Community Services Block Grants Under ARRA

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INTRODUCTION

The deep and serious economic recession that has affected our nation hit low-income families and individuals particularly hard. Because they often face a multitude of hardships, it can be difficult for them to achieve self-sufficiency without assistance and supports. Under the American Recovery and Reinvestment Act (ARRA), substantial funds were appropriated to help these families. The sum of $1 billion was provided to the Community Services Block Grant (CSBG) network to supplement existing CSBG funds that address and alleviate the causes and conditions of poverty in local areas and develop strong, healthy, and supportive communities. These funds were provided to States, Territories, Tribal governments, and State and national associations through block grant formula allocations and discretionary grants. In total, 149 grantees received CSBG ARRA funding.

This paper presents some of the findings of an extensive evaluation undertaken by the Urban Institute (UI) to document the services, promising practices, and challenges that emerged during the CSBG ARRA initiative. ARRA represented an unprecedented infusion of funding, accompanied by increased monitoring and accountability. The lessons learned have valuable future implications for CSBG, the CSBG Network and other government programs.

Conducted over 18 months (September 2010–February 2012), the evaluation relied on both primary and secondary data. It used data routinely collected through periodic ARRA 1512 reports and the annual CSBG Information System (CSBG IS) Surveys conducted by the National Association for State Community Services Programs (NASCSP), as well as other sources. Beyond these secondary data sources, the evaluation benefited from primary data collected through extensive fieldwork conducted by UI staff. Fieldwork involved telephone and in-person interviews and focus groups with Federal Office of Community Services (OCS) staff, State CSBG administrators, local administrators and staff in Community Action Agencies (CAAs) and other eligible entities that implement CSBG, and State/local partners that work with CAAs to support local communities and reduce poverty.

As the study documents, the provision of ARRA funds to CAAs and other eligible entities had a substantial impact on the communities and families served by the Community Action Network, and on the Network itself. With the large infusion of funds under CSBG ARRA, CAAs served additional eligible families through existing programs, improved their programs, implemented innovative new programs, and built their future capacity to effectively serve eligible families. With expanded provision of services, an estimated 18,432 jobs were created by eligible entities under CSBG ARRA through direct hire or subsidizing jobs in other organizations.

CSBG ARRA involved many challenges. In balance, however, the challenges offered the Community Action Network an opportunity to experiment with new ways of doing business and pointed to useful lessons for addressing similar challenges and strengthening the future impact of CSBG. For example, the implementation of new reporting requirements under ARRA, while challenging, was ultimately seen as useful in providing both the grantees and the governmental agencies overseeing their activities with additional data to measure success and quickly address any difficulties. Similarly, the short time frame for planning and using the CSBG ARRA funding pressed the entire network—Federal, State, and local agencies and partners—to find new ways to communicate, work together, and innovate toward a shared goal.

The paper begins with an overview of CSBG and CSBG ARRA and a brief description of the study's methodology. It then describes the use of CSBG ARRA funds and associated outcomes. The paper summarizes challenges faced in implementation and how the Network overcame them, and sets forth lessons learned that can be used as part of a continuous improvement effort for CSBG and other government programs.

HISTORY AND STRUCTURE OF CSBG AND CSBG ARRA

Community Action originated with President Lyndon B. Johnson's War on Poverty and the Economic Opportunity Act, which established the Community Action Program (CAP). Through CAP, public agencies and private nonprofits called Community Action Agencies were formed and funded directly by the Federal government to promote self-sufficiency and respond to immediate social and economic needs within their communities. In 1981, CAP and several other funding streams were consolidated into the Community Services Block Grant (P.L. 97-35).

Although the purpose of the funding remained the same (i.e., to reduce poverty, revitalize communities, and assist low-income families and individuals to become self-sufficient), the move to a block grant structure shifted a substantial amount of responsibility from the Federal government to the States. Each State determines the formula used to distribute the block grant to the network of designated eligible entities, taking care that all areas are adequately served. These formulae, and the network of eligible entities, remain fairly constant from year to year. Federal law specifies limited conditions under which States may change the network of eligible entities or the formula for distributing block grant funding across those entities. The most recent Federal reauthorization of the CSBG was in 1998 (P.L. 105-285).

CSBG appropriations are divided into two types of grants. The Block Grant portion is allocated by formula to State, Territory, and Tribal grantees. Discretionary CSBG Grants are awarded through a formula to State CAA Associations and through a competitive process to support various special statewide or national activities related to the purpose of CSBG.

At least 90 percent of CSBG funds made available to a State must be used to make grants to eligible entities for this purpose. States may spend the remainder on administrative expenses and activities such as discretionary grants to State CAA Associations, new statewide initiatives, competitive awards to local agencies, expansion to new geographic areas, training and technical assistance, or other similar activities. No more than 5 percent of the block grant may be used for State administrative expenses. In FY 2009, Congress appropriated $688.7 million of CSBG for the States, Territories, and Tribes.

Structure of the CSBG Network

The CSBG Network is composed of multiple partners, including Federal administrators; State, Territory, and Tribal grantees; local Community Action Agencies and other eligible entities; State Community Action Associations; and national partner associations. Federal responsibility for administration of CSBG falls within the Division of State Assistance (DSA) in the Office of Community Services (OCS) within the Administration for Children and Families (ACF), Department of Health and Human Services (HHS).

Most CSBG funding is distributed by ACF as block grants to designated government agencies in all 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and U.S. Territories.

In addition, almost 50 American Indian Tribes receive direct funding from ACF. (This report will generally refer to all entities that receive CSBG block grant allocations from ACF as "State grantees" or "State CSBG agencies.")

Within the bounds of Federal statute and regulations, State CSBG agencies are responsible for setting policy, providing guidance to eligible entities, disseminating funds, monitoring, and reporting on activities undertaken by local CAAs and other eligible entities within their jurisdiction. State CSBG agencies vary in where they are located in the structure of State government, in staff size, in whether they also administer other programs for low-income families, and in the control they, as opposed to the governor's office and legislature, hold for CSBG-related policy and implementation decisions.

At the time of this research, CSBG block grant funding was distributed to approximately 1,060 CAAs and other eligible entities, primarily through the State grantees. Eligible entities differ substantially in size and programmatic specialization because of the unique needs of each community and the availability of resources. Based on local conditions, eligible entities design strategies, deliver services, and seek funding from a wide range of Federal, State, and private (often local) funding streams. States differ in the number and organizational auspice of their CSBG-eligible entities.[1] CAAs are the most common type of eligible entity; other types include local government agencies, Tribal organizations, and farmworker organizations. Some Tribes receive funding directly from the Federal government, but the focus here is primarily on those funded through the States.

Two types of membership associations support the CSBG Network. Most States have a State Community Action Association, which is a membership organization addressing the interests of local CAAs. In addition, four national membership associations support the work of the CSBG Network: Community Action Program Legal Services (CAPLAW); the Community Action Partnership (the Partnership); the National Association for State Community Services Programs (NASCSP); and the National Community Action Foundation (NCAF). Many of these member

[1] In Alaska, Delaware, and the District of Columbia, for example, there is a single eligible entity, while other States have extensive networks of eligible entities throughout their geographic area.

associations receive discretionary CSBG funding for specific activities or initiatives that support the CSBG Network.

