

Chapter 1: Role of Performance Measurement in HUD CPD Formula Grant Programs

Performance measurement is a tool to capture information about program performance. This chapter introduces the concept of performance measurement to HUD CPD's four major formula block grant programs. The chapter describes the Federal performance measurement requirements and discusses why performance measurement is important locally.

Specifically, this chapter answers the following questions:

- 1) What is performance measurement?*
- 2) Why is performance measurement important at the Federal level?*
- 3) Why is performance measurement important to grantees?*
- 4) What is the new CPD Performance Measurement System and how was it developed?*

What is Performance Measurement?

Most simply, performance measurement is an organized process for gathering information to determine how well programs and activities are meeting established needs and goals.

- Performance measurement systems can range from simple to complex depending on what is being measured and the capacity of the program.
 - A simple performance measurement system might track easy-to-collect information about a program. For instance, total program expenditures, an agency's administrative costs, or the progress of individual activities, such as the number of housing units completed or how many units are brought from substandard to standard physical condition. All of these data are easy to define and easy to generate. The information can all be captured in a basic spreadsheet on a staff person's computer.
 - A more complex performance measurement system may track data that is harder to define or obtain over time. For instance, programs that strive to improve the quality of life for beneficiaries would require performance measurement indicators that capture information on the individual elements that, taken together, describe a beneficiary's "quality of life." Such a system might gather information about the characteristics of those served – household income, education attained, and similar factors – or of the neighborhood or area in which they live.

- ❑ A successful performance measurement system is tailored to the specific goals and objectives of the program.
 - The same activity may be undertaken for different purposes. Therefore, the indicators of performance for that activity should vary, depending on the desired result. For example, some communities, such as Charlotte, North Carolina, and King County, Washington, target community development investments to specific neighborhoods within their jurisdictions. Charlotte gives investment priority to distressed communities, using community development programs to increase neighborhood quality. King County promotes affordable housing in select growth nodes within the county, so as to increase densities in some places and preserve open space in others. Although both communities target investments in specific neighborhoods, their desired outcomes differ. For Charlotte, the performance measurement indicator must measure whether the investments have increased the quality of neighborhood life. For King County, the performance measurement indicator must measure whether affordable housing options have increased in its growth nodes and whether the available open space elsewhere has remained the same or increased.
 - Different activities may also be undertaken to achieve the same objective. For instance, a jurisdiction that wants to provide affordable housing to its low-income residents might offer both a tenant-based rental assistance program and a rental housing development program. The performance measurement system would want to measure how well the jurisdiction achieved its objective of housing low-income families in affordable units through a combination of activities.

Importance of Performance Measurement at the Federal Level

At the Federal level, performance measurement is no longer a choice. By law, all Federal agencies are required to measure the outcomes of their programs. Additionally, program results are directly linked to funding decisions and public support for programs. Collectively, CPD grantees must be able to demonstrate the positive effects their programs have on communities and individuals.

Without a tool to measure the performance of CPD programs nationally, HUD and its program partners will not be able to capture the difference that grantees are making in their states and communities, and convey these important program outcomes to policymakers and the public. The CPD Performance Measurement System provides a framework for HUD to take local data from grantees throughout the nation and aggregate it so that the impact of housing and community development programs can be measured at the national level.

Federal Requirements

At the Federal level, HUD is required to meet the standards of the Government Performance and Results Act (GPRA) of 1993 that hold all Federal agencies accountable for establishing goals and objectives and measuring achievements. GPRA directly links Congressional decision-making on program spending to the effectiveness

and efficiency of Federal programs. To help aid agencies in their efforts to report the results of their programs and how funds are spent, the Office of Management and Budget (OMB) has implemented several initiatives. The President's Management Agenda establishes government-wide and agency-specific objectives to improve Federal management and strengthen the Federal government's focus on creating a results-oriented government, centered on achievement and accountability.¹ OMB has also developed a Program Assessment Rating Tool (PART) to assist agencies in assessing the effectiveness of individual programs.

To meet its obligation to assess its program performance, HUD must require grantees to provide information on their achievements and investments since program objectives and activities are determined and implemented locally. If CPD grantees do not provide this information, HUD will be unable to fully comply with Congressional and executive performance measurement mandates. This is likely to have a direct impact on future funding for these four programs (CDBG, HOME, HOPWA, and ESG).

The Government Performance Results Act (GPRA)

GPRA was the first step taken by Congress to establish Federal agencies' responsibility to link results with funding. All Federal agencies, including HUD, are required to meet the standards of GPRA. GPRA directly links Congressional decision-making on program spending to the effectiveness and efficiency of programs in achieving statutory objectives through emphasis on:

- Program effectiveness and results;
- Increased service quality and customer satisfaction; and
- Improved public accountability.

CDBG, HOME, HOPWA, and ESG are each designed to increase flexibility and shift responsibility to local governments, making it difficult for HUD to capture results and monitor programs at the national level.

- HUD can better meet its GPRA responsibilities by building grantee capacity to measure performance and evaluate programs. This is the key objective of the CPD Performance Measurement System.
- In a time when budgets are tight, it is in the mutual self-interest of HUD and local partners to demonstrate the effectiveness of these programs.

