, Chattanooga consolidated three categorical program functions into the single operation--the Chattanooga Human Services Department. The former programs, molded together under one administrative staff, provided a unified approach to meeting the multi-problematical needs of each client and home to be served in Chattanooga. The consolidation also enabled Chattanooga to channel Federal funds for human services activities to one city department.

Chattanooga submitted its first application for a jointly funded project to the Southeastern Federal Regional Council (SEFRC) in June 1973 and received approval in July 1973 for fiscal year 1974 funding. The Department of Housing and Urban Development (HUD) was designated as the Federal lead agency, with the Department of Labor (DOL); Department of Health, Education, and Welfare (HEW); and the Office of

Economic Opportunity--now the Community Services Administration (CSA) as participating Federal agencies.

In June 1974, just prior to fiscal year 1975 funding, DOL withdrew from the Chattanooga IGA program project, but HUD, HEW, and CSA continued the project. These three agencies also funded the project for fiscal year 1976.

When the HUD Model Cities program was terminated, the Chattanooga project was almost phased out. City officials, however, restructured the program and appealed to SEFRC and the existing Federal funding agencies to continue its existence with a new Federal lead agency and new programs.

The old project terminated on September 30, 1976. HEW and CSA continued to fund the program separately until the decision to continue the joint funding program was reached.

In October 1976, DOL, HEW, and CSA agreed to provide a joint funding program for Chattanooga, with DOL as the Federal lead agency, effective January 1, 1977.

JOINT FUNDING: THE CHATTANOOGA STRATEGY
FOR HUMAN SERVICES DELIVERY

Over six years ago Chattanooga made a commitment to improve the delivery of human services to its disadvantaged citizens. The development of a single program approach--through the consolidation of three categorical programs into a single department--was a major step to enhance this commitment. Centralizing management of the three former programs enabled the city to plan and evaluate a human services program according to a single data base, a single group of objectives, a single set of standards for evaluation, and a single flow of information to Chattanooga decisionmakers. The three programs always shared a common purpose; Chattanooga's strategy was to create a management capability to direct this purpose and to make the attainment of similar goals of reality.

The joint funding process is an essential part of Chattanooga's strategy. The advantages of the joint funding program--a single application, a common funding cycle, a single source of funding, a uniform reporting system, a uniform completion report, and a single audit--are basic to the improved management of programs with a common purpose.

Overall program design

Chattanooga's joint funding program is designed to use a unified approach system, on the Federal and local level, to more adequately meet the needs of people for whom these categorical programs are designed. The overall objectives are to:

1. Provide a mechanism by which Chattanooga can be given Federal assistance for human services in a timely and unified fashion.
2. Enhance the capability of the Federal Regional Council to assist in solving many of the problems experienced in Chattanooga.
3. Continue synchronization of funding cycles of Federal, State, and local governments, and
4. Provide a useful vehicle for assisting Chattanooga in planning comprehensively and establishing priorities among program components.

The structural design of the Chattanooga Human Services Program (see figure 1. p. 46) is portrayed in a pyramidal manner only as a commonly accepted method of identifying administrative authority. The day-by-day operational design assumes a three-dimensional structure (see figure 2 p. 47) to show interrelations of categorical program services fusing into a single program approach in meeting the multi-problem needs of the poor and near poor.

With the three dimensional (aerospace) organizational design, human services arrangements are referred to by a variety of terms such as "project managers", "program management", or "program components". Such a design enables Chattanooga to overcome the difficulties encountered in multi-level hierachical organizations, of cutting across interorganizational boundaries to achieve greater integrated results. Thus Chattanooga is able to utilize the resources of specialists located in various components of their program and lessen the obstacles to coordination that nearly autonomous and geographically separated units tend to produce.