Structure of CSBG ARRA

The authorization of $1 billion in supplementary funds for CSBG was a part of the $787 billion granted through ARRA in 2009. Among other things, ARRA was meant to provide stimulus to the U.S. economy, preserve and create jobs, and "assist those most impacted by the recession" (P.L. 111-5). CSBG was an ideal channel for the latter task because it supports an established network of community-based organizations with a long history of serving low-income families and individuals. Organizations supported by CSBG are embedded in communities all over the country, allowing the support to be widely spread and offering the potential to generate additional jobs as grantees expanded their capacity to deliver services.

The CSBG ARRA appropriation was allocated in FY 2009 to include $985 million in additional Block Grant assistance to States, Territories, and Tribes to be spent through September 30, 2010; $9 million in Discretionary Grant assistance for FY 2009; and $6 million in Discretional Grant assistance to be awarded in FY 2010 for spending through September 2011.

Only a few CSBG ARRA provisions differed from regular CSBG. These included the share of the Block Grant that State grantees had to distribute to eligible entities (i.e., States could not use any CSBG ARRA funds for administrative purposes), the time frame for planning for the use of funds (i.e., the planning and implementation period was reduced from roughly 24 to 18 months), and the time frame under which funds had to be liquidated (i.e., this was reduced from 12 month to 3 months). Notably, ARRA also allowed States to choose to increase the income eligibility limit for clients receiving services funded by CSBG (both under ARRA and the regular appropriation) from 125 percent of poverty to 200 percent of poverty for FY 2009 and FY 2010.

Fieldwork

A central contribution of this evaluation is the qualitative data obtained during site visits. Because block grants are flexible tools that allow States and localities to address specific State and local needs, site visits were essential to better understand the range of challenges encountered and successes achieved from the perspective of people most directly involved in CSBG ARRA implementation.

Sites selected

Fieldwork was conducted in eight States: California, Georgia, Massachusetts, Minnesota, New York, Oklahoma, Virginia, and Washington. States were selected to represent as many ACF Regions as possible,[2] rural-urban locations, a range of socioeconomic and demographic characteristics (e.g., poverty level, unemployment level, presence of minority populations, etc.), and a mix of organizational capacity among the eligible entities.

Within States, 23 local entities were selected to reflect a range of major metropolitan cities, small towns, and rural locations, as well as the types of services provided and resource capacity. CAAs, public entities, and Tribal entities were all represented in the sample. Selection was based on quantitative and qualitative information collected by the UI research team from secondary sources and recommendations obtained from key National and State informants.

Sample representation

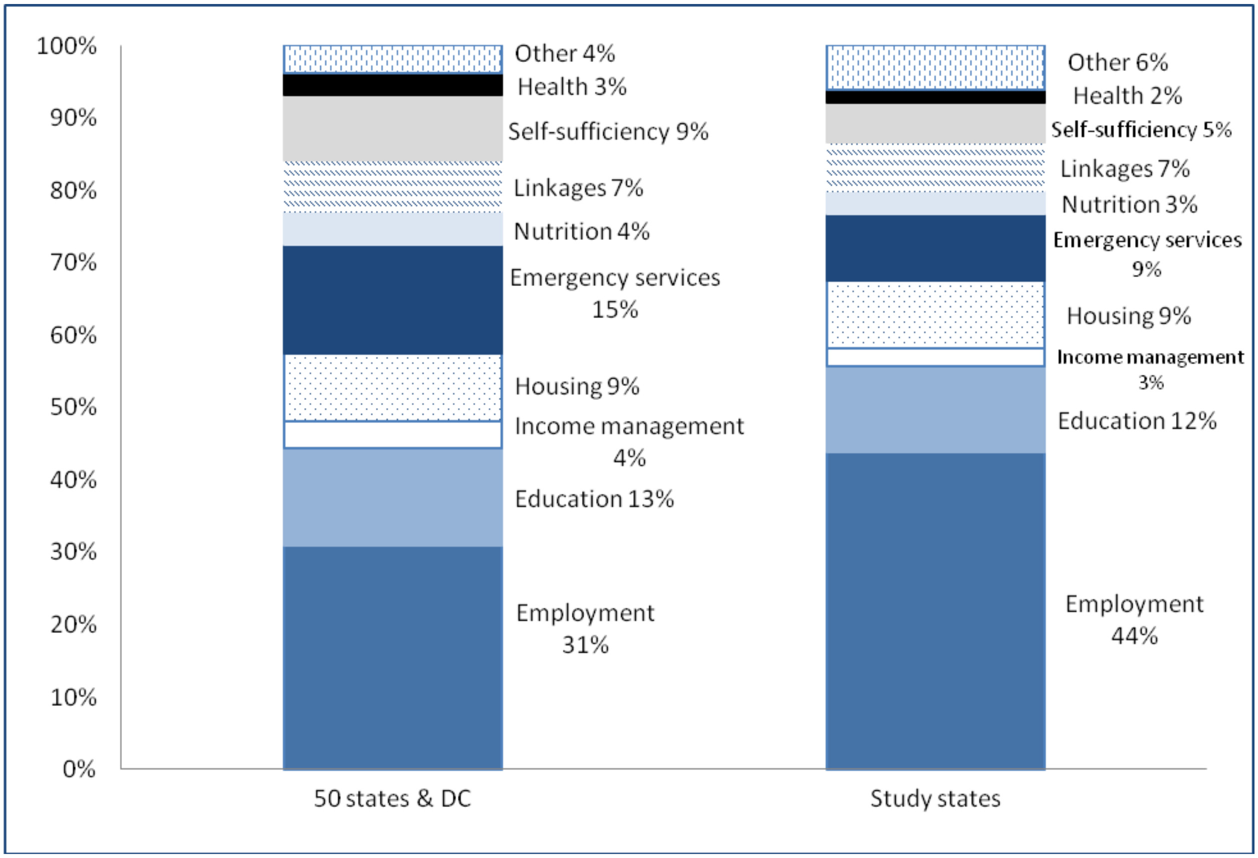
Although the final sample is not statistically representative, it is illustrative of the diversity of the nation and all CSBG-eligible entities. The States selected account for 14.5 percent of total CSBG ARRA allocations and spent slightly more of their CSBG ARRA funds than the national average (99.2 percent vs. 97.8 percent). The average CSBG ARRA allocation across the 23 local entities visited was $4,079,028.[3]

In terms of services delivered, before ARRA the eight States visited spent their CSBG allocations in roughly the same proportions as the average for all CAAs. The top three CSBG expenditures in 2008 for the eight study States were for education (18 percent), self-sufficiency services (17 percent), and emergency services (15 percent).

[2] Because of time and funding limitations, HHS Regions 7 and 8 were not represented in the States selected for site visits.

[3] CSBG ARRA allocations varied widely across the 23 local entities visited. The largest was about $59 million; the smallest, about $41,000.

Figure 1. Distribution of CSBG ARRA Allocations Nationally and in the Eight Study States, 2009–2010



Source: CSBG IS Surveys, 2009 and 2010.
Note: These data are for the 50 States and the District of Columbia and do not include Puerto Rico, U.S. Territories, and Tribes that receive direct funding from the Federal government.

