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HUD MANAGEMENT

Impact Measurement Needed for Technical Assistance

Statement of Thomas J. McCool, Managing Director
Financial Markets and Community Investment



Madam Chairwoman and Members of the Subcommittee:

We are here today to discuss the results of our review of U.S. Department of Housing and Urban Development's (HUD) technical assistance and capacity-building programs. HUD's fiscal year 2002 budget is over \$34 billion, most of which is passed on to state and local governments and other agencies and organizations that carry out HUD's programs. Providing these entities with technical assistance and capacity building is an important means for HUD to influence how its program funds are spent.

The Congress and HUD sometimes use the terms technical assistance and capacity building interchangeably and the definitions overlap. Technical assistance programs can be generally defined as training designed to improve the performance or management of program recipients, such as teaching one-on-one procurement regulations to housing authority staff. Capacity building can be generally defined as funding to strengthen the capacity or capability of program recipients or providers—typically housing or community development organizations—thereby building the institutional knowledge within those organizations. Some of the programs have both technical assistance and capacity building aspects. The overall goal of both technical assistance and capacity building is to enhance the delivery of HUD's housing and community development programs. While HUD staff whose costs are covered by HUD's salary and expenses budgets routinely provide a wide range of technical assistance as part of their day-to-day activities, our work focused on funding specifically authorized by Congress to be used for technical assistance or capacity building. To simplify matters today, except when citing specific examples, I will use the term technical assistance to refer to both.

You asked us to examine the universe of technical assistance programs in HUD so that you could better understand the scope and purpose of the programs. Our statement focuses on (1) the number of HUD technical assistance programs Congress has authorized and how much they cost, (2) why HUD offers technical assistance programs and who provides and receives the services, (3) how HUD selects technical assistance providers, and (4) whether HUD program offices are overseeing the technical assistance programs as required and measuring their impact.

In summary:

- HUD administers 21 technical assistance programs through five program offices. From fiscal year 1998 through fiscal year 2002, the annual funding for HUD technical assistance ranged between \$128 million and \$201 million, accounting for less than 1 percent of HUD's overall budget each year.
- While the general purpose of HUD's technical assistance is to help program participants carry out HUD program goals, each program office designs technical assistance specifically related to its programs. For example, an Office of Healthy Homes-Lead Hazard Control technical assistance program might consist of classes to teach a group of property owners and maintenance workers how to evaluate and control lead-based paint hazards. Similarly, an Office of Community Planning and Development capacity building program might involve funding for a community-based organization to help that organization improve its administrative capabilities. Recipients could be states and units of local government, public or Indian housing agencies, private and nonprofit organizations, or individuals. Providers could be HUD officials or, more commonly, state or local governments, profit and nonprofit organizations, or public housing agencies.
- HUD awards funding for 17 of the 21 technical assistance programs competitively. The funding for the remaining programs is awarded noncompetitively. HUD uses three types of funding instruments (contracts, grant agreements, and cooperative agreements) and determines which type to use on the basis of its relationship with the awardee and the level of federal involvement anticipated. Depending on the complexity of the individual program office's funding instrument requirements, this process can take from 3 months to over a year to complete. Noncompetitive funding is either specified by statute or based on a formula set by HUD.
- All five HUD program offices perform basic oversight of the technical assistance they administer, such as visually observing the technical assistance or reviewing reports submitted by the providers to ensure that the technical assistance was provided. In addition, some program offices also have impact measures in place. In line with the Government Performance and Results Act of 1993, HUD program officials are required to develop measures and track performance relative to the goals in the agencies strategic and annual performance plans. However, HUD does not measure the impact or outcomes of technical assistance and does not offer

any central guidance on how the program offices should measure its impact. Although some headquarters and field officials said that it was difficult to measure the impact of technical assistance, other officials said that they had developed and were using impact measures in some locations. Because HUD spends substantial sums for technical assistance and uses it to meet program goals and influence far greater expenditures of program funds, we are recommending that HUD, where possible, measure the impact of the technical assistance and develop consistent guidance for program offices to use.

While we have yet to receive the official written comments, we received oral confirmation that the Department generally agrees with our report, that it will require HUD offices to develop impact measures, and that it will develop guidance for the five program offices.