The major rationale of Chattanooga's overall program is to maintain the maximum number of quality services to poor individuals, families and neighborhoods. Chattanooga does this by continuing to improve their management

FIGURE 1
 CHATTANOOGA HUMAN SERVICES DEPARTMENT
 ORGANIZATION CHART

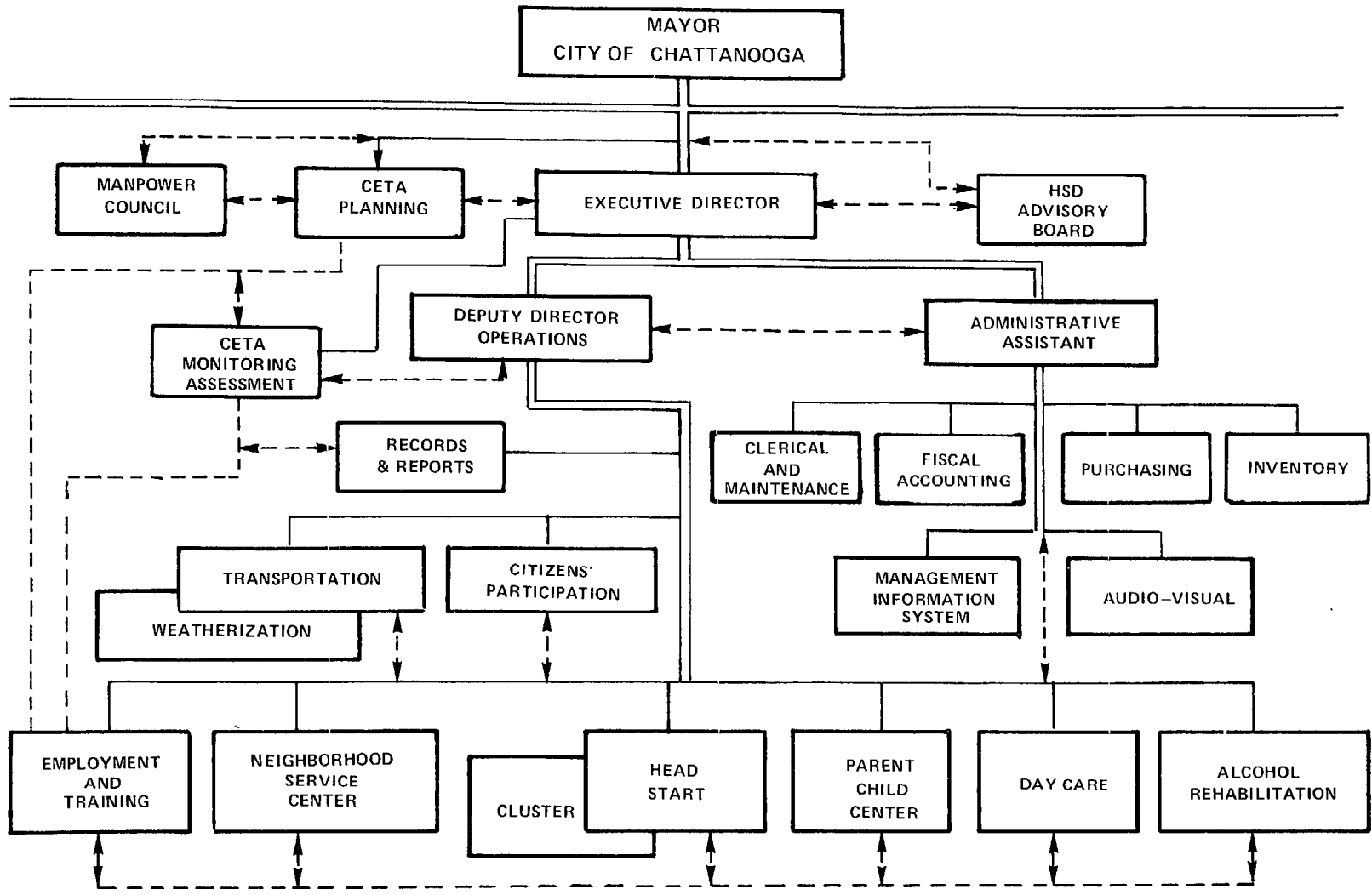
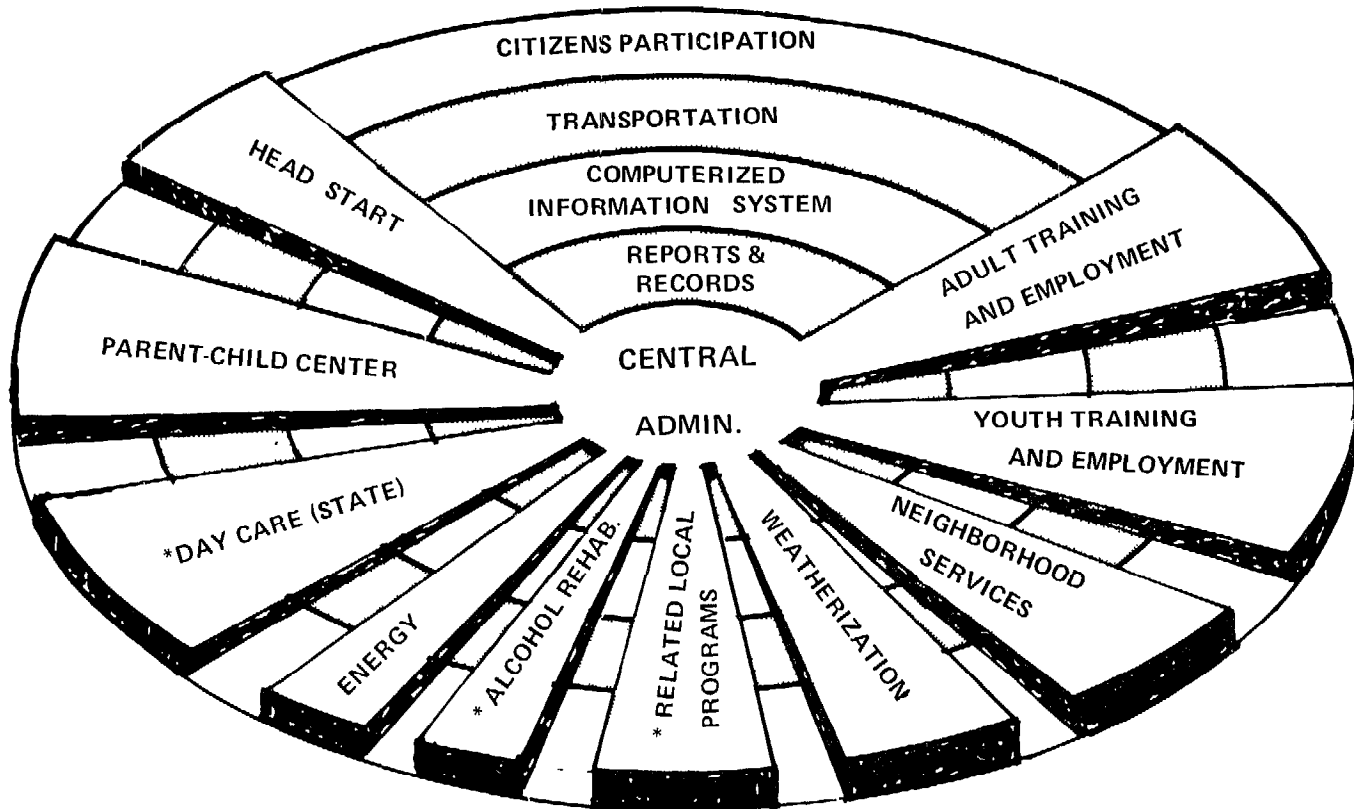