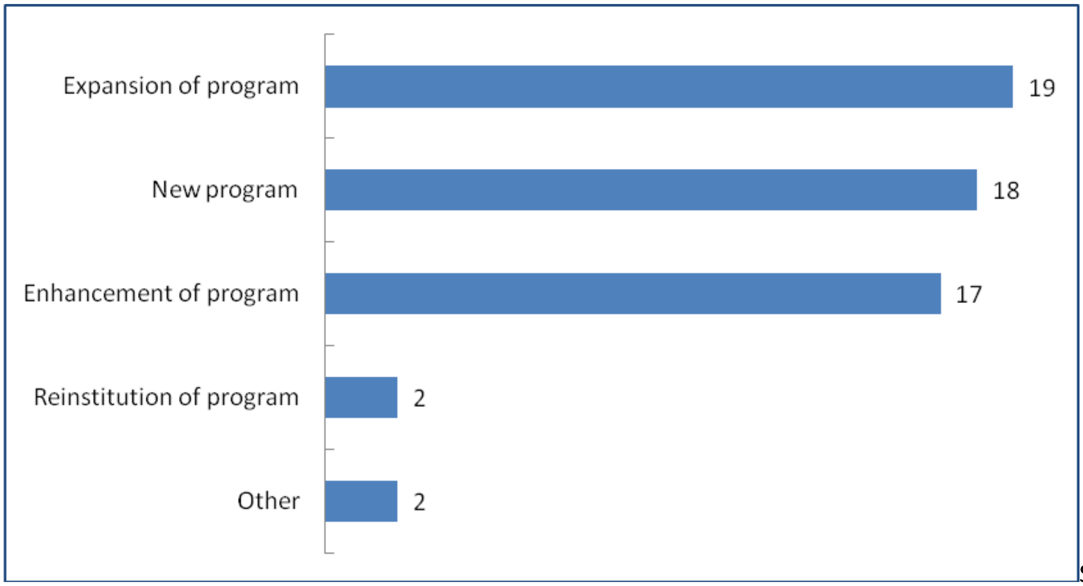
Under ARRA, employment services were most frequently provided, particularly in the study States. The eight study States spent 44 percent of their CSBG ARRA funds on employment-related activities compared with the national average of 31 percent (Figure 1). Emergency services received a slightly lower share of CSBG ARRA expenditures in the eight study States (9 percent versus 15 percent nationally), and education services about the same share (12 versus 13 percent). In the eight study States and nationally, housing-related activities accounted for about 9 percent of CSBG ARRA expenditures. Because the study States includes some States with unemployment rates well above the national average, the emphasis on employment services is not surprising. However, the remainder of expenditures is fairly comparable to those for the rest of the nation.

The unprecedented size of CSBG ARRA allocations gave CAAs an opportunity to act in new and innovative ways that they had previously lacked resources for, namely, to invest in new programs or expand existing ones, serve a larger population, and create new jobs. These activities met not only ARRA objectives of creating jobs and stimulating the economy, but also CSBG's mission of reducing poverty, revitalizing low-income communities, and empowering low-income families and individuals to be more self-sufficient. The following section focuses on the types of activities undertaken with CSBG ARRA funds, the population served, the types of capacity-building investments made, and the number and types of jobs created or retained because of CSBG ARRA funding. The analysis is primarily based on information obtained from site visit interviews and data collected by the evaluation team during the site visits, supported by data from the 1512 reports and the CSBG IS Survey.

Services

Adverse local economic conditions spurred new and increased demand for CAA services. Among the more common program activities was the expansion or enhancement of existing programs (Figure 2). Nineteen of the 23 eligible entities visited (83 percent) reported these types of activities. The development of new programs was equally prominent. Generally, a higher percentage of small and private CAAs created new programs than did their larger and public counterparts. In many cases, local entities said they expanded or enhanced existing programs to quickly and effectively respond to the recession's effects in their local communities and meet CSBG ARRA's relatively short time frame (15 to 18 months).

Figure 2. Types of Program Activities Implemented with CSBG ARRA Funds (n = 23)



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Source: Urban Institute site visits.

While many eligible entities used CSBG ARRA funds in the same broadly defined program areas they did with regular CSBG monies (e.g., employment, housing, emergency services), the way these programs were expanded under ARRA varied considerably. Below are select examples, and by no means an exhaustive list, of the types of programs or services for which CSBG ARRA dollars were used.

Employment-focused programs

Many eligible entities saw changes to the local economic landscape and focused on strategies to link clients to employment. Some entities focused on eliminating barriers to employment while others concentrated on training and job readiness services to rebuild the workforce in growing sectors of the economy.

Because ARRA dollars were intended to stimulate the economy and create jobs, most eligible entities used some of their CSBG ARRA funds to train and hire people for jobs. In some cases, entities expanded current programs; in other cases, they developed or implemented new programs. Outside their own agency, many subsidized employment, though it was most often in the form of summer youth employment. The most common job creation strategies internally involved adding case managers, planners, development officers or other fundraising staff, and trainers or instructors to their staff. A few local entities implemented or expanded programs to promote small business development and entrepreneurship by hiring staff to make connections to activities funded by other agencies.

Although green jobs were a focus of ARRA, few eligible entities visited introduced such programs. Executives at one State association characterized that as “a bridge too far.” They felt local entities lacked experience in that area and could make a greater impact in programs where local entities already had relationships that could be “ramped up,” such as weatherization or housing renovation/rehabilitation. In at least one case where training for green jobs was considered, implementation ran afoul of the regulation that prohibited purchase of buildings with CSBG ARRA funds. That prevented the CAA from using a building to teach green renovation.

Emergency Assistance

Local entities in all the communities visited reported increased need for various forms of emergency assistance, including help with housing, food, and health care. Many rose to the occasion by increasing the numbers served and the level of assistance provided.

The economic downturn had taken a toll on the housing market, leaving both homeowners and renters in need of assistance. Some local entities increased the amount of housing assistance provided, generally giving more assistance for a longer period than they had in the past. One administrator notes: “Rather than helping with just one month of rental assistance, [with ARRA] we could give two or three months and provide more stability.” This was just one of several approaches to extending housing assistance. In several entities visited, CSBG ARRA funds were used to provide emergency assistance in the form of food assistance and health care.

Jobs Created and Retained as a Result of CSBG ARRA

A major goal of the CSBG ARRA initiative, as in all ARRA programs, was to create and retain jobs. The CSBG network was instructed to track the number of jobs created or retained, and to report this information through the 1512 data reporting system. Federally, OMB defined jobs created as new positions directly funded with CSBG ARRA money, including subsidized jobs at businesses in the community, new hires within the eligible entities, and jobs funded through a subcontract at partner organizations. Consequently, many activities that entities engaged in—training clients for jobs in the community—could not be included in the official count of jobs created or retained. Moreover, about half the States operated centralized reporting for ARRA and established specific State-level definitions of jobs created or retained, further limiting the count.

Number of jobs created or retained

By September 30, 2010, 18,431.77 full-time-equivalent (FTE) jobs had been created or retained nationally as a result of CSBG ARRA.[4] This total was achieved roughly 15 months after the first State work plans were accepted. On average, about 1,229 FTE jobs were created each month.

A total of 8,021 FTE jobs were created or retained in the eight site visit States, over 46 percent of all jobs created or retained by CSBG ARRA funds. Differences among States reflect the varied economic conditions of States and localities, the composition of their CSBG ARRA spending, and the size of their programs. It should not be interpreted solely as a measure of State performance or efficiency.

Among the eight States visited, New York created or retained the most full-time-equivalent jobs (3,727), while Washington reported the fewest (128). Washington was one of the States that imposed State guidelines on how to count jobs that may be suppressing these counts. Also, Georgia had a relatively slow start implementing CSBG ARRA, thus shortening the number of months available for creating or retaining jobs.