The Program Assessment Rating Tool (PART)

To help agencies improve their ability to account for the results of program spending, the OMB has instituted several initiatives to reform agency practices and augment agency

¹ *The President's Management Agenda, Fiscal Year 2002*. Executive Office of the President, Office of Management and Budget.

collection and analysis of performance data.² As a part of the President's Management Agenda, OMB developed the Program Assessment Rating Tool (PART). The PART is a standardized tool used to assess every Federal program.

A PART review identifies a program's strengths and weaknesses. The PART evaluates four key elements:

- ❑ Program purpose and design;
- ❑ Strategic planning;
- ❑ Program management; and
- ❑ Program results.

Each Federal program is rated on a scale of 1-100, and determined to be "effective," "moderately effective," "adequate," or "ineffective." Programs that do not have adequate performance measurement systems are scored "results not demonstrated." The PART analyses and scores not only inform program management decisions, they are also considered in Federal funding decisions and recommendations.

Program Funding Decisions

HUD programs, such as CDBG, HOME, HOPWA, and ESG, are valuable programs that are currently at risk for budget cuts, in part because HUD has had difficulty demonstrating program results for one or more of these programs at the national level. The CPD Performance Measurement System allows HUD to access readily available data from grantees and aggregate the data nationally to demonstrate the positive impact housing and community development programs are making at the national level.

Demonstrating Results to the Public

CDBG, HOME, HOPWA, and ESG are critical programs in communities throughout the country. These funds are used to improve housing for families, create employment opportunities for individuals, aid in neighborhood revitalization efforts, and much more. As the focus on accountability increases and funding decisions are determined by demonstrated program results, it is imperative that HUD and its grantees be able to describe the impact these programs have in their communities. These program results must be understood by the public as well as key decision makers in Congress, state legislatures and local governing bodies. This capability is essential for effective program delivery and for maintaining and sustaining public support and funding for these programs.

The CPD Performance Measurement System will allow grantees to capture data on their key program activities, and "roll" that data up with that from other communities to the national level. In the future, HUD anticipates that the system will be able to provide ad

² *Promising Practices in Grantee Performance Measurement*. U.S. Department of Housing and Urban Development Office of Policy Development and Research, April 2005.

hoc reports that will enable grantees to better demonstrate to their residents and elected officials the impact of these Federal programs at the local level.

Importance of Performance Measurement to State and Local Grantees

Performance measurement is important for state and local jurisdictions receiving community development funds from HUD for several reasons:

- ❑ HUD needs performance information to meet its responsibilities and highlight program accomplishments; and
- ❑ Performance measurement will help grantees enhance program capacity and performance.

Helping HUD Capture and Report Program Accomplishments

Performance measurement by grantees has been strongly encouraged by HUD in recent years as a means to strengthen local program management and report program accomplishments. HUD Notice CPD 03-09, *Development of State and Local Performance Measurement Systems for Community Planning and Development (CPD) Formula Grant Programs*, strongly encouraged grantees to develop or use a state or local performance measurement system.

While state and local performance measurement systems generate data about local program outcomes and inform local program decision making, differences in data structure, format, and timing make it difficult to use these data to describe outcomes at a national level. The CPD Outcome Performance Measurement System will enable all grantees to meet the HUD requirements and provide HUD with standardized information it needs to report on program results nationally.

Enhance Program Capacity and Performance

A HUD study, *Promising Practices in Grantee Performance Measurement*,³ reveals that an increasing number of grantees see performance measurement as a tool that can help them address local challenges.

While there is a range of reasons that states and communities have developed their own performance measurement systems, the communities in the study all decided to create their systems as a tool to assist them in achieving better implementation of their programs. These jurisdictions report that performance measurement helps them in the following ways:

- ❑ **Respond to a budget crisis:** When a budget crisis occurs and a jurisdiction needs to be able to demonstrate that local funds are being used well, a number of cities have found that a performance measurement system helps them

³ *Promising Practices in Grantee Performance Measurement*. U.S. Department of Housing and Urban Development Office of Policy Development and Research, April 2005.

maintain a focus on the top priorities, demonstrate progress in addressing those priorities, and show that funds are being used effectively.

- ❑ **Focus on long range goals, rather than operations:** The HUD study notes that some jurisdictions found that having a performance measurement system that provided regular reports to elected officials regarding performance against established goals resulted in the ability for elected officials to stay focused on the long range goals.
- ❑ **Show results and build public support:** The ability to show that a jurisdiction's performance is improving over time, or that its performance is comparable to or higher than similar communities, helps staff and elected officials win public support for their efforts.

These are just a few of the potential benefits to jurisdictions that can come from implementing performance measurement.

Use of CPD Outcome Performance Measurement System

Spring 2006 Release of IDIS

Grantees can begin reporting on performance measurement data items starting in Spring 2006. At this time, an updated version of the Integrated Disbursement Information System (IDIS) will be released and will provide grantees an opportunity to familiarize staff with the new reporting requirements and the revisions to IDIS. It also provides an opportunity for grantees to check that forms, reports, and procedures are adequate to provide IDIS staff with all of the required information.

Performance Measurement Reporting Required Starting in Fall 2006

Starting in Fall 2006, grantees must use the CPD Outcome Performance Measurement System and provide the required data. This information will enable HUD to meet its Federal performance measurement responsibilities for the CDBG, HOME, HOPWA, and ESG programs. All grantees will be required to use the new performance measurement system in IDIS, regardless of whether they have already developed their own performance measurement systems.