FIGURE 2

JOINTLY FUNDED ASSISTANCE PROGRAM
CITY HUMAN SERVICES DEPT. - CHATTANOOGA, TENN.



*NON-J.F.A. COMPONENTS

1. The internal structure based on the "single program of services" concept is accomplished only when components are viewed as a part of

The synchronization of services provided by the Chattanooga Human Services Department (CHSD) under joint funding, however, is not without its problems. Coordination within the Department is sometimes difficult to achieve:

Problems encountered

Chattanooga's annual joint funding application is designed to continue the process of getting the maximum services output for every dollar input. It annually continues (1) the joint efforts of local and Federal officials working to realize city and Federal objectives; (2) the experiment of reducing Federal oversight in program objectives of being accomplished; and (3) improving agency stability, planning, coordination, delivery, and administration of vital services to the poor of Chattanooga.

The efforts of the Federal Government in manpower training, welfare reform, energy, services to youth and children, and services to the elderly give clear evidence that changes of major proportions are forthcoming. Chattanooga's program design accommodates the effects that these changes will have on the local level and how they best might serve in their implementation.

The horizontal communication permits managers and all other categories of workers to share ideas, concepts, and techniques on how to get the job done and, more importantly, how the agency can better utilize resources, both people and equipment, in reaching its objectives. The vertical communication permits the systematic surfacing of ideas and techniques of service delivery from staff who are closest to the problems to those able to incorporate them, and at the same time reinforce the integral relationship of all workers.

Chattanooga's program design encompasses an expanded system of communication, both vertically and horizontally.

With management, they seek to establish better controls within less expenditure and to keep the span of control within manageable limits. With staff, they seek to expand the capabilities of each person so that each will be able to work in new roles and new programs.

the whole rather than individual programs within a structure. This task demands the constant attention and emphasis of the CHSD staff.

2. Fiscal and program monitoring is dependent upon receiving timely reports from the fiscal and computer departments of the City. Coordination within is dependent upon the coordination and cooperation which CHSD is able to establish.
3. Effective internal operation can be either negatively or positively influenced by the degree of coordination which takes place at Federal agency headquarters and/or regional office levels.

The single audit as specified in JFSA is a good example. If the lead agency has not received full acceptance on the structure and process of the single audit before it is performed, the after effects can cause internal management problems. On two occasions, CHSD funding has been threatened with delay due to the rejection of parts of the audit, which was already approved by the lead agency.

Nevertheless, due to the high degree of concern by Chattanooga's Mayor, who is responsible for the program and the cooperation of the various departments of the City, CHSD is able to eliminate local problems encountered as they surface. In addition, Chattanooga's Federal agency regional task force has been instrumental as a liaison, collectively and individually, in overcoming problems encountered from the regional level.

HUMAN SERVICES DELIVERY
AT WORK IN CHATTANOOGA
USING JOINT FUNDING

Joint funding enables Chattanooga's Human Services Program to more effectively and efficiently meet the total family and home needs. Each staff member within the Human Services Department is cognizant of the variety of services offered within the program and serves as a cross referral source in totally meeting a family's or home's identified needs in manpower, health, child care, transportation, home care, or home repair.

An over simplified example of how joint funding enables Chattanooga's Human Services Program to serve its clients can

be portrayed by a family with six members, who have all the common problems of the poor.

The home is visited by a field worker from the Neighborhood Service Center, which is funded by CSA. After determining the problem, the Center's counselor develops a plan of service designed to assist the family in overcoming their social, educational, health, and economic problems. This information is stored in a computerized information system, which is financed by all of the Federal participating agencies.

The family is without food, but through the Neighborhood Center, food is secured from outside agencies to hold the family until they can receive Food Stamps.

The family's home is without heat. In this case coal is purchased--using energy money funded by the Department of Energy through CSA--to keep the family warm until other arrangements can be made. If the family had been behind in their utility bills, such as electric bills, the energy money also could have been used to pay those particular delinquent bills.

The father, age fifty-six, and the oldest son, age eighteen, are both unemployed, but eligible for employment. The father can be placed either in training or a phase of DOL's Manpower Program as a holding situation until an unsubsidized job can be given him. The son can be given adequate training, so he will be able to develop a skill, and then placed in a job.

The four-year old child is enrolled in Head Start Program and the two-year old child is enrolled in the Parent-Child Center, both HEW funded. The three-year old child is enrolled in the Day Care Program, which is a HEW Title XX Project funded through the State. Although it is not a part of the joint funding program, it is an operating point of the joint funding procedure.