Types of jobs created or retained

CSBG ARRA funds could be used to create jobs within agencies' own organizations, in subcontractor or partner organizations, or in the community through subsidized jobs. These funds were essential for eligible entities to conduct their activities during this period. Nearly all the eligible entities visited (21 of 23) reported that they had used CSBG ARRA funds to create or retain jobs for low-income residents within their own organizations. Nine entities used the funds to subsidize jobs in the community, and eight reported the funds were used to create or retain jobs in partner organizations. All entities added jobs within the organization except two small public entities that served metropolitan centers. In general, CAAs were more likely than public entities to create new jobs within their organization, whereas a higher percentage of public

[4] ACF Master Files for 1512 reports through October 2010.

entities than CAAs created jobs through subcontractors. Medium and large entities created more subsidized jobs in the community than smaller ones.[5]

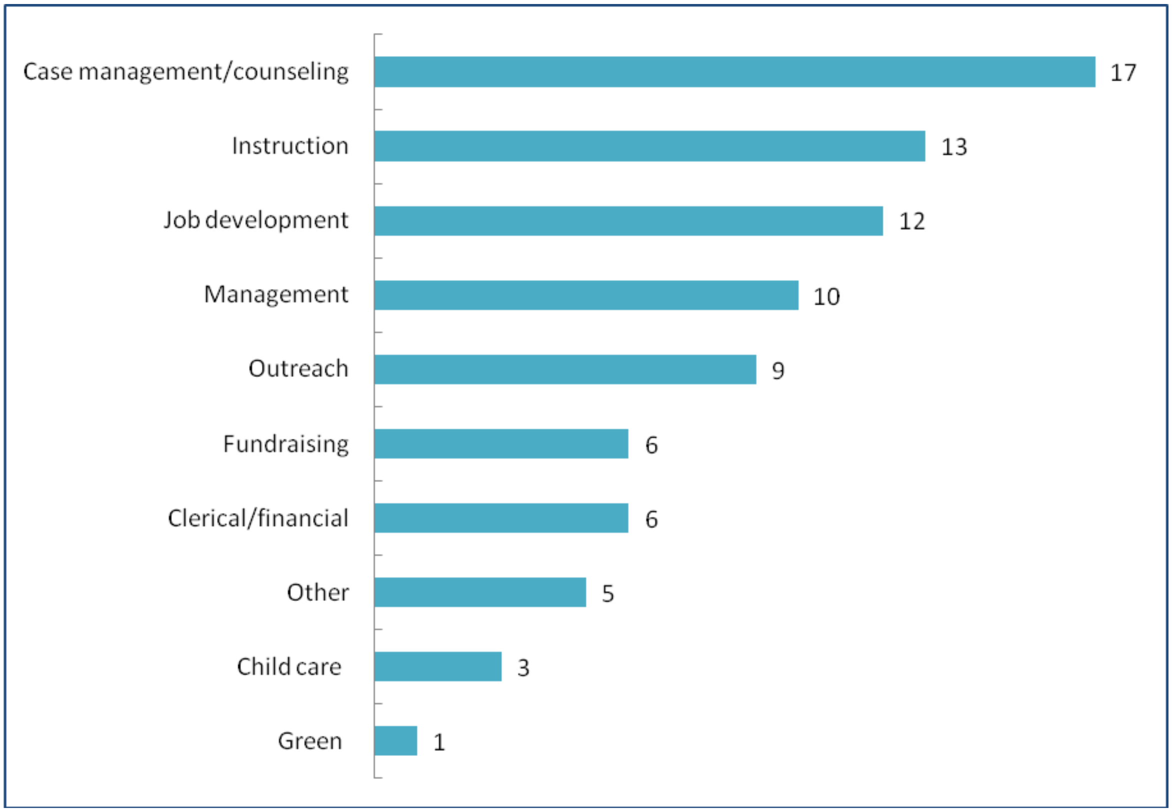
Jobs created in eligible entities

The most common jobs created or retained within eligible entities were case management and counseling positions (Figure 3). This is not surprising, given the increase in service demand encountered during this time. Seventeen of the 23 eligible entities visited had created or retained case management or counseling positions. Other types of positions that were frequently created or retained were instructors and job developers—that is, staff members who identify job openings in the community.

Of the 23 sites visited, a high percentage of public entities serving metropolitan centers focused on creating job developers, whereas entities that served the more rural areas did not create any new jobs in this category. Entities serving both urban and outlying areas were more likely to create outreach positions to reach their geographically dispersed clientele.[6] Less common types of jobs created were green, child care, fundraising, and clerical positions.

[5] Site visit tables, CSBG ARRA Evaluation data.
[6] Site visit tables, CSBG ARRA Evaluation data.

Figure 3. Types of Jobs Created or Retained as a Result of CSBG ARRA (n = 23)



Source: Urban Institute site visits.

Contributions to job generation in communities

Perhaps the most significant challenge to understanding the extent to which jobs were created under CSBG ARRA was related to how jobs were counted. CSBG ARRA used a fairly limited definition of jobs created. The 1512 data only counted how many jobs were *directly* funded by the CSBG ARRA money, not jobs created as a result of services provided by the CAAs.

Three-quarters of the eligible entities visited (18 entities) provided job training programs, and more than half provided job placement services (14 entities) or addressed barriers to employment (16 entities) such as transportation, housing, and child care. Medium and larger entities serving central-county areas were more likely to provide training than smaller entities serving rural areas. A high percentage of medium and large entities provided job placement services in their communities; it was less common at small agencies. Small entities were more likely to help their clients address barriers to employment than provide job placement.[7] Six entities facilitated access

[7] Site visit tables, CSBG ARRA Evaluation data.

to capital for their clients, all of which were medium-sized, private entities. The outcomes of these services are not captured by the 1512 data, thereby missing an important aspect of job creation, preparing individuals for unsubsidized jobs in the community.

New Investments and Capacity Building

A number of local entities visited said that CSBG ARRA funds enabled them to be more innovative and creative—that is, to do things they had wanted to do, but did not have the funds to initiate in the past. Consequently, many took advantage of the opportunity to build their future capacity to provide services to their community through strategic investments.

Eligible entities used their CSBG ARRA funds to invest in two critical areas: service programs for clients and organizational capacity building to better serve clients and the community. Investments in programs included adding new programs, enhancing existing programs, and reinstituting programs that may have been eliminated as part of earlier cost-savings measures. Capacity-building investments included such activities as forming new partnerships, staff training, and purchasing or upgrading computers and software. Both types of investments were used by the local entities that received site visits, although capacity building was slightly more prevalent.

Investments in programs

Many respondents that had planners and grant writers said that CSBG ARRA enabled them to implement program ideas that had been researched and developed but had been put on hold because the organization lacked funding. CSBG ARRA was the seed money for developing new programs. For example, one CAA had been waiting to pilot an innovative program to address the lack of transportation options for low-income workers in the community. The agency partnered with a local university to extensively research the idea but lacked the resources to implement the program until CSBG ARRA came along. The CSBG ARRA funding helped the CAA build partnerships with a rental car company and a local bank to match low-income workers with low-cost cars and low-interest rate loans. The program proved successful and sustainable owing to the extended planning process that preceded ARRA. A similar program in a rural area in another State also provided links between low-income clients, car dealers, and banks that facilitated the purchase of used cars at affordable prices to enable people to get to jobs, especially where public transportation was in short supply.