HUD Administers 21 Technical Assistance Programs at an Annual Total Cost of between \$128 Million and \$201 Million

Between fiscal years 1998 and 2002, HUD administered a total of 21 technical assistance programs, most of which are associated with programs in its offices of Community Planning and Development and Public and Indian Housing. The other three offices that administer technical assistance programs are the offices of Housing, Fair Housing and Equal Opportunity, and Healthy Homes-Lead Hazard Control.

Table 1 lists the 21 technical assistance programs, by program office, and their budgets.

Table 1: HUD’s Technical Assistance Programs by Program Office, Fiscal Years 1998-2002

| In millions of dollars | | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|
| Program/Initiative | FY 1998 (actual) | FY 1999 (actual) | FY 2000 (actual) | FY 2001 (actual) | FY 2002 (estimate) |
| I.- Office of Community Planning and Development | | | | | |
| 1- HOME Investment Partnership Program -Technical Assistance | 22.0 | 22.0 | 22.0 | 22.0 | 12.0 |
| 2- Section 4- Capacity Building * | 18.0 | 25.0 | 26.3 | 32.4 | 31.0 |
| 3- Section 107 - Technical Assistance * | 4.0 | 7.5 | 0.0 | 0.0 | 0.0 |
| 4- Youthbuild Program- Technical Assistance * | 1.8 | 2.1 | 2.1 | 3.0 | 3.3 |
| 5- Housing Assistance Council (HAC) * | 2.1 | 3.0 | 3.0 | 3.0 | 3.3 |
| 6- Homeless Assistance Grants - Technical Assistance | 0.0 | 9.8 | 10.2 | 7.7 | 6.6 |
| 7- Rural Housing- Capacity Building | 0.0 | 4.0 | 2.8 | 12.0 | 12.0 |
| 8- HOPWA- Housing Opportunities for Persons with AIDS- | 0.0 | 2.3 | 1.7 | 2.6 | 2.0 |
| II- Office of Public and Indian Housing | | | | | |
| 9- Office of Troubled Agency Recovery (OTAR) | 8.9 | 17.3 | 15.4 | 11.0 | 11.5 |
| 10- HOPE VI Urban Revitalization | 10.0 | 15.0 | 10.0 | 10.0 | 6.3 |
| 11- Resident Opportunities and Self Sufficiency (ROSS) | 0.0 | 11.0 | 11.0 | 11.0 | 11.0 |
| 12- Drug Elimination ¹ | 10.0 | 10.0 | 5.0 | 3.0 | 0.0 |
| 13- Native American (Indian) Housing Block Grant Technical Assistance | 5.0 | 6.0 | 4.0 | 6.0 | 5.0 |
| 14- National American Indian Housing Council (NAIHC) * ^ | 1.5 | 1.8 | 4.2 | 2.6 | 4.8 |
| 15- Capital Fund Program | 2.5 | 2.5 | 2.5 | 4.8 | 2.5 |
| 16- Housing Choice Voucher Program (Section 8) | 0.0 | 0.0 | 0.0 | 0.0 | 10.0 |
| III- Office of Housing—Office of Multifamily Housing Assistance Restructuring | | | | | |
| 17- Housing Counseling | 20.0 | 17.5 | 15.0 | 20.0 | 20.0 |
| 18- Mark-2-Market Program- Technical Assistance Grants | 10.0 | 10.0 | 10.0 | 10.0 | 11.3 |
| IV- Office of Fair Housing and Equal Opportunity | | | | | |
| 19- Fair Housing Assistance Program (FHAP) | 7.5 | 8.3 | 11.0 | 12.1 | 15.4 |
| 20- Fair Housing Initiative Program (FHIP) ² | 3.4 | 4.8 | 6.1 | 5.4 | 6.7 |
| V- Office of Healthy Homes and Lead Hazard Control | | | | | |
| 21- Lead-Based Paint Hazard Reduction | 1.0 | 3.0 | 5.0 | 22.0 | 5.0 |
| Total funding | 127.7 | 182.9 | 167.3 | 200.6 | 179.7 |

* Technical Assistance/Capacity Building funds set aside within the Community Development Block Grant (CDBG)

^ Technical Assistance funds set aside within the Indian Housing Block Grant (IHBG)

Source: GAO’s analysis of HUD data.