The mother is unable to keep her medical appointments due to health and physical conditions. The transportation system, which is funded by CSA, is able to take the mother to her medical appointments.

The family's home needs weather proofing. This is accomplished through the Weatherization Program--CSA funds

the materials needed and DOL/CETA the labor for its installation.

As these services are performed, the information is added to the computerized family folder. When the family is deemed self-sufficient, the computerized family folder is removed from the active data bank and stored in an inactive data bank to be used for future follow-up.

The synchronization of services provided by the Chattanooga Human Services Department is made possible by the joint funding process. It takes no more than one week to identify a family's needs, assess them, and meet them.

JOINT FUNDING: A SUCCESS
IN CHATTANOOGA

Joint funding has been used for human services delivery in Chattanooga for almost six years. Over the period, problems have occurred which joint funding has not solved. However, a number of factors indicate Chattanooga's success with joint funding.

Participating Federal agencies in the Chattanooga program are now seeing that joint funding is a good concept; they are making every effort to help Chattanooga develop a high quality human services program. Personnel in the Federal participating agencies are working as a team/task force--not as individual agency representatives--in partnership with Chattanooga in assessing the program and making recommendations. Also, task force members are learning about the other Federal agencies programs in the Chattanooga project and the problems with those programs and are planning together to eliminate those problems. In fact, they are considering jointly funding an internal monitoring and planning unit to be responsive to the total Chattanooga program.

Chattanooga's program staff members indicate that there is more understanding of the services available to support their efforts and much better understanding of project objectives. Neighborhood Service Center managers agree that they have a much more coordinated program to offer their clients. Clients now receive available services in an orderly manner at the same location.

The success of Chattanooga's program, however, would not have been possible without the commitment and support of the

city's former and present Mayor and City Commission. City officials restructured the program when the Model Cities program was terminated, and the then existing program could have been phased down or out. These officials appealed to the Southeastern Federal Regional Council and the appropriate Federal agencies to continue existence with a new lead agency and new programs.

Other reasons for Chattanooga's success include:

1. Consolidation of categorical programs into a single department.
2. Support of a strong, active Southeastern Federal Regional Council.
3. Assistance, understanding, and support from participating Federal funding agencies, particularly the initial Federal lead agency--HUD. These agencies did a great deal to help Chattanooga achieve an integrated grant, by helping city officials work out problems in achieving this goal.

THE KENTUCKY EXPERIENCEWITH JOINT FUNDING

Kentucky was the first State in the Nation to develop a statewide joint funding program bringing Federal, State, and local funds into a single application. The program, which is administered by the State's Department for Local Government for Kentucky's 15 Area Development Districts (ADDs), is designed to provide orderly planning and implementation of local, State, and Federal programs that impact and serve continued progressive development of Kentucky's communities and regions. An earlier IGA Project, Kentucky is now in its 5th year as a statewide joint funding program.

Joint funding has enabled Kentucky to more effectively and efficiently provide financial and programmatic resources to support comprehensive planning and technical assistance services to local governments and public agencies by 15 ADDs. The Kentucky joint funding program, which is considered one of the most successful in the Nation, however, was not accomplished overnight. It took an evolution process, and that process was both at the Federal and State level. Today, there are still difficulties, but the Kentucky program is now at a point where joint funding is realizing a greater return at the local level that could be achieved under individual categorical program funding.

HISTORICAL PERSPECTIVE

During the 1960s the number of Federal grant programs available to State and local governments increased dramatically--first with the programs of the New Frontier, then with the programs of the Great Society. For over a decade, Kentucky felt the impact of a concerned Federal Government. While these programs were often noble in spirit, by the time they reached Kentucky communities all glitter had worn off. Red tape and confusing delays were symptoms of the new approaches for social and physical programs.