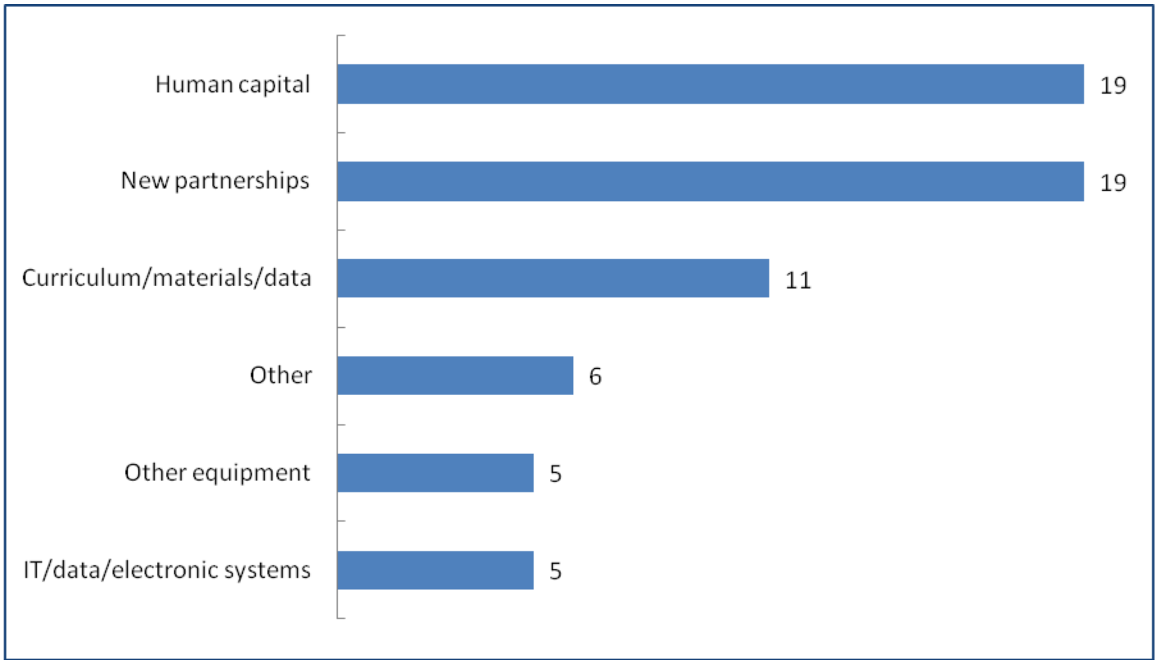
A public entity through a subgrant to an independent living center for adults and children with disabilities used CSBG ARRA funds to purchase assistive technology (e.g., hands-free devices) and laptops for center staff to use in rural areas to provide training on how to use computers to find assistance.

Another eligible entity reported that CSBG ARRA funds helped it expand and enhance a program that had been squeezed by funding cuts. One small local entity used CSBG ARRA funds to supplement its Homeless Intervention Program (primarily focused on rental assistance) by assisting families that needed mortgage assistance. The local entity also added a new financial literacy component to its services. Participants attended four sessions on such topics as budgeting, checkbooks, credit, and avoiding payday loans.

Investments in capacity building

As Figure 4 shows, CAAs and other eligible entities frequently invested in organizational capacity to enhance long-term capabilities. The top three types of capacity-building investments were developing new partnerships, staff training, and curriculum or data development. A higher percentage of CAAs and eligible entities in metropolitan centers invested in these types of capacity building than public entities or those serving rural areas only.

Figure 4. Long-Term Capacity Investments Using CSBG ARRA Funds (n = 23)



Source: Urban Institute site visits.

Partnerships have been central to CSBG-funded programs to build capacity and avoid duplication of efforts, a strategy encouraged by the Federal agency. During CSBG ARRA, many local entities used partnerships to meet increased demand for programs and services sustainably. Many CSBG State offices and State associations encouraged partnerships as a way to use CSBG ARRA funds to start up quickly and to build links in the community. Of the 23 sites visited in this study, 19 eligible entities invested in new partnerships. These new partnerships included collaborations with local community colleges, public-sector programs, businesses, and community-based organizations, including faith-based organizations. A small number of agencies invested in or subcontracted with community-based nonprofits that had established niche services and populations. These partnerships were intended to stretch resources and build community infrastructure for continuing programs after CSBG ARRA ended.

Human capital development was another type of capacity-building investment. Nineteen eligible entities found that investing in their staff, by providing training or making additional hires, was essential for carrying out their CSBG ARRA plans. Overall, medium and large entities were more likely than small entities to use CSBG ARRA to invest in human capital development. For instance, some programs used CSBG ARRA money to hire a new program director or an activities coordinator to develop their long-term capacity to carry out organizational goals. A large CAA hired a training manager. This position created long-term capacity for the organization to operate a training program for nonprofits that provided services to the community and provided short-term employment and skills for the trainers that worked under that manager's supervision.

Nearly half the eligible entities visited (11 of 23) invested in curriculum development, materials for education/employment programs, or data. Public entities were more likely to make these capacity investments than CAAs. A small, private agency used CSBG ARRA funding to create a sustainable education program that provided tuition and educational materials.

As discussed later, CSBG ARRA had strict reporting and accountability guidelines. It is therefore not surprising that about one in five eligible entities visited (5 of 23) reported they invested in information technology (IT), data, or electronic systems. These investments included equipment, devices, network lines, licensing, and software training. Such investments not only helped eligible entities meet government contracting requirements, but also helped in fundraising efforts that might make the organization more self-sustaining. A higher percentage of public entities than CAAs invested in IT, data, or electronic systems. Similarly, entities focused on serving metropolitan centers rather than rural areas invested in IT and computer systems.

Other types of long-term capacity-building investments included the purchase of equipment, such as refrigerators for food programs and vehicles for transportation and senior programs. The economic constraints imposed by the recession (e.g., tighter State and local government budgets and more competition for private charitable dollars) left a scarcity of funds to invest in basic program and organizational infrastructure needs. CSBG ARRA provided an opportunity for eligible entities to serve the community better by purchasing needed equipment.