State and Local Performance Measurement Systems

Many grantees already use state and local performance measurement systems developed by their agency or jurisdiction. For a list of several local grantee performance measurement systems examined in the recent study by HUD, see Attachment 1-1 at the end of this chapter.

The CPD Outcome Performance Measurement System is not designed to replace local performance measurement systems but to complement them. Grantees using their own state or local systems should continue to use their systems, but need to make sure that they have the capability to provide the data items required by the CPD Outcome Performance Measurement System as well. HUD anticipates that most grantees with

their own existing performance measurement systems should find these requirements relatively easy to meet.

For grantees that have not developed local performance measurement systems, the CPD Performance Measurement System will be incorporated into IDIS and will be sufficient for HUD's purpose of gathering results nationally.

While grantees are not required to develop state or local performance measurement systems, HUD encourages grantees to consider developing their own systems to address the specific needs of their state or community. For jurisdictions that have not implemented performance measurement systems, the HUD system can provide a useful starting point for these efforts.

Development of the Outcome Performance Measurement System

The Challenge

Large Federal block grant programs, such as CDBG, HOME, HOPWA, and ESG, face particular performance measurement challenges because they are multi-faceted programs guided by broad national objectives where states and localities use the funds to address their own diverse, specific needs and requirements within these larger objectives.

The Community Development Performance Measurement Working Group recognized this challenge and strived to craft a performance measurement framework that captured results at a local level across the four programs using a common structure that allows them to be "rolled up" to the national level.

Purpose of the System

The performance measurement system was developed to provide HUD and CPD grantees with a standardized methodology and system to measure the outcomes of HOME, CDBG, HOPWA, and ESG. Given the Federal requirements to measure program performance and the strong competition for available Federal resources, HUD and its grantees must be able to demonstrate how CPD programs benefit low-income families and communities.

The Performance Measurement Working Group

The Community Development Performance Measurement Working Group membership included HUD staff, as well as state and local public interest groups, grantees of various sizes, and OMB. It was important for each of these stakeholders to be represented and involved during the development of the system to ensure that:

- The performance measurement system is an easy to use tool that draws upon readily available data for all grantees; and
- Federal reporting requirements are met so HUD and OMB are able to "roll up" the data at a national level to show accomplishments and demonstrate the value of the programs.

The Working Group met several times over an 18-month period to develop the framework of the CPD Performance Measurement System. Exhibit 1-1 provides a list of the agencies in the Working Group.

Exhibit 1-1: CPD Performance Measurement Working Group

- Council of State Community Development Agencies (COSCDA)
- National Community Development Association (NCDA)
- National Association for County Community Economic Development (NACCED)
- National Association of Housing and Redevelopment Officials (NAHRO)
- National Council of State Housing Agencies (NCSHA)
- State grantees
- Entitlement grantees and HOME participating jurisdictions, including cities and counties
- HUD staff
- OMB staff

What did the Working Group Seek to Achieve?

When setting out to create the CPD Performance Measurement System, the Performance Measurement Working Group focused on developing a practical, easy to use tool that draws on readily available data and addresses the common activities that may be undertaken by each of the four programs. It considered the range of activities undertaken through the four CPD programs and developed a framework that accomplished two objectives:

- To collect robust data on the outcomes of program activities that enable HUD to describe and quantify the impact these programs make nationally and locally; and
- To minimize the reporting burden on grantees.

In order to create a tool that successfully addressed these challenges and achieved these objectives, the Working Group established the principles in Exhibit 1-2. Not only was the development of the framework an innovative consensus-building process over time, but the final framework and each indicator agreed upon had to address each

principle. Consensus amongst all members of the Working Group was required to ensure that the views of all stakeholders were given equal weight.

Exhibit 1-2: Guiding Principles of the Working Group

- ❑ **Address all four Consolidated Plan programs:** Early on, the Performance Measurement Working Group recognized that while each of the four Consolidated Plan programs (CDBG, HOME, HOPWA, and ESG) has a unique set of requirements, the performance measurement system needs to focus on the elements and results common across the programs. The Working Group recommended a framework that reflects the common ways that grantees work to achieve their goals regardless of the specific source of funds they administer.
- ❑ **Preserve program flexibility:** These programs are unique in that state and local governments are given the flexibility to make choices about how to use program funds. The Working Group made it a priority to preserve local autonomy in determining how funds should be used based on local needs and priorities.
- ❑ **Capture diverse outcomes:** Collectively, the CPD programs fund a wide variety of housing and community development activities. Funds can be used for downpayment assistance to a family to purchase a home; to repave the sidewalk in a low-income neighborhood; or to provide shelter to homeless persons. The Working Group believed that the performance measurement system must allow data to be captured across these varied activities to accurately show the difference these programs have been making.
- ❑ **Recognize that similar activities are often funded for different purposes and outcomes:** The system has to capture different outcomes across similar activities based on the intent of the activity. For example, a public infrastructure improvement activity under CDBG could be for creating a suitable living environment or for economic opportunity, depending on the intent. If a grantee is making road improvements to improve safety in a residential area, the grantee is working to create a suitable living environment. If a grantee is funding road improvements to provide improved access to an industrial park, the grantee is working to expand economic opportunity.
- ❑ **Emphasize the use of readily available data:** To facilitate the use of the system by grantees, the Working Group made it a priority to have the performance measurement system incorporate, to the greatest extent feasible, data commonly collected by many grantees.
- ❑ **Focus on outcomes that can be rolled up nationally:** In order for HUD to “tell the story” and explain how these programs help families and communities, the Working Group recognized that HUD must be able to use the system to show how these programs make an impact at the national level.

