

# Virtual Outcomes College

## National ROMA Peer-To-Peer Training Program



### Results-Oriented Management and Accountability for Community Action Agencies and CSBG Eligible Entities©

## APPENDICES to the Participant Manual

### Version 4.1

February 2007

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**Curriculum developed by F. Richmond, President, The Center for Applied Management Practices, Inc., modified with funding from the U.S. Department of Health and Human Services – Office of Community Services, under the direction of J. Wilson, Executive Director, Community Action Association of Pennsylvania. Virtual Outcomes College training model created by Wilson and Richmond, funded by the Pennsylvania Department of Community and Economic Development – Office of Community Services.**

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for Community Action Agencies and CSBG Eligible Entities©**

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# Appendix One

OEO Instructions 6320-1,  
November 16, 1970

<b>OFFICE OF ECONOMIC OPPORTUNITY</b> Executive Office of the President Washington, DC 20506	Type of Issuance		Number
	OEO INSTRUCION		6310-1
	Subject:		Date:
	<b>THE MISSION OF THE COMMUNITY ACTION AGENCY</b>		November 16, 1970 Office of Primary Responsibility O/CA/P
Supersedes		Distribution	
OEO Instruction 1105-1		DR, 5-2, 10-15, 35-4, 45-1S	

1. Basic Purpose

Title II of the Economic Opportunity Act provides for the establishment and funding of community action agencies and programs. The basic purpose of Title II, as stated in Section 201(a) of the Act, is "to stimulate a better focusing of all available local, State, private, and Federal resources upon the goal of enabling low-income families, and low-income individuals of all ages, in rural and urban areas, to attain the skills, knowledge, and motivations and secure the opportunities needed for them to become self-sufficient."

The key phrase in this statement is "to stimulate a better focusing of all available ... resources." The Act thus gives the CAA a primarily catalytic mission: to make the entire community more responsive to the needs and interests of the poor by mobilizing resources and bringing about greater institutional sensitivity. A CAA's effectiveness, therefore, is measured not only by the services which it directly provides but, more importantly, by the improvements and changes it achieves in the community's attitudes and practices toward the poor and in the allocation and focusing of public and private resources for antipoverty purposes.

2. The Resources

To carry out this mission effectively the CAA must work with three significant groups in the community: the poor, the public sector, and the private sector.

a. The Poor

The Act provides that all CAA plans and programs must be developed and implemented "with the maximum feasible participation of the residents of the areas and members of the groups served..." Such participation is essential not only to enable the poor to

become self-sufficient, but also to insure that the community changes and improvements which the CAA promotes are, in fact, responsive and relevant to the low-income citizens to whom they are addressed. It is therefore central to the CAA's mission to strengthen the self-help capability of the poor and to provide them the opportunity and support to participate effectively, through both the CAA and their own neighborhood and target area organizations, in CAA and non-CAA programs which affect their interests.

b. The Public Sector

Regardless of whether a CAA is a public or private non-profit agency, its effectiveness depends heavily on its ability to work closely with, and enlist the support of, State and local public officials and agencies. No community can ever be fully responsive to the needs of the poor without the active participation and cooperation of its duly elected or appointed officials. In this regard it is also essential that the CAA develop a close working partnership with the State Economic Opportunity Office.

3. Developing a Strategy

c. The Private Sector

The poor and the public official cannot succeed alone. without the vast, and largely untapped, resources of the non-poor private sector. The CAA must therefore enlist the support and participation of business and labor, religious and civil rights groups, private social service agencies and health and welfare councils, civic and service organizations, foundations *and* universities, and the individual private citizen himself.

To carry out this mission, the CAA must develop both a long-range strategy and specific, short-range plans for using potential resources, including OEO grant funds and other public (Federal, State and local) and private resources of all kinds, including facilities, services, *and* personnel as well as funds. These strategies and plans should be developed as part of the CAA's regular grant application process, and should be reflected in the CAP Form 81, "CAA Plans and Priorities," submitted annually. Any changes in CAA strategies or plans made in response to this Instruction shall be made *only* in accordance with regular application procedures in OEO Instruction 6710-1, "Applying for a CAP Grant."

In developing its strategy *and* plans, the CAA shall take into account the areas of greatest community need, the availability of resources, and its own strengths and limitations. It should establish realistic, attainable objectives, consistent with the basic mission established in this Instruction, and expressed in concrete terms which permit the measurement of results