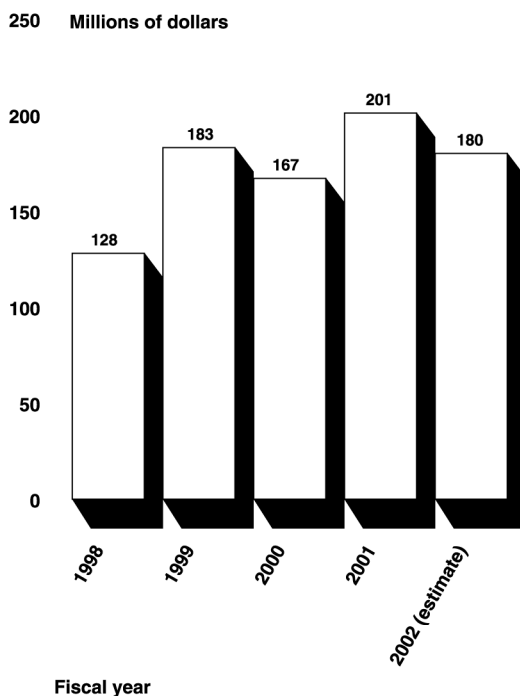
As shown in Figure 1, from fiscal year 1998 through fiscal year 2002, the annual funding for all of HUD’s technical assistance programs ranged from

¹This program was discontinued in FY 2002.

²This amount is a total of a percent of Education and Outreach, Private Enforcement, and Fair Housing Organizations Initiatives.

\$128 million to \$201 million. These sums accounted for less than 1 percent of HUD's overall budget, which averaged about \$28 billion in each of those years.

Figure 1: Funding for Technical Assistance, Fiscal Years 1998-2002



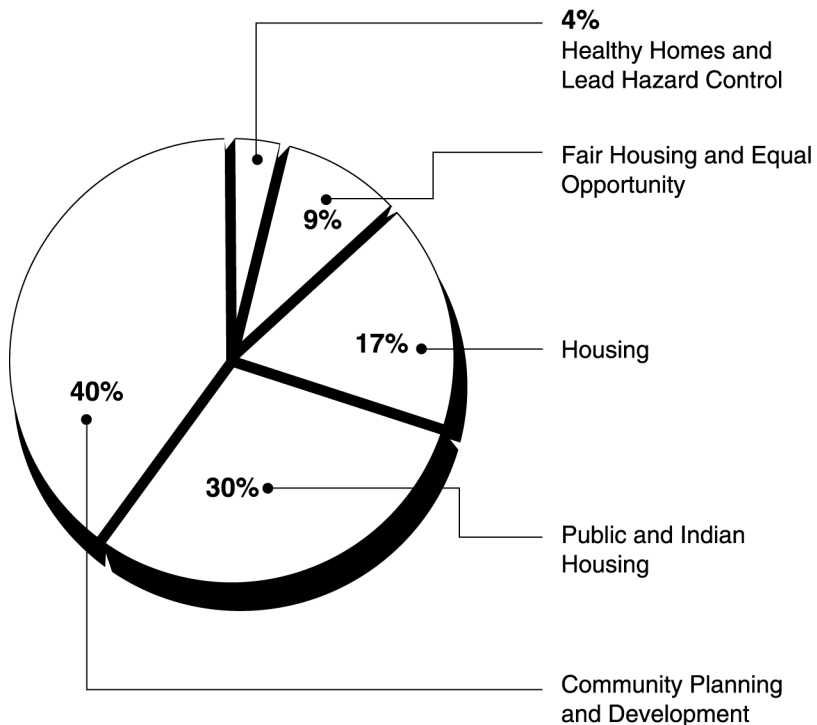
Source: GAO Analysis of HUD Data

Technical assistance funds fluctuated each year because the funds for specific technical assistance programs increased or decreased or because technical assistance programs were introduced or discontinued in any given year. For example, technical assistance funding increased by 43 percent from fiscal year 1998 to fiscal year 1999. During this time, the technical assistance funds (1) increased from \$9 million to \$17 million for the Office of Troubled Agency Recovery, (2) were initiated in 1999 with \$11 million for Resident Opportunities and Self-Sufficiency, and (3) increased from \$18 million to \$25 million for section 4 capacity building under the Community Development Block Grant program. From fiscal year 2001 to fiscal year 2002, estimated, technical assistance funding fell by about 10 percent, primarily because the Lead-Based Paint Hazard Reduction funds were reduced from \$22 million to \$5 million, the HOME funds were reduced from \$22 million to \$12 million, the HOPE VI funds

were reduced from \$10 million to \$6.3 million, and the Drug Elimination Grant Program and its technical assistance funds were abolished.