What are the Benefits of the System?

The CPD Performance Measurement System provides the following benefits for HUD and its grantees and subrecipients.

- ❑ **Meets Federal performance measurement requirements:** The system was developed in direct consultation with OMB to ensure that it fulfills Federal performance measurement requirements.
- ❑ **Provides clear evidence of program results/outcomes at a national level:** The system provides HUD with “hard” numbers about the results of grantee activities. These numbers will allow HUD to quantify the impact of grantee activities, both locally and nationally.
- ❑ **Provides grantees with performance information that they can use to inform local officials and the public about the results of their programs:** For grantees that have not yet developed their own performance measurement systems, the CPD system provides them with performance information for their programs that can be used at the local level. This information can help grantees communicate their accomplishments and build public support.
- ❑ **Informs grantee decisions about program design and implementation:** The system provides grantees with information about the extent to which their programs achieve the intended results. To the extent that program performance falls below the desired levels, grantees can examine their program designs and procedures and assess whether changes are needed to enhance their performance.

Using the System

HUD’s Role

HUD’s role is to maintain the system, analyze the data provided, and report program results to Congress, the public, and other key stakeholders. Here are some ways in which HUD will use the data it collects:

- ❑ HUD will use the data entered by grantees to develop a composite picture of the results of the four CPD programs. This will include developing outcome statements that summarize national results across activity or grantee types.
- ❑ In combination with other nationally available data (such as U.S. Census data), HUD may track housing and community development related trends, such as homeownership rates or business creation.
- ❑ HUD will use the outcome statements to develop goals for the Annual Performance Plan required under GPRA, and to compile results for the annual Performance and Accountability Report to Congress.
- ❑ This information can be used to respond to various inquiries submitted by members of Congress and other elected officials, public interest associations, and interested citizens about HUD activities and programs.

The Role of Grantees

For grantees, the system provides a framework for classifying activities in their Consolidated Plans and also serves as a reporting tool. The information provided by

grantees will enable HUD to report on the outcomes of the four programs nationally. For a summary of grantee responsibilities, see Chapter 2.

Over time, the system will provide summary reports and data that grantees can use in analyzing their performance.

Next Steps

In Spring 2006, the objectives, outcomes, and indicators in the *Notice of Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs* will be incorporated into IDIS. As discussed above, grantees will be asked to enter available data starting in Spring 2006, although entry of data is not required until October 1, 2006. Starting in October 2006, the CPD Performance Measurement System will be fully in effect and grantees will be required to enter performance measurement data for activities underway or completed after that date. As a result, HUD will be able to have complete performance information for all of the Federal Fiscal Year of 2007. Release of the web-based ("Phase I") re-engineered IDIS, including the new performance indicators, is scheduled for Fall 2006.

Grantees will be required to incorporate performance measurements into consolidated plans or annual action plans prepared for FY 2006 CDBG, HOME, HOPWA, and ESG funding and submitted after March 13, 2006. This will include the determination of an objective and selection of an outcome for each activity, based on the type of activity and its purpose. HUD recognizes that some grantees have already completed preparation of their FY 2006 plans, while others are well into the planning and development process. However, where possible, grantees should immediately incorporate the new performance measurements approach into consolidated plans or annual action plans that are being prepared for FY 2006 funds. Incorporating the new performance measures into grantee consolidated plans and action plans will help ensure that future reporting of data is less burdensome for grantees.

HUD plans a Phase II of the re-engineered IDIS that will reduce the overall administrative burden for grantees by integrating the Consolidated Plan, Annual Action Plan, and Consolidated Annual Performance and Evaluation Report (CAPER) into the performance measurement system. Phase II will be released no sooner than one year after the Phase I conversion has been completed.

Chapter 2: Overview of the CPD Outcome Performance Measurement System

Chapter 2 provides an overview of the CPD Outcome Performance Measurement System. It describes what activities the system covers, how the system is organized, and what the grantee must do in order to use the system. The chapter further describes the key reporting classifications of the system—the activity objectives, outcomes, and indicators of activities. A glossary at the end of the chapter includes definitions of key terms used in the system.

Types of Activities

The CPD Outcome Performance Measurement System is organized around the major types of activities funded by CDBG, HOME, HOPWA, and ESG. The following activities are covered by the system. Each is discussed in further detail in subsequent chapters:

- Housing;
- Economic development;
- Homeless housing and support;
- Housing for persons with AIDS;
- Public services;
- Public facilities; and
- Geographic-based revitalization efforts.

Highlights of the System

The final framework adopted by the CPD Performance Measurement Working Group reflects intensive discussion, research, and analysis over an 18-month period to meet the goals and adhere to the guiding principles it established for the system. The key features of the system include:

- Common performance measures that apply to all four programs:** The measures of program performance that are incorporated into the system are structured by type of activity, rather than by program. This feature means that for activities common across several programs (e.g., housing rehabilitation) the same performance data is collected regardless of the source of funds.
- Outcome measures are driven by local intent:** The system recognizes that the same activity may be undertaken for different purposes and to achieve different types of results. With this system, grantees can specify their program intent and the type of outcomes that they anticipate for an activity.