It was difficult, at best, for the State government to meander through the maze. It was virtually impossible for Kentucky's 120 county judges or 430 mayors to deal with the enlarged bureaucracy. Kentucky was faced with a serious crisis of confidence by the people.

This loss of confidence was due in part to extensive program overlapping and duplication of services; lack of coordinated planning and program implementation; complex lines of communication; and most important of all, alienation of people from a government that seemed aloof and unresponsive to their needs.

With this situation facing it, the State decided to do something bold--get its house in order.

In 1972, the State strengthened its relationship with the local governments by initiating a new partnership with its sub-State districts--15 Area Development Districts (ADD's), which represented all of Kentucky's 120 counties. The ADD's were legislatively created in the late 1960s and early 1970s to provide services to units of local government in the areas of technical assistance.

In 1974, the Kentucky State Government was reorganized from 250 commissions, boards and agencies down to 8 cabinets. Also in 1974, Kentucky initiated another experiment--the Integrated Grant Administration (IGA) program.

DEVELOPMENT OF THE KENTUCKY JOINT FUNDING PROGRAM

The IGA program in Kentucky developed because the entire intergovernmental structure was in danger of collapse. Some 32 Federal planning programs were impacting Kentucky, and very little, if any, coordination existed for planning requirements, funding cycles, work programs, accounting procedures, and audits.

Kentucky's first involvement with the IGA program occurred when the Green River Area Development District (GRADD) implemented an integrated grant. The Kentucky State Government and other ADD's observed GRADD throughout fiscal year 1974 for possible Statewide expansion. When it became apparent the project was a success, it was agreed that the Department for Local Government (DLG) would lead in obtaining a statewide IGA on behalf of Kentucky's 15 ADD's.

When the first statewide IGA was approved for fiscal year 1975, with the Economic Development Administration as the Federal lead agency, all ADD's had similar, broad work programs. However, this situation was satisfactory to the

ADD's, because the work programs allowed a great deal of flexibility. The fiscal year 1976 IGA was patterned after the 1975 program a few improvements.

The same basic program has been implemented under the aegis of the Joint Funding Simplification Act for fiscal years 1977 to 1979. The Economic Development Administration still serves as the Federal lead agency. For fiscal year 1979, the program is also funded by the Appalachian Regional Commission, Department of Housing and Urban Development, Urban Mass Transportation Administration, Law Enforcement Assistance Administration, Department of Labor, and Department of Health, Education, and Welfare.

JOINT FUNDING: THE KENTUCKY FRAMEWORK
FOR JOINT FEDERAL STATE AND LOCAL
PLANNING AND IMPLEMENTATION EFFORTS

Joint funding has been in effect in Kentucky on a statewide basis for almost five years. This continued commitment exists to achieve Kentucky's overall objective:

To establish a framework for joint Federal, State, and local planning and implementation efforts through which the basic facilities, services, and management capabilities essential to the continued growth and development of the Commonwealth are met.

Need for joint funding

Kentucky's goal is to provide coordinated planning and implementation of local State, and Federal programs. It accomplishes this by providing financial and programmatic resources through joint funding to support comprehensive planning and technical assistance services to local governments and public agencies by 15 Area Development Districts (ADD's).

The ADD's are regional planning and development organizations, which represent Kentucky's 120 counties. By law, the ADD's are designed to supplement and assist local governments to improve government services and public management as well as plan for development; they are the vehicle for promoting and implementing orderly growth and development in Kentucky. ADD functions encompass all areas of development, i.e., land use, housing, community development, social and cultural services, law and justice, management assistance, economic development, and environment.

The ADD structure consists of a Board of Directors, advisory committees and staff. The main purpose of the Board of Directors, which is composed of local officials, citizens, and minority representatives, is to determine the needs and priorities of the region and reduce conflict and duplication of programs. The advisory committees develop recommendations for the Board to consider in making final decisions on regional programs and activities. The ADD staff serves as a key integrating factor by relating possible impact of recommendations/actions on areas of development. Subsequently, they carry out Board policies through approved programs.