Figure 2 illustrates the breakdown of the cumulative technical assistance funding from fiscal year 1998 through fiscal year 2002 by program office. Not surprisingly, the two offices that administer the largest number of programs have the largest share of the overall technical assistance budget.

Figure 2: Five Year Average Percentage of Total Technical Assistance Funds by Program Office, Fiscal Years 1998 – 2002



Source: GAO's analysis of HUD data.

Technical Assistance Programs Vary by Program, Provider, and Recipient

While the overriding purpose of technical assistance is to improve the ability of program participants to administer HUD's programs more effectively, each HUD program office determines its own approach and administers technical assistance according to its program needs. Table 2 describes the purpose of the technical assistance as defined by the five HUD program offices.

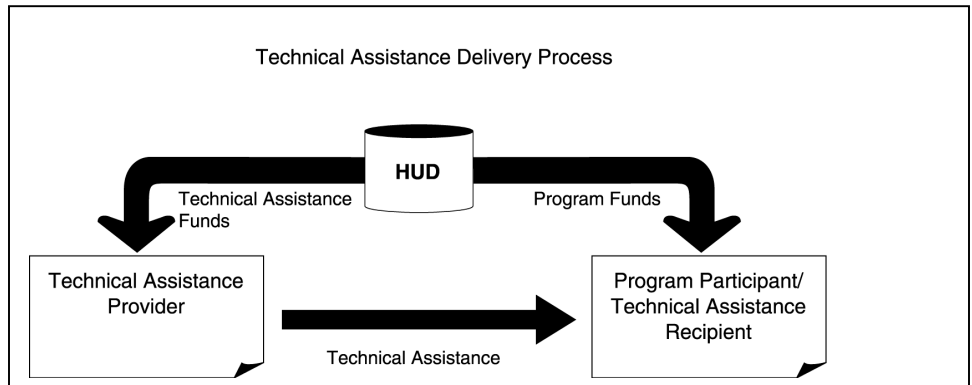
Table 2: Technical Assistance Provided by Five HUD Program Offices

| HUD program office | Purpose of technical assistance |
|--|---|
| Office of Community Planning and Development | Help grass roots organizations successfully access and utilize HUD's programs and resources to help them craft creative ways to accomplish local community development goals. |
| Office of Public and Indian Housing | Help public and Indian housing agencies and residents improve their management, planning, and monitoring practices and resident services. |
| Office of Housing—Office of Multifamily Housing Assistance Restructuring | Help educate and assist tenants who are living in buildings that are undergoing financial restructuring to make meaningful decisions about their housing. |
| Office of Fair Housing and Equal Opportunity | Help organizations reduce housing discrimination and provide an open and free housing market. |
| Office of Healthy Homes and Lead Hazard Control | Improve methods to detect and control residential lead-based paint hazards. |

Source: HUD.

HUD provides appropriated funds both for its primary programs and for related technical assistance programs. It distributes the program funds to program participants such as state and local governments and other participating organizations, and it awards the technical assistance funds to providers, which use the money to deliver technical assistance to recipients. Figure 3 illustrates this process.

Figure 3: How HUD Delivers Technical Assistance



Source: GAO 's analysis of HUD data.

The recipients of HUD's technical assistance are generally those entities or organizations that administer HUD's programs. They also vary by program and include state and local governments, public and Indian housing agencies, tenants of federally subsidized housing, and property owners receiving federal housing subsidies.

The providers of technical assistance can be HUD officials but typically are entities or organizations that receive funding from HUD to deliver such assistance. Providers, which also vary by program, include community-based, for-profit, and nonprofit organizations; public and Indian housing agencies; housing finance agencies; and resident service organizations.