- ❑ **Indicators that use data commonly collected by grantees:** The indicators used by the performance measurement system are based on data that are readily gathered by grantees, regardless of size or administrative capacity.
- ❑ **Data collected from all grantees will enable HUD to roll up results to a national level:** The system focuses on a limited set of performance indicators and data items that are required of all grantees. The use of a single standardized set of data, regardless of variation in local program design, means that HUD can readily “roll up” the results reported by grantees from across the country into a set of overall national results by program.

Key Components of the CPD Outcome Performance Measurement System

In varying degrees of specificity, most grantees have a stated purpose for program activities they choose to undertake. It is only logical that these activities be evaluated based on how well they meet the intended purposes. For this reason, the CPD Outcome Performance Measurement System is designed to capture the state and local program purposes, and then to generate certain performance indicators that measure the activity’s success at achieving the intended purpose.

There are three main components to the CPD Outcome Performance Measurement System:

- ❑ Objectives;
- ❑ Outcomes; and
- ❑ Indicators.

A list of commonly asked questions on objectives, outcomes, and indicators is provided as Appendix 3 to this guidebook.

Using the System – A Brief Overview of Key Actions for Grantees

To understand the key components of the system, it is helpful to begin with a brief overview of how grantees will use the system. For each activity that a grantee plans and ultimately funds, the grantee will need to:

1. **Determine the goal of the activity.** This task is performed both when grantees prepare their Consolidated Plan submissions (i.e., Strategic Plan or Annual Action Plans) and make a decision to fund an activity.
2. **Select one objective and one outcome that best reflect the goal or purpose of the activity.** This task also is performed when grantees prepare their Consolidated Plan submissions and make a decision to fund an activity.
3. **Indicate the corresponding objective and outcome for an activity** when setting up the activity in IDIS; and

4. **Report on the applicable indicators** regularly in IDIS and when completing an activity in IDIS.

The CPD Outcome Performance Measurement System focuses on activity level data as that term is used in IDIS. The activity type (and national objective for CDBG-assisted activities) will generally dictate which outcome indicator fields will need to be completed.

When the grantee sets up an activity in IDIS, the CPD Outcome Performance Measurement System will require the grantee to select from a list of predetermined objectives and outcomes. Objectives and outcomes will help define the grantee's intended purpose for the activity it is funding. For each activity, grantees must choose one of the three objectives that best fits the purpose of the activity based on the type of activity, funding source, and local program intent. Once the grantee has chosen the appropriate objective for its activity, it must then choose the outcome that best reflects what it is seeking to achieve based on the purpose of the activity.

The objectives closely mirror the statutory objectives of each program and, therefore, grantees can only select the one objective that the activity is intended to meet. To avoid diluting data with too much information, grantees must choose one of three outcomes, depending on which outcome is most appropriate for their activity. While it may be the case that a grantee feels that two or even all three outcomes are equally important to its activity, it must select only one for the purpose of IDIS data entry. However, a grantee may indicate more than one proposed outcome for an activity in the narratives for its Consolidated Plan or Annual Action Plan and its reporting.

Objectives

The CPD Outcome Performance Measurement System offers three possible objectives for each activity. These objectives are based on the broad statutory purposes of the four CPD programs:

- Creating Suitable Living Environments** relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment. This objective relates to activities that are intended to address a wide range of issues faced by low- and moderate-income persons, from physical problems with their environment, such as poor quality infrastructure, to social issues such as crime prevention, literacy, or elderly health services.
- Providing Decent Housing** covers the wide range of housing activities that are generally undertaken with HOME, CDBG, or HOPWA funds. This objective focuses on housing activities whose purpose is to meet individual family or community housing needs. It does not include programs where housing is an element of a larger effort to make community-wide improvements, since such programs would be more appropriately reported under Suitable Living Environments.

- ❑ **Creating Economic Opportunities** applies to activities related to economic development, commercial revitalization, or job creation.¹

The objectives are framed broadly to capture the range of community impacts that occur as a result of program activities. Grantees can use the framework of the CPD Outcome Performance Measurement System as a basis for developing their own local system and incorporate more specific objectives that reflect their local priorities. However, for HUD, it is important that grantee activities be mapped to one of these three objectives so that HUD can describe the results of the four programs at a national level.

TIP

*When selecting an **objective**, ask:*

What is the purpose of the activity?

What is the larger community need that I am seeking to address?

Outcomes

The second component of the system – outcomes - is closely related to the objectives. The program outcome helps further refine the grantee’s objective and is designed to capture the nature of the change or the expected result of the objective that a grantee seeks to achieve. Outcomes correspond to the question “What is the **type** of change the grantee is seeking? Or what is the expected result of the activity?”

TIP

*When selecting an **outcome**, ask:*

What type of change or result am I seeking?

The Performance Measurement Working Group considered a wide range of reasons why a grantee might fund activities and narrowed the outcomes down to the following three:

- ❑ **Availability/Accessibility** applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low- and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the basics of daily living available and accessible to low- and moderate-income people where they live.
- ❑ **Affordability** applies to activities that provide affordability in a variety of ways to low- and moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care. Affordability is an appropriate objective whenever an activity is lowering the cost, improving the quality, or increasing the affordability of a product or service to benefit a low-income household. For instance, a low

¹ The objective “Creating Economic Opportunity” is unlikely to be used for housing activities supported with HOME, HOPWA, or ESG funds.

interest loan program might make loans available to low- and moderate-income microenterprise businesses at 1% interest, which is far below the market rate. This program lowers the cost of the loan, enabling entrepreneurs to start businesses. As a result, the program makes financing more affordable. Another example might be a subsidized day care program that provides services to low- and moderate-income persons/families at lower cost than unsubsidized day care.