The Area Development Districts have direct responsibility for planning and providing technical assistance in all areas of development, excluding education. This breadth of program responsibility allows ADD's to not only address immediate problems, but also secondary and potential problems. For example, if a problem of employment is identified, instead of assisting only local governments in promoting industrial growth, ADD's also considers the impact of existing zoning, water and sewer connections, pollution standards, utilities, housing, public protection, roads, increased health services, and taxes on the problems of employment opportunities. A single focus agency could not provide the comprehensive approach needed to resolve specific problems.

Joint funding is the management tool which enables Kentucky to support comprehensive planning and technical services to local governments and public agencies by the ADD's. Prior to joint funding, the ADD's utilized traditional Federal and State grant procedures to obtain funding. These procedures, however, emphasized individual agency priorities and requirements, without regard to total State, regional or local programs. Applications were tailored to funding agency concerns. In contrast, joint funding allows State, regional, and local concerns, as well as funding agency priorities, to be addressed. Kentucky encourages the funding agencies-- Federal and State--to fund a percentage of the total program, including a percentage of individual functional elements. This prevents gaps in programs and services which existed under the traditional grant system. Joint funding also prevents two agencies from funding identical work activities where overlap of program responsibility exists.

Joint funding has eliminated another traditional grant procedure problem--the variance in funding cycles among agencies. Such situations prevented program integration because individual funding agencies would be concerned only with their individual categorical program instead of the ADD's total annual work proposal. Program gaps occurred and cash flow problems created. Under joint funding, a uniform program development and funding cycle is established, gaps are filled, duplicated funding is resolved, and cash flow is improved.

While integration of Federal and State funds and a uniform funding cycle are necessary for Kentucky's comprehensive program design, joint funding also provides additional administrative benefits. Joint funding grants are awarded and administered through a single application, with a uniform reporting system, accounting system, and audit standards. This eliminates duplicative administrative requirements imposed by individual agency grants, allowing time previously spent on complying with numerous requirements to be applied to one integrated program effort.

A major justification for joint funding is to improve productivity during a time when Federal and State funds are becoming increasingly scarce. During fiscal years 1978 and 1979, DLG, the participating Federal agencies, and the ADD's have allocated their resources to effectively follow and maintain the administrative systems now in place. In addition, they have directed efforts toward upgrading the programmatic aspects of the joint funding program. These efforts include:

1. Working to achieve greater program integration among functional work areas.
2. Emphasizing the implementation of projects that provide direct services to local governments.
3. Relating project implementation to regional and local needs.

Work in these areas is continuing and DLG's primary objective is to implement annual work programs that address regional development in a planned, orderly fashion and still provide sufficient time and funds to react to unanticipated needs.

JOINT FUNDING: A SUCCESS
IN KENTUCKY

Although there have been some difficulties in the five years that joint funding has been in effect in Kentucky, a number of factors indicate Kentucky's success with joint funding. Joint funding has not solved all the administrative problems, nor ended paperwork requirements, but Federal and State agencies are now more receptive and trusting of joint funding. Personnel in participating Federal agencies speak positively of joint funding. Also, the ADD's generally are quite positive concerning joint funding and its effect upon the programs and funding. District Directors believe that joint funding facilitates funding and enhances coordination among program areas.

The success of Kentucky's joint funding program, however, would not have been possible without the commitment and support of the Governor and the State legislature. This support has been provided through the allocation of more funds to DLG for use in the joint funding program, encouraging State agencies to participate and speaking to Federal policymakers on behalf of joint funding. Other reasons for Kentucky's success include:

1. Presence of a statewide system to assist local governments with DLG as the coordinator and the ADD's as program implementors.
2. Support of a strong, active Southeastern Federal Regional Council.
3. Assistance, understanding and support from participating Federal funding agencies, particularly the Federal lead agency. These agencies were patient in dealing with IGA as a demonstration project. They gave DLG the opportunity to alleviate problems, correct mistakes and develop a viable project in 3 years.
4. Support tendered by local officials for addressing problems and needs at the regional and State level.

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