We visited with technical assistance providers in selected locations across the country to observe the various methods used by each of the five program offices to deliver technical assistance to recipients. In the following examples, each case details the recipients, providers, and purpose of the technical assistance provided.

- The recipients of the Office of Community Planning and Development's technical assistance are local nonprofit organizations, state and local governments, and other organizations participating in and receiving funds through HUD's community development programs. The providers of these technical assistance programs are for-profit and nonprofit organizations and government agencies that have demonstrated expertise in providing the guidance and training that program participants can use. For 2 days, we observed a technical assistance provider for the HOME program work with two community housing development organizations in Arkansas. The purpose of the technical assistance was to help the organizations plan for

and improve their procedures for developing low-income rural housing. Over the 2 days, the technical assistance provider evaluated the housing built by the community development organizations with HOME program funds and advised them on HUD-mandated procedures for counseling prospective low-income home buyers.

- The recipients of technical assistance provided through the Office of Public and Indian Housing's Resident Opportunities and Self-Sufficiency Program's capacity building funds are associations of public housing residents that HUD has determined lack the capacity to administer welfare-to-work programs or conduct management activities. The providers of the technical assistance are resident and other nonprofit organizations. We observed a 1-day conference conducted by a Massachusetts statewide public housing tenant organization in conjunction with several other organizations. The training was designed to increase the knowledge and build the capacity of public housing agencies, their residents, and state and local officials involved in planning and rulemaking. Topics included income recertification, methods of influencing housing legislation, public housing safety and security, and private-market housing initiatives. A Boston HUD employee served as a panel member during one of the training sessions.
- The recipients of the Office of Fair Housing and Equal Opportunity's technical assistance include state and local fair housing enforcement agencies, public and private nonprofit fair housing agencies, and other groups that are working to prevent and eliminate discriminatory housing practices. According to an official from the Office of Fair Housing and Equal Opportunity, providers of technical assistance are HUD staff and qualified, established fair housing enforcement agencies. We observed a Fair Housing employee in HUD's San Francisco regional office provide technical assistance training to 10 employees of California's Department of Fair Employment and Housing. The objective was to help the state agency process fair housing complaints more effectively, and the topics included tips on investigating fair housing complaints, theories of discrimination, and case conciliation and evidence.
- The recipients of technical assistance provided through the Office of Housing's Outreach and Technical Assistance Grants are tenants living in federally subsidized properties affected by mortgage restructuring through the Mark-to-Market program. The providers of technical assistance are small or large community-based organizations that focus on improving tenant's ability to understand the restructuring of their Section 8 property. In Columbus, Ohio, we observed a meeting between the potential new

owners of a HUD property scheduled to undergo financial restructuring and two organizations representing the tenants who live there. The purpose of the meeting, coordinated by a technical assistance provider, was to give tenants a role in the restructuring process and to keep them apprised of potential changes to their building. Topics discussed included rent stabilization, building renovations, security systems, and modifications for handicapped accessibility.

- The recipients of technical assistance provided through the Office of Healthy Homes and Lead Hazard Control's Technical Studies Programs include state, local, and tribal governments; private property owners; and individuals who are maintenance and renovation workers. The providers of technical assistance include academic and nonprofit organizations, state and local governments, and federally recognized Indian tribes. We observed a technical assistance provider conduct mandatory classroom training for about 50 owners and workers of federally subsidized properties at a Philadelphia housing authority maintenance facility. The recipients hoped to become certified to remove lead-based paint hazards from their properties by learning safe work practices at the training. The course covered such topics as lead exposure and maintenance work, lead safety, and quality assurance.

HUD Selects Most Technical Assistance Providers through a Competitive Process

HUD selects technical assistance providers both competitively and noncompetitively.³ Seventeen of the 21 technical assistance programs used a competitive selection process. Because Congress specifies the organizations to provide the technical assistance under three of Community Planning and Development's Block Grant Programs, HUD distributes the funds for those programs noncompetitively. The fourth noncompetitive program, the Fair Housing Assistance program, is noncompetitive because the funds are distributed through a formula grant to all eligible state and local fair housing enforcement agencies. The process for obtaining an award also varies by funding instrument. HUD has a set policy explaining the procedures and protocols for using the various funding instruments (contracts, grants, and cooperative agreements).