- **Sustainability** applies to activities that are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

Remember, the same activity can be categorized in different ways, depending on the local intent. For example, a rental rehabilitation program may be offered to increase the supply of affordable housing units for large families. The outcome for the program would be “Availability/accessibility” since the nature of the change is to make additional larger units available in the housing market. In a different jurisdiction, a rental rehabilitation program might provide a development subsidy for the rehabilitation of large units for the purpose of lowering the cost of housing or to provide decent and safe housing in a particular neighborhood or community for larger families. There, the primary outcome would be “Affordability.”

To avoid diluting data with too much information, grantees must choose one of three outcomes, depending on which outcome is most appropriate for their activity. While it may be the case that a grantee believes that two or even all three outcomes are equally important to its activity, it must select only one outcome.

It is important to note that ‘sustainability’ is specifically tied to activities that are designed for the purpose of ensuring that a particular geographic area as a whole (such as a neighborhood) becomes or remains viable. It is targeted at supporting a specific physical location. On the other hand, ‘availability’ is related to making services, infrastructure, housing, or shelter available or accessible to individual residents/beneficiaries. Also, although the term ‘accessibility’ also refers to access for persons with disabilities as an outcome, it is intended to mean increased access to various services, housing units, or facilities.

Using the framework shown below in Exhibit 2-1 and data reported by grantees, HUD will generate national outcome statements to describe the aggregate impact that local program activities are achieving. Exhibit 2-2 below provides examples of individual national outcome statements.

Exhibit 2-1: Link between Objectives, Outcomes, and Outcome Statements

	Outcome 1: Availability/Accessibility	Outcome 2: Affordability	Outcome 3: Sustainability
Objective #1 Suitable Living Environment	Accessibility for the purpose of creating Suitable Living Environments	Affordability for the purpose of creating Suitable Living Environments	Sustainability for the purpose of creating Suitable Living Environments
Objective #2 Decent Housing	Accessibility for the purpose of providing Decent Housing	Affordability for the purpose of providing Decent Housing	Sustainability for the purpose of providing Decent Housing
Objective #3 Economic Opportunity	Accessibility for the purpose of creating Economic Opportunities	Affordability for the purpose of creating Economic Opportunities	Sustainability for the purpose of creating Economic Opportunities

These outcome statements will help the grantee to demonstrate the results its program is making at the local level and help HUD to demonstrate how Federal funds are being used to make a difference at the national level.

Indicators

Once the grantee has established the program purpose (objective), and intended result (outcome), the next step is to identify how to measure progress toward achieving the intended results. The IDIS system simplifies this job by identifying the indicators the grantee must report on. Some are common indicators that will be reported for nearly all program activities. Others are activity-specific indicators that are relevant only for the specific activity the grantee is undertaking.

Grantees will be required to report on the indicators that are applicable to the individual activities that they fund. An activity does not have to report on all the indicators that could be achieved, but data on all of the indicators that describe the results of their activity must be reported.

Exhibit 2-2: CPD Outcome Performance Measurement System - Outcome Statements

The following outcome statements are examples of how HUD will be able to use the information reported in IDIS, using the outcomes and indicators in the Outcome Performance Measurement System, to generate reports that can produce outcome statements similar to those shown in the attachment.

Outcome Statement for Senior Public Services and Senior Public Facilities Activities

In FY 2004, the CDBG program provided access to affordable services and facilities for over 2.4 million of our nation's 36 million senior citizens, 4 million of whom lived at or below the poverty level. CDBG funding provided new access to services for 700,000 seniors, improved access to services for over 1.1 million seniors, and improved the quality of services for 600,000 senior citizens creating more suitable living environments and more viable communities for elderly individuals whose median annual income nationwide was \$23,787. The CDBG program assisted 1.6 million of those senior citizens by supporting public services, such as meals on wheels and operating costs of senior transportation, senior health clinics, and other programs; the program assisted nearly 800,000 seniors through the construction and rehabilitation of senior centers and other facilities devoted to providing essential services to our elderly population.

Outcome Statement for Owner-Occupied Housing Rehabilitation

In FY 2004, the CDBG program rehabilitated 138,000 owner-occupied homes for the purpose of sustaining decent affordable housing. 32,000 housing units, previously considered substandard according to local codes, were brought up to local standards as a result of the CDBG-funded rehabilitation. Over 12,000 housing units were brought into compliance with lead safety rules: 5,000 units met International Building Code Energy Standards; and 1,000 units met Energy Star standards. Other Federal programs subsidized 200 of these units, while state or local programs subsidized 78.

Outcome Statement for Jobs

In FY 2006, grantees used \$400 million in CDBG funds to create economic opportunity across America by assisting 7,000 businesses, of which 4,000 provide needed goods and services to low-and moderate-income communities. These 7,000 businesses created 75,000 new full-time employment opportunities and 12,000 of those positions went to unemployed persons. Of these newly created jobs, 33,000 of these positions provide employer-sponsored health care benefits thereby increasing access to quality health care for individuals obtaining those jobs. The creation of these 75,000 jobs represents a significant contribution toward the total of 3.3 million new jobs reported by the Bureau of Labor Statistics as having been created nationwide in FY 2006.