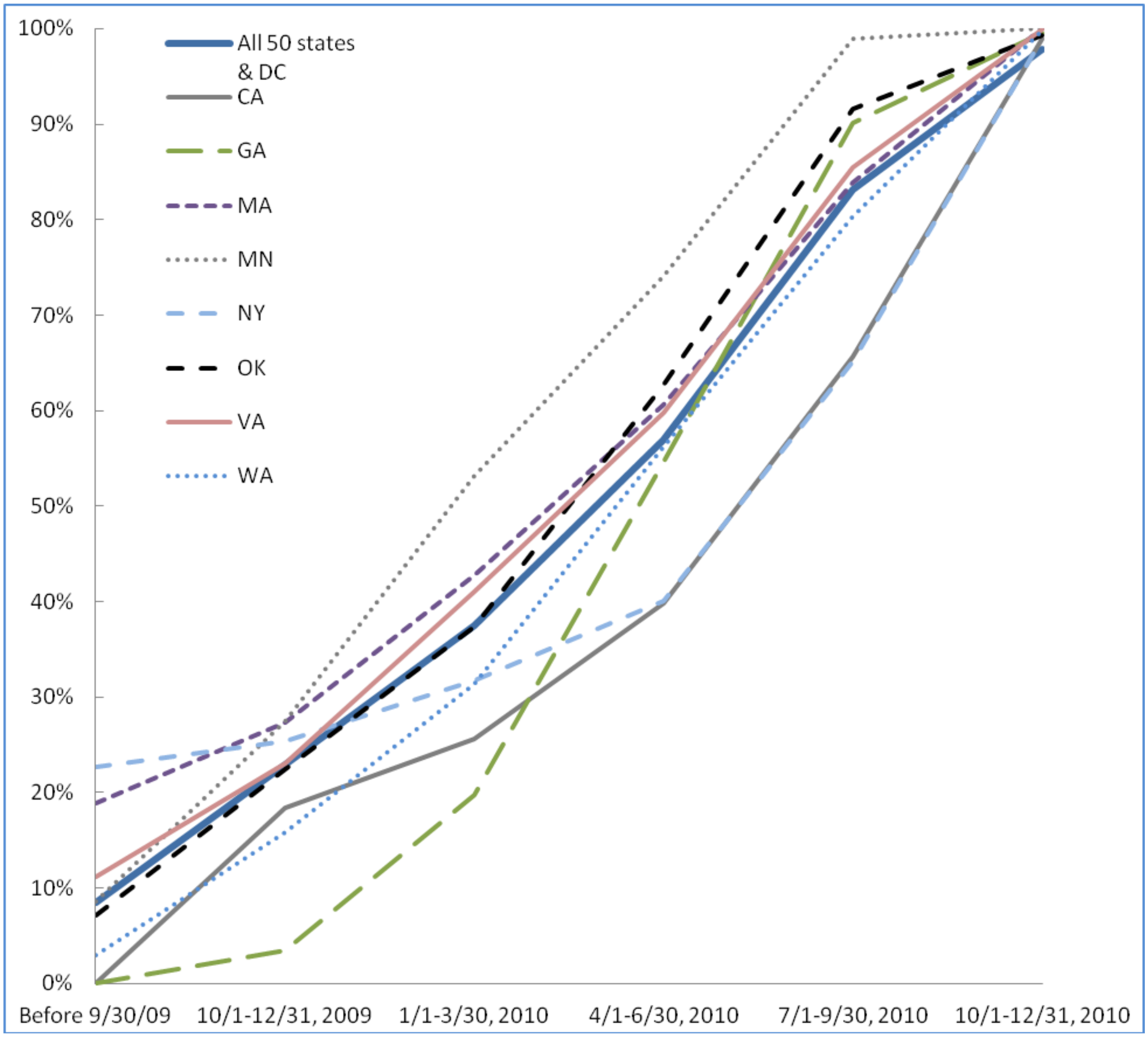
Rates of Expenditure of CSBG ARRA

Although OCS made CSBG ARRA funds available for draw-down concurrently with their review of State plans, several factors delayed the draw-down of funds within the States. First, because of the increased scrutiny associated with Recovery Act funds, OCS's review of State plans was considerably more extensive than for regular CSBG to ensure strict compliance with the CSBG statute; OCS also provided more rigorous advice and feedback to States about their plans. Second, to access and spend the dollars allocated, a number of State legislatures needed to appropriate the funds for use in their State. Because of the controversial nature of the stimulus package, some States delayed this process, delaying the implementation of CSBG ARRA and other ARRA programs. Third, 20 States have specific laws that prevent them from disbursing CSBG funding without OCS acceptance of their State plan, further slowing the implementation of CSBG ARRA funds.

As a result of these complexities, the rate at which grantees drew down CSBG ARRA dollars varied significantly. In the first CSBG ARRA reporting period (the last quarter of FY 2009), only four grantees among all States, Territories, and the District of Columbia had accessed more than 25 percent of their funding.

Similar to the national pattern, and in keeping with time needed to plan at the Federal, State and local levels, and for CAAs and other eligible entities to ramp up, initial draw down of CSBG ARRA funds by the study States was slow to start, with the pace of spending accelerating in 2010 (Figure 5). Of the eight States that were studied in depth, New York and Massachusetts got off to relatively quick starts, spending 20 percent or more of their CSBG ARRA funds by September 2009. A large portion of the CSBG ARRA funds in these States was allocated to several large and well-established eligible entities that used at least some funds to expand existing programs such as youth summer employment programs, which could be started quickly.

Figure 5: Average Cumulative CSBG ARRA Expenditures, 2009–10



Source: 1512 data.

In contrast, Georgia, Washington, and California started more slowly. The State budget crisis in California and administrative restructuring in Washington[8] affected the ability of those States and their CAAs to gear up CSBG ARRA activities. A final Georgia plan was not accepted until August 20, 2009, which may account, in part, for Georgia's low CSBG ARRA expenditures by

[8] During this time, Washington State was reorganizing its human services programs within its administrative structure. It was proposed that the CSBG agency move to the Department of Social and Health Services, but ultimately it remained in the Department of Commerce. The proposed realignment of program responsibilities and oversight within the State administrative apparatus partly affected the ability of CAAs to begin using CSBG ARRA funds.

September 2009. Despite the slow start, Georgia CAAs moved quickly, spending more than half of its State ARRA funds by June 2010 and nearly all the State's funds by the close of CSBG ARRA. In fact, all but two of the eight study States spent 100 percent of their CSBG ARRA funds by December 2010. Together, the eight States, on average, spent 99.2 percent of their CSBG ARRA allocations. The challenges encountered because of the overall slow start-up followed by the rapid spend-down of funds are discussed later in this paper.

Reporting, Monitoring, and Accountability Lessons

ARRA required additional and detailed reporting, over and above the reports for regular CSBG. This increased expectations for grantees, with specific outcomes expected for the funds allocated and accurate and timely reporting. The 1512 report was a new form, requiring many organizations to start from scratch in terms of data collected and format (online reporting). Initially, the new report required many organizations to install or upgrade their reporting software and placed additional demands on financial and other staff in order to provide the data on the required schedule. Other organizations, mostly large complex local CAAs, were already well positioned to report without significantly changing their operation. Smaller organizations had to start from the very beginning. Once everyone got geared up and used to the process, most found it helpful to have the evidence of their increased activity. Officials at all levels found it useful as a way of monitoring activity and identifying organizations that might need additional support and attention in order to achieve their program goals. Finding a way to incorporate this type of timely, specific reporting is viewed as a worthy goal going forward. The fact that DSA got over 99 percent compliance was a major achievement.

Reporting Benefits

While 1512 reporting was time consuming and sometimes frustrating, many interviewees said that it was a good thing. They pointed to the fact that the data were also useful for other purposes such as informing the public of what they were doing and providing a clear and concise picture of their effectiveness and impact to prospective nongovernment funders. Others noted that the reporting provided transparency because they could post data on their web sites and share them with clients, boards, and the general public. Agencies were able to say what ARRA paid for.

Some State agencies and local CAAs took the opportunity to upgrade or install new software to manage their data gathering and manipulation. As one reported, they discovered that their reporting system "was not good enough." A few interviewees said that the reporting forced them to move toward common software across the State, while others indicated that it added another dimension to their own assessment of outcomes. The improved systems helped get outcome measures more uniform for State reporting, planning, and evaluation. Moreover, it made everyone focus on similar outcomes in a more disciplined fashion.

Several layers of rules, regulations, and reporting applied to CSBG ARRA. The local entities were required to report to States on their program activities and finances. The States, in turn, were required to report to the Federal government. While this two-stage reporting was also true of regular CSBG, the requirements under CSBG ARRA were perceived as more complex and burdensome. In part, this was the result of the heightened concern that this large investment be used well.

Reporting Burdens

For the Federal government to monitor and provide documentation on the impact of ARRA funds, grantees were required to report quarterly on their expenditures and the number of jobs created or retained through 1512 reports. The process varied slightly in different States. In some States, the local CAAs reported to their respective oversight agency for CSBG, and the agency put the information into the Federal system. Other States had a central reporting mechanism for ARRA funds where all ARRA-related grants were reviewed and uploaded into the web site FederalReporting.gov.