³Although some of HUD's major programs, such as the Housing Opportunities for Persons With AIDS and the Community Development Block Grant, are noncompetitive, the technical assistance components of these programs are competitive.

Funding for Technical Assistance May Be Awarded Competitively or Noncompetitively

When HUD selects technical assistance providers competitively, it awards funding through contracts, grant agreements, and cooperative agreements. HUD refers to all three award mechanisms as funding instruments.

- A contract is used when the principal purpose of the award is the acquisition by purchase, lease, or barter of property or services for the direct benefit of the government. According to the Director of the Office of Departmental Grants Management and Oversight, contracts are the award instrument that gives HUD the most control because HUD simply directs the contractor to do a specific task. For example, a program official in the Office of Native American Programs told us that her office retains decision-making authority by issuing contracts that enable her to control the technical assistance providers' use of funds and outreach to recipients.
- A grant agreement is used when the principal purpose of the relationship between the awardee and HUD is the transfer of money or property for a public purpose and substantial federal involvement is not anticipated.
- A cooperative agreement's⁴ purpose is similar to a grant agreement's purpose, but is generally used when the awarding agency anticipates the need for close federal involvement over the life of the award. The cooperative agreement stipulates the nature, character, and extent of the anticipated involvement. A HUD official told us that a cooperative agreement generally gives HUD less control than a contract, but more control than a grant agreement.

HUD's Office of Departmental Grants Management and Oversight provides basic guidelines on when to use a contract, grant, or cooperative agreement. According to HUD, a program office, when selecting the appropriate funding instrument to be used, should first look to the program's authorizing legislation for authority to enter into a contract or other type of arrangement.

Noncompetitive awards are specified by statute or based on a formula. Specifically, Congress appropriates technical assistance funds noncompetitively for the Local Initiative Support Corporation, the Enterprise Foundation, Habitat for Humanity, Youthbuild USA, and the Housing Assistance Council under the Community Development Block

⁴Cooperative agreements for the Office of Community Planning and Development are usually for 3 years and may be extended for an additional year.

Grant (CDBG) program, administered by HUD's Office of Community Planning and Development.⁵ Congress also appropriates noncompetitive funding for National American Indian Housing Council technical assistance programs, administered by the Office of Public and Indian Housing. In addition, HUD's Office of Fair Housing and Equal Opportunity uses a formula to distribute Fair Housing and Assistance technical assistance funds. These noncompetitive, technical assistance programs comprised \$50.1 million in fiscal year 2001, about 25 percent of the technical assistance funding for that year and about \$54.5 million, or 30 percent of the fiscal year 2002 technical assistance funding.

**Processes for Obtaining
Competitive and
Noncompetitive Funding
Vary**

Prospective technical assistance providers respond either to a HUD request for a proposal for a contract or to a Notice of Funding Availability (NOFA) for a grant or cooperative agreement. In practice, HUD has issued the funding notices for the majority of its grants and cooperative agreements, including its technical assistance funding, in a single notice called the SuperNOFA (Super Notice of Funding Availability).

Applicants submit contract proposals or funding applications to HUD staff who make recommendations to each program office's selecting officials. These officials then make the final selections and announce the awards. Contract proposals are managed through HUD headquarters or designated contracting offices, while applications for grants or cooperative agreements for some technical assistance programs are submitted to both headquarters and the field office in which the applicant is seeking to provide services.

Any award, regardless of the type of funding instrument, has a fixed performance period. The contract request for proposal or NOFA will stipulate the proposed period of performance and indicate whether additional funding can be provided beyond the period of performance without further competition.

⁵The Local Initiative Support Corporation and the Enterprise Foundation administer the funding for, among other purposes, the National Community Development Initiative under Section 4 of the HUD Demonstration Act of 1993, as amended.

Program Offices Have Oversight Procedures in Place, and Some Have Technical Assistance Impact Measures, Although Such Measures Are Not Required

The five offices that administer technical assistance have basic oversight procedures in place. Such procedures usually include monitoring the technical assistance provider's performance by reviewing payment requests and financial reports, and providing a written evaluation of the technical assistance provider's performance. Most program offices require technical assistance providers to submit quarterly, annual, or close-out reports, or a combination of these reports, on the status of their technical assistance programs, which are to be reviewed by HUD program staff. Headquarters or field office staff may be directly responsible for oversight, depending on which office administers the technical assistance, though headquarters offices are ultimately responsible for ensuring that appropriate oversight is conducted.