Outcome Statement for Public Facilities

In FY 2004, the CDBG program provided new (first-time) access to a potable public water supply system for 155,000 persons, providing accessibility to a suitable living environment for these citizens. 95,000 of these citizens were low-and moderate-income persons. 125,000 of these persons were assisted through a combination of CDBG and other Federal program resources.

The CDBG program also provided for the rehabilitation of existing public water supply systems that benefited 85,000 persons; 65,000 of these were of low-and moderate-income. 55,000 of these persons were assisted through a combination of CDBG and other Federal program resources. Having access to an improved public water supply provided citizens with a sustained suitable living environment.

Outcome Statement for Homeownership

In FY 2004, the CDBG program provided new (first-time) access to homeownership units through the construction, acquisition, or rehabilitation of homeownership units for 15,000 persons, providing accessibility to decent housing for these citizens.

The CDBG program also directs financial assistance to first-time homebuyers for 100,000 persons, which included 40,000 minority households.

* Please note that for the HOME Program, the default setting in IDIS for objectives will be “decent housing” and for outcomes “affordability.”

Common Indicators

There are four common indicators that are relevant for most activities. The system requires the grantee to report on these data elements for nearly all program activities. Note, however, that depending on the source of funds for the activity (HOME, CDBG, HOPWA, or ESG), the grantee may be required to report on different levels of specificity, or in some cases, the grantee may not be required to report on every element listed below:

- Amount of money leveraged from other Federal, state, local, and private sources, per activity.
- Number of persons, households, businesses, units or beds assisted, as appropriate.
- Income levels of persons or households by: 30 percent, 50 percent, 60 percent or 80 percent of area median income.
 - Reported income targeting will vary, in accordance with the applicable program requirement. However, grantees will not be required to collect any income data that goes beyond what is currently required.
 - For CDBG activities that benefit an area, the data reported for that activity will need to show the total number of persons served and the percentage of low- and moderate-income individuals served.
 - Under the State CDBG Program, grantees currently need to report beneficiaries by the CDBG income levels for all activities other than administration and some planning. Note that these current requirements will change when the Phase I re-engineered IDIS is implemented.
- Race, ethnicity, and disability data for activities that currently report these data elements.
 - Under CDBG Entitlement Communities Program, race/ethnicity data is required only when the activity is specifically undertaken to directly benefit persons or households, such as job creation activities or housing rehabilitation. Race and ethnicity data is **not** required for activities under the CDBG low- and moderate-income area benefit, slum/blight, or urgent need national objectives.

- Under the State CDBG Program, grantees are currently required to report on race/ethnicity for all activities other than administration and some planning activities. Note that these current requirements will change when the Phase I re-engineered IDIS is implemented.
- Grantees will not be required to collect any race/ethnicity data beyond what is currently required.

Specific Indicators

In addition to the common indicators that are used for all program activities, there are 18 major activity-specific indicator categories as shown in Exhibit 2-3 below. These indicators cover most activities carried out under the four Con Plan programs including housing, services for homeless individuals and families, public facilities/infrastructure, public services, and economic development activities. The complete set of indicators is listed in the March 7, 2006 *Federal Register* Notice, provided as Appendix 2 of this guidebook.

For each indicator category, there are several required data items that measure key characteristics of activities performed. For example, the data items for housing indicators capture the income levels of the households served, physical condition of the housing, whether the housing serves people who were previously homeless, and key features of the housing such as energy efficiency and safety from lead-based paint hazards. These characteristics help capture the extent to which an outcome is achieved.

The grantee is required to enter data only on indicator items that are relevant to the type of activity it undertakes, the intent of the activity, and for CDBG activities, the national objective. Current data collection requirements for each program remain unchanged. The applicable indicators are automatically generated by IDIS when the indicator is a requirement of the program funding the activity.

Exhibit 2-3: CPD Performance Measurement Indicators

- ❑ **Public facility or infrastructure:** This indicator shows the number of persons that have been assisted by public facility or infrastructure activities that provide individuals with new or improved access to the facility or infrastructure. If the activity was used to meet a quality standard or to measurably improve quality, then this indicator will report the number of household units that no longer have access to a substandard service.
- ❑ **Public service:** This indicator shows the number of persons that have been assisted with new or improved access to a service. If the activity was used to meet a quality standard or to measurably improve quality, then this indicator will report the number of persons that no longer have access to a substandard service.
- ❑ **Targeted revitalization:** This indicator shows a range of outcomes such as jobs created and retained, businesses assisted, low- and moderate-income persons and households served, slum/blight demolition, number of acres of brownfields remediated, etc. in a targeted area.
- ❑ **Commercial façade treatments or business building rehabilitation:** This indicator shows the number of commercial façade treatments undertaken and the number of business buildings that were rehabilitated.
- ❑ **Brownfields remediated:** This indicator shows the number of acres of brownfields that were remediated.
- ❑ **Rental units constructed:** This indicator shows the number of affordable rental units created, as well as the number of years of affordability, number of units occupied by the elderly, and those units designated for chronically homeless persons and persons with HIV/AIDS.
- ❑ **Rental units rehabilitated:** This indicator shows the number of affordable rental units rehabilitated, as well as the number of years of affordability, units for chronically homeless persons, elderly persons, and persons with HIV/AIDS.
- ❑ **Homeownership units constructed or acquired with rehabilitation:** This indicator shows the total number of homeownership units constructed, acquired, and/or acquired with rehabilitation per activity. This includes total number of affordable units, number of years of affordability, Energy Star qualified units, section 504 accessible units, and number of households previously living in subsidized housing. In addition, data will be collected on the number of units occupied by the elderly, number of units designated for persons with HIV/AIDS, and number of units for the chronically homeless.
- ❑ **Owner occupied units rehabilitated:** This indicator shows the total number of owner occupied units rehabilitated, including the number of these units occupied by the elderly, number of units designated for persons with HIV/AIDS, and number of units for the chronically homeless.