The 1512 reports had to be put into the Federal system by the 10th of the month following the end of the reporting period. To accomplish this, the States had to put earlier deadlines on local entities. This meant that local CAAs with subcontractors (as was common among public entities) had to put even earlier deadlines on those vendors. A typical schedule might be the following: States require local agencies to provide their information by the 5th of the month; agencies with subcontractors might require them to report by the 2nd or 3rd of the month. This meant that information had to be assembled and reviewed shortly after accounting books were closed for the month. Several people interviewed in local CAAs said that the tight deadlines led to delays or inaccuracies in reporting because it was difficult to retrieve all the appropriate information so soon after the books were closed (or, in some cases, before they were closed). These inaccuracies then had to be corrected in the next reporting period. The almost constant recalculating of data was time consuming and inefficient.

All grantees interviewed reported problems during the start-up period. They had to establish new tracking systems or adapt their systems to accommodate the new data requirements. The first few reports were difficult to produce because, in many cases, staff had to track and report expenditure data in a new way. After the first few reporting periods, most local and State agencies found it somewhat easier to accommodate this reporting requirement in their schedule.

The most common complaints concerned the initial lack of clarity in the reporting guidelines and delays in responding to requests for additional information. States and CAAs reported that they turned to other States and CAAs for guidance and best practices on reporting. Once new guidance was received, there was a need to reformulate or modify State tracking systems or data forms.

A particular problem most frequently reported was the measurement of job creation. There was confusion about what jobs to count. Initially, many CAAs thought that they should include people who were in employment training or job placement programs as part of the count. Later, OMB issued a statement indicating that only jobs created or retained within the agency or outside jobs that were directly subsidized by ARRA funds could be counted. Summer jobs for youth could be counted, but how these jobs were measured was an issue. The regulations said that jobs should be measured in FTEs, but many agencies did not know how to calculate this measure. Moreover, one agency reported that this measure made little sense for the summer youth program because the number of FTEs fluctuated wildly from quarter to quarter.

Other complaints regarding outcome measures included several people who said that the measures were too narrow to cover their achievements under ARRA. The mission for CSBG and CSBG ARRA is to alleviate poverty and promote self-sufficiency, and there were many other activities States engaged in that achieved those goals aside from employing individuals within the agency.

Wind-Down Considerations in Choosing CSBG ARRA-Funded Projects

The time-limited, finite nature of CSBG ARRA funding was a primary consideration of eligible entities, State Community Action Associations, and State CSBG agencies as they planned for use of CSBG ARRA funding. One community action agency executive director said, "From the day we got it, I was worried about what would happen when it ended. Would there be big layoffs?" Others expressed concern about investing funding in start-up of programs that would have to be shut down when the CSBG ARRA authorization ended in September 2010 and about "giving people hope" only to "take it away."

Another executive director of a community action agency explained it this way, "We knew there would be a steep cliff at the end, so we thought about strategies, how to get durable gains, about the capacities we could build." Beyond selecting programs that seemed to have a high probability of future funding through other sources, agencies described implementing the following types of activities with CSBG ARRA to ensure the funds would be used efficiently and to minimize harsh effects when funding ended:

- Investments in agency infrastructure that required little or no ongoing funding after the initial investment.
- Projects with discrete outcomes that could be scaled up and then scaled down at relatively low cost for start-up and wind-down.
- Projects that had a high probability of future sustainability through other funding sources.

Investments in Agency Infrastructure Requiring Little or No Ongoing Funding

One CAA executive director talked about wanting to deploy resources responsibly so there would not be a huge number of staff to let go; instead, this director focused on building infrastructure that would not have costs associated with sustaining it. Many agency staff described investments in IT infrastructure that would support their work into the future. Others invested CSBG ARRA funding in staff and board training on such topics as maximizing return on investment, measuring program outcomes, and working with the elderly.

Several agencies described hiring consultants or staff to redesign agency informational materials and web sites in order to help potential clients and partners better understand the work of CAAs;

agencies that made this type of investment felt that it was extremely valuable for supporting effective outreach, fundraising, and forming new partnerships. Finally, several agencies used CSBG ARRA to provide initial support to grant writers or development staff.

Projects/Services with Discrete Outcomes and Low Start-Up and Scale-Down Costs

Some types of projects implemented by CAAs require a relatively substantial investment in start-up funding. Thus, one thing that agencies considered in developing plans for CSBG ARRA were costs related to start-up and wind-down. Further, agencies were sensitive to the idea of programs "crashing" when CSBG ARRA funding ran out. Board members from one community action agency explained that both the board and agency management were careful to not treat CSBG ARRA funding as though it would be available over the long term; consequently, the agency was able to "ramp up and ramp down" and "not crash on the other side."

Examples of activities with low start-up costs (and possibly gentle scale-down costs) implemented with CSBG ARRA include expanding the number of people served through a tax assistance site; producing and distributing additional copies of a publication designed to help low-income families access the public benefits for which they were eligible; and adding enhancements to programs that did not have to be sustained into the future, such as providing tools to a community gardening project, or developing curricula for training initiatives related to green jobs.

Projects with a High Probability of Future Funding through Other Sources

Although some respondents believed that the most effective use of CSBG ARRA funding was for activities and projects that would not need to be sustained, other respondents described using the funds to support projects that did have a good chance of sustainability beyond CSBG ARRA. In many cases, these projects were new; in some cases, they were existing projects with great potential that needed some financial support to help sustain momentum through a brief funding shortfall or until they reached a sustainable level. Agency strategies to sustain projects started with CSBG ARRA funding are discussed below.

Strategies for Sustaining CSBG ARRA–Funded Activities

Although respondents reported that many projects and jobs funded with CSBG ARRA ended when the funding authorization ended, many also indicated that at least some projects continued. In some cases, agencies described making difficult choices about which activities to continue, generally looking to projects that had the highest probability of being viable over the long term or the broadest ongoing impact. Community action agencies employed a number of strategies to sustain projects or jobs beyond September 2010.

Developing Programs That Were Self-Funded

Several community action agencies described using CSBG ARRA as seed or start-up funding for programs that could eventually generate revenue to cover ongoing operational costs. For example, one agency used CSBG ARRA funding to hire a coordinator who could support the development of local small businesses providing chore services to elderly. The CAA became a vendor through which third-party payments could be made to the small businesses for providing the chore services. For senior citizens not eligible to receive services paid through a third party, the agency established a sliding fee scale for service.

In this project, CSBG ARRA was important for hiring staff to establish relationships and to establish systems for managing payments and coordinating the chore service providers and clients. With these systems in place, agency staff anticipate that the chore service can be sustained through the third party and fee-for-service funding sources. Another agency described using CSBG ARRA to support a training program that was converted to a fee-for-service program so outside sources of funding—presumably grants and scholarships made to eligible individuals—could be used to cover the costs.

Shifting Projects or Service Delivery to Partners

In some cases, successful projects started with CSBG ARRA were transferred to—or maintained by—partners after funding ended and community action agencies were unable to remain as heavily involved. Respondents credited community action with acting as a "catalyst," and CSBG ARRA as allowing community action to play that role. The work taken on by partners ranged from the simple—such as coordinating meetings among agencies working on homelessness issues—to the complex—such as a community bank that took over a financial literacy program.

In several cases, respondents indicated that staff that had worked for the community action agency to start a project were hired by the partners that continued the project, in one case a city and in another the local bank. Similarly, in another location, food pantries took over providing services that had been supported by community action through CSBG ARRA at food banks and farmers markets.