HUD does not offer any central guidance on, or require its program offices to directly measure, the impact or outcomes of the technical assistance programs they administer. The Government Performance and Results Act of 1993 (GPRA) requires that program officials develop performance measures and track performance relative to the goals in their strategic and annual plans. However, according to the Director of HUD's Office of Departmental Operations and Coordination, this requirement does not apply to the related technical assistance programs.⁶ In his view, if the technical assistance supports the program and the program is doing well, then the technical assistance is having a positive impact. However, GPRA emphasizes the importance of establishing objective and quantifiable measures at each organizational level that can be linked to the overall agency program goals. Without specific measures on the impact of its technical assistance, HUD cannot demonstrate the incremental value of the assistance.

The Director of the Office of Departmental Grants Management and Compliance told us that HUD is not planning any initiatives to coordinate how program offices are measuring the impact of their technical assistance programs. An official from the Massachusetts State Office of Community Planning and Development told us that without this guidance, it is unclear how the impact of these services should be measured. We found a wide range of HUD processes for measuring the impact of

⁶CPD, through the SuperNOFA, does require that its technical assistance providers develop methodologies to be used for measuring the success of their programs. However, according to the director in CPD's Office of Technical Assistance and Management, CPD is collecting the data needed to measure program impact but does not have the capacity to do anything with the information.

technical assistance, ranging from CPD's section 4 capacity building organizations, which document detailed evaluations of their accomplishments; to CPD's Rural Housing and Economic Development program, which collects annual outcome data; to Public and Indian Housing's Resident Opportunity Self Sufficiency Program, which has no established process and measures performance on a grant-by-grant basis.

While some program officials have said that it is difficult or not even possible to measure the impact of technical assistance, other program offices have impact measures in place.

- A Public and Indian Housing (PIH) field official from the Office of Native American Programs told us that he has seen nationwide training courses that he believes are inefficient and expensive. While he believes that local one-on-one training would be more productive, he does not believe he could measure whether attendees are retaining the information received or whether one-on-one training would be more effective. By contrast, a PIH official said that the office conducts evaluations after the technical assistance for drug elimination is provided and then follows-up with another evaluation in 6 months to measure recipients' retention of information. We also spoke with a technical assistance provider who administers multiple questionnaires to measure recipients' retention of material taught at homeless training programs.
- Similarly, Chicago CPD staff reported that they measure the success of technical assistance programs aimed at teaching local groups how to apply for federal grants by the number of grantees that submit proper paperwork.

Even though some officials maintain that they cannot measure the impact of technical assistance, other officials have developed and are using measures that seem to be reasonable indicators of the impact of their technical assistance programs. While such measures may not be practicable for every program, HUD cannot demonstrate the effectiveness of its technical assistance without some indication of its impact. Furthermore, without such measures, HUD cannot ensure accountability for the \$100 million to \$200 million that Congress sets aside each year for technical assistance or demonstrate the incremental value of its technical assistance—that is, how much more its programs are achieving with the technical assistance than they would have achieved without it. Finally, since technical assistance is an important means through which HUD oversees and influences expenditures of program funds—which are about 100 times greater than expenditures of technical assistance funds—it

would seem logical for each of its program offices to develop guidance to ensure that the technical assistance programs are producing the intended results.

Madam Chairwoman, HUD spends millions of dollars each year on technical assistance, distributing the funding through several types of instruments to a wide variety of providers and recipients for a wide variety of purposes. HUD does not require its program offices to measure the impact of this technical assistance and, to date, has not developed guidance for its program offices to measure the impact of the assistance. While we have yet to receive the official written comments, we received oral confirmation that the Department generally agrees with our findings, that it will require HUD offices to develop impact measures, and that it will develop guidance for the five program offices.

Our report, which we plan to issue next month, will have a recommendation to address these shortcomings.

Madam Chairwoman, this concludes our statement. We would be pleased to respond to any questions that you or Members of the Subcommittee may have.