Exhibit 2-3: CPD Performance Measurement Indicators

- ❑ **Direct financial assistance to homebuyers:** This indicator shows the number of homebuyers receiving direct financial assistance, housing counseling, and downpayment assistance/closing costs.
- ❑ **TBRA:** This indicator shows the total number of households receiving TBRA as well as the number with short-term rental assistance (less than 12 months) and the number of homeless and chronically homeless households assisted.
- ❑ **Homeless shelters:** This indicator shows the number of homeless persons given overnight shelter.
- ❑ **Emergency housing:** This indicator shows the number of beds created in an overnight shelter or other emergency housing.
- ❑ **Homeless prevention:** This indicator shows the number of households that received emergency financial assistance to prevent homelessness and emergency legal assistance to prevent homelessness.
- ❑ **Jobs created:** Of the total number of jobs created, this indicator shows the number of jobs that have employee-sponsored health care, the types of jobs created [using Economic Development Administration (EDA) classifications] and the number or persons unemployed before taking the job.
- ❑ **Jobs retained:** Of the total number of jobs retained, this indicator shows the number of jobs retained, the number of jobs with employer-sponsored health care benefits, and the types of jobs retained (using EDA classifications).
- ❑ **Business assistance:** This indicator shows the total number of businesses assisted. Specifically, it shows the number of new businesses, existing businesses, and the DUNS number of each business so that HUD can track the number of new businesses that remain operational for three years after assistance.
- ❑ **Businesses providing goods or services:** This indicator shows whether an assisted business provides goods or services to meet the needs of the service area, neighborhood, or community, as determined by the grantee.

Using the CPD Outcome Performance Measurement System – A Review of Key Actions for Grantees

As introduced above, there are four key types of actions that grantees and their partners need to take when using CPD Outcome Performance Measurement System:

- Determine the intent (or goals) of their program activities;
- Select objectives and outcomes;
- Record objectives and outcomes in IDIS; and
- Report on indicators in IDIS.

Determine Intent

Grantees design their programs to address priority local needs. To meaningfully capture the results of local activities funded by the four formula grant programs, the Working Group determined that the system had to allow grantees to specify their intent when choosing their activities.

Select Objectives and Outcomes

To provide a means to capture the intent of state and local grantees, the system asks grantees to identify a corresponding objective and outcome for each activity they fund using funds from one or more of the four programs.

The grantee will determine which of the objectives and outcomes are relevant based on locally determined needs and priorities. For states, grantees have the option of choosing the objectives and outcomes themselves, or allowing local recipients to choose. This option is discussed further in Chapter 11.

The grantee incorporates these objectives and outcomes into its Annual Action Plans, and ultimately into its five-year Consolidated Plan. This will allow the grantee to monitor its objectives and outcomes over time and ensure it is utilizing funding to achieve its objectives.

Record Objectives, Outcomes, and Indicators in IDIS

Grantees enter the same corresponding objectives and outcomes for each of their activities in IDIS at the time an activity is set up, and then report in IDIS on the indicators that are relevant to these individual activities.

Glossary of Common Terms

Activity: This term has the meaning discussed in Chapter 2 of the IDIS Reference Manual.

CPD Outcome Performance Measurement System: A system to track and report outcomes and program results in a standardized way, across the four programs covered by the Consolidated Plan (CDBG, HOME, ESG, and HOPWA).

Objective: Objectives reflect the purpose of a program or activity. Grantees design their programs based on the objectives they establish in response to their local needs and goals.

Outcomes: Outcomes refer to the benefits to the public/program participant that are *external* to the program. Measuring outcomes helps the grantee answer the question “What effect has the program had on its participants or the community?” Outcomes typically relate to a change in condition, status, attitudes, skills, knowledge, or behavior. Examples of outcomes include improved quality of life for program participants, increased housing stability, improved quality of the local housing stock, increased customer satisfaction, or revitalization of a neighborhood.

Indicator: Indicators are data elements that are measured in order to identify whether an outcome is occurring or not; i.e., whether a program is achieving its outcomes.

Outcome Statement: An outcome statement connects each outcome to an overarching objective to produce a statement that can be used to document results of program activities and develop narratives for HUD.

GPRA: The Government Performance and Results Act of 1993 directly links Congressional decision-making on program spending to the effectiveness and efficiency of programs in achieving statutory objectives.

PART: The Program Assessment Rating Tool is an OMB management tool used to assess and improve program performance so that the Federal government can achieve better results. The PART Review identifies a program’s strengths and weaknesses to inform funding and management decisions to make the program more effective over time.

Project: This term has the meaning discussed in Chapter 2 of the IDIS Reference Manual.