Covering Costs with Regular CSBG

In some cases in which CSBG ARRA funded activities that agencies believed were extremely useful to continue, agencies reallocated their regular CSBG dollars to fund those activities. At least four States had some agencies that used regular CSBG to continue high-value activities started under CSBG ARRA, including staff.

One State CSBG agency described emphasizing to eligible entities that CSBG ARRA offered a chance to identify and test promising projects or activities. The State CSBG agency also encouraged eligible entities to use that learning to shape their plans for regular CSBG and expressed some disappointment that agencies might not take full advantage of the opportunity. In contrast, one representative of a CSBG agency in another State seemed to describe discouraging eligible entities from shifting regular CSBG funding to activities previously funded under CSBG ARRA, noting that using regular CSBG to sustain the ARRA activities would require cutting other presumably worthy activities.

Building on Relationships to Reduce Implementation Costs

Many respondents described sustaining activities implemented with CSBG ARRA by relying on in-kind support from partners or by increasing their reliance on volunteers after CSBG ARRA ended. For example, one CAA used CSBG ARRA to deliver employment services to a particular client group directly, which demonstrated the usefulness of the employment services for this population. After CSBG ARRA funding ended, the agency continued to provide employment supports to these clients by referring them to other external sources. In another State, a community action agency that had a partnership to place employment trainees at a local feeding center, including stipends funded through CSBG ARRA, continued to rely on the kitchen for occasional employment placement, with the kitchen covering costs for the stipend through other sources. In another case, a CSBG ARRA project involved the completion of capital improvements in churches; after ARRA, the churches supported community action projects by allowing the use of their space.

Community action agencies also tapped into relationships to arrange low-cost ongoing staffing for some projects after CSBG ARRA. Several agencies described increasing their reliance on volunteers to continue projects started under CSBG ARRA. At least two agencies mentioned relying on work-study students from local colleges.

Raising Funds through Grants from Foundations, Businesses, or other Government Sources

In most States, community action agencies reported some success in raising funds from other sources to sustain programs started under CSBG ARRA. Funding sources included the Department of Labor, national and local foundations, the Community Development Block Grant, AmeriCorps, city government, and businesses and business-related organizations such as the Chamber of Commerce, Verizon, Home Depot, and Comcast. Some community action agencies also discussed attempting to support some work through individual gifts, fundraising functions such as banquets and bake sales, and building an endowment to generate interest income. Most projects continued under these new sources of funding were related to supporting employment among low-income individuals.

Although respondents tended to concur that the economic environment was not conducive to sustaining most CSBG ARRA–funded programs through other funding sources—so many jobs and programs ended with CSBG ARRA—respondents also felt that CSBG ARRA enabled community action to raise at least some funds that would otherwise not have been within reach. In particular, respondents talked about how CSBG ARRA allowed agencies to demonstrate capacity in particular areas, develop a track record of success, and generally increase understanding of the role that community action plays in antipoverty efforts. Thus, although one respondent noted, "We are back to begging, which is not fun," many felt that their experience with CSBG ARRA helped community action make better decisions about projects for which to seek funding and to make a stronger case in asking for funding.

Transitional Support to Staff Employed and Clients Served through CSBG ARRA

Community action agencies were extremely sensitive to the effect that a withdrawal of services or employment would have on their staff and clients, and many described working to implement an "intentional" wind down at the end of CSBG ARRA. For employees who had to be laid off, agencies employed strategies such as offering training so staff would have valuable skills to aid in finding a new job, offering staff time off for job search or otherwise helping staff find new jobs, relying on natural attrition rather than layoffs (to the extent possible), and rehiring staff who were laid off into different positions as they became available. In many cases, respondents described CSBG ARRA as offering an opportunity to find new, highly skilled, enthusiastic staff worth keeping on in other positions after CSBG ARRA programs needed.

Finally, to the extent possible, agencies attempted to slowly wind down—or strategically scale back—projects rather than cutting them off completely so as to be able to continue some level of support to some clients. For example, staff talked about continuing training programs but reducing the number of days of training offered, or about offering child care for employment training only during the higher demand evening hours. One agency mentioned continuing to check in with recipients of CSBG ARRA–funded services after the program ended to identify outstanding needs and, when possible, connect families to other resources.

Lessons for the Future

Presented with an unprecedented increase in their CSBG funds as a result of ARRA, local eligible entities, and their respective State oversight offices, were faced with the task of planning and implementing a significant increase in services and activities to their target populations. In doing so, they encountered numerous challenges (e.g., a quick start-up, time-limited services before wind-down, and sometimes vague guidelines) but also numerous successes that helped many low-income people weather the recession. CSBG ARRA saved and created jobs in local communities that had been hard hit by the economic downturn. It helped people avoid evictions and foreclosures, gain new job skills, and create new businesses. It also helped build the capacity of local entities to provide needed services and strengthen their own organizational capacities to function more effectively.

CSBG ARRA not only provided local entities with much needed resources to address the issues of poverty that were exacerbated during the recession, it also made these organizations more visible within their local communities. Local entities were able to serve more people, and they frequently served a different group of people—people who never before had to ask for assistance. The local entities often seized the opportunity to partner with new organizations in their communities to create new and sometimes innovative programs for their areas.

The Ability of Government and Grantees to Innovate

The outcomes documented in this paper show that States have the ability to coach and support local entities that want to develop new programs and overhaul existing ones. And the local entities had a backlog of creative and innovative ideas that were just looking for the money to launch them. The proper incentives and resources can clearly move programs in new directions and expand their ability to serve populations that need help to achieve self-sufficiency. Through partnerships that came out of or were strengthened by ARRA, local entities were able to multiply the effects of their new resources. Going forward, developing and strengthening partnerships might be one way to magnify the effects of government programs.

One caveat to note in terms of innovation and expansion is small CAAs and those located in rural communities. The services they provide in their communities are clearly valuable, but they often lack the partnerships and alternative funding sources that larger more urban communities have. As OCS and other government agencies that provide grants to nonprofits think about how they might redirect and improve their program operations, they should be mindful of these small and rural-based community organizations and the unique position they hold in many communities.

The Value of Reporting and Monitoring

Once fully implemented, people at all levels of government found the reporting system useful in measuring accomplishments and monitoring entities that were experiencing difficulties moving toward their goals. The fact that governments were able to achieve near 100 percent compliance with the reporting requirement shows that it is possible to make it work for community organizations of all sizes. Federal officials found the information in the 1512 reports useful and, more important, timely. Quarterly reporting gave them a virtual “real time” look at what was going on in the field, a valuable supplement to monitoring visits. Problems could be identified more quickly, and assistance could be targeted appropriately, quite valuable in a time of scarce resources in the field.

Monitoring visits also took on a more positive structure in many places as a result of ARRA. Because States wanted to assist local entities in their efforts to spend the ARRA funds responsibly, their field visits incorporated more advice and assistance that was geared toward success. The quarterly reports can be used as a management tool to help State and local entities monitor their performance and improve and strengthen their programs.

In Summary

ARRA was instituted in response to a major economic crisis. Although it helped create jobs and assisted many individuals who were adversely affected by the recession, its lasting legacy may be the structural changes that it spurred in both government agencies and community-based service providers. ARRA's rapid start-up encouraged innovative ways for implementing new programs and systems. Its strict reporting requirements resulted in an unprecedented level of accountability and the development of new reporting mechanisms. To be sure there were difficulties, but staff at all levels were committed to getting the job done, and they continue to work toward refining systems and serving people in need. Assessing the success of ARRA should take into account both the short-term achievements of creating jobs and providing assistance during the economic recession and the long-term benefits of improving and strengthening the government grantmaking and contracting process.