

**National Academy of Public Administration:**  
**Developing Performance Measures for the**  
**Community Development Block Grant Program**  
**February 2005**

**Panel: Nicolas Retsinas, Chair; Thomas M. Downs; David F. Garrison; Barry White<sup>1</sup>**

The following bullet points were taken from NAPA's study "Developing Performance Measures for the Community Development Block Grant Program."

- Generally, entitlement communities and states support CDBG performance reporting as long as it is non-intrusive, extensively used, cost effective, and compatible with existing management systems. Grantees want maximum programmatic flexibility to tailor the investments to their local needs. At the federal level, HUD wants a system that reflects and maintains CDBG's flexibility, and complies with its statutory responsibilities as an executive agency. Meanwhile, OMB wants one that encourages HUD and grantees to demonstrate conclusively that the investments contribute to the development of viable communities and to low- and moderate-income beneficiaries. To accomplish this, it wants entitlement communities and states to target CDBG funding to a limited number of neighborhoods.
- Regarding PART [OMB's Program Assessment Rating Tool], CDBG's mission is clear according to its definitions and the statute underlying CDBG does not require grantees to target their programs geographically, which means that the lack of a targeting requirement cannot be a shortcoming.
- HUD and CDBG grantees believe that CDBG investments have had major contributions to people and communities. OMB is more skeptical, reserving judgment until these contributions can be quantified. From OMB's perspective, credible evidence is needed to demonstrate that CDBG expenditures have transformed communities. It wants CDBG program performance tied to budgets; poor performance risks funding cutbacks or elimination. Absent credible evidence of impact, OMB is unwilling to accept the proposition that CDBG performed well, but simply did not demonstrate it.
- Additionally, OMB wants HUD to encourage jurisdictions to concentrate funds in a few targeted neighborhoods where investments will have greater impact and to impose performance indicators on entitlement communities and states, preferably with widespread consensus. HUD management believes that program flexibility is one of CDBG's cornerstones as it allows jurisdictions to plan activities to suit local needs. Because any attempt to reduce flexibility is viewed as negating the program's purpose, HUD is reluctant to accept standardization through performance measurement in exchange for limitations on flexibility.

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<sup>1</sup> The following report can be found on the web at:  
<http://71.4.192.38/NAPA/NAPAPubs.nsf/9172a14f9dd0c36685256967006510cd/c5c7bf5c8eab9f0e85256fc70070bfd9?OpenDocument>

- **There is no geographical targeting requirement, implied or expressed, in the Housing and Community Development Act of 1974.** CDBG is a block grant that merged numerous disparate, categorical programs for the purpose of achieving a wide range of community development objectives through numerous activities. Other than targeting funding to low- and moderate-income people, there is no geographical targeting requirement. Requiring that funding be geographically targeted may run counter to the statute's purpose: flexibility.

The Panel drew the following conclusions when evaluating CDBG's PART assessment:

- **CDBG's statutory mission or purpose seems clear.** There is much consensus for having mission, vision and strategy guide performance measurement, rather than separating the two or developing performance before mission. Indeed, studies, assessments, and evaluations by the Academy, GAO, universities, think tanks and management consultants concur that the most successful public programs measure performance against clearly defined missions, visions, goals, objectives, and strategic directions, in addition to the purpose of the legislation creating them. Measures ought to be derived directly from them. If not, it will be difficult to determine program effectiveness.
- **The PART assessment found a "lack of clarity in the program's purpose and design." The Panel disagrees with this assessment.** CDBG, a highly flexible block grant, is intended as a source of funding to address needs of communities and states within a broad national framework. If the CDBG program lacks clarity, it is likely because the statute intended it so.
- **The PART assessment also found "weak targeting of funds by CDBG formula and by grantees to areas of greatest need." By this, OMB means place-based targeting. The Panel disagrees with this assessment for two reasons.** First, there is no targeting requirement in the legislation. Making CDBG more categorical by concentrating and focusing investments to places seems to contradict the statute's intent. Performance measurement should comport with purposes of a highly flexible, non-categorical block grant, not with a more focused, targeted program. Geographical targeting as policy assumes that CDBG investments in concentrated areas have greater impact than a more dispersed investment strategy. Some argue that the opposite strategy—dispersion—might have greater impact. \$1 million invested in a variety of activities in numerous places might prevent marginal places and at-risk populations from becoming distressed and dysfunctional, and become a distressed neighborhood in the future. The Panel believes that entitlement communities and states should decide how and where to invest CDBG funding.
- Second, assuming for the sake of argument that the statute allows HUD to compel grantees to invest CDBG monies in targeted areas—as defined by HUD or OMB—the department has never done so. As such, the PART criticizes the program for policy decisions that were not in effect. If targeting is essential in that it is required for the

successful execution of the CDBG program, it may be the case that only Congress can resolve this dilemma by amending the statute to remove any ambiguity that persists.

- Geographical targeting of funding is not a HUD-required policy. The CDBG program leaves needs determination to policymakers at the state and local levels. Indeed, the statute's purpose is to provide funding to communities and states that have very different needs at any given time. CDBG targets funding primarily to the benefit of low- to moderate-income people.
- There seems to be inconsistency in block grant program assessments. CDBG is one of several block grants that underwent an OMB PART assessment. A cursory review of the evaluation scores assigned to those programs suggests that there are differences of opinion on what block grants do and how they should be evaluated. **The Panel recommends that OMB create an intra-agency working group of budget examiners to review block grant programs and develop a more consistent framework for applying the PART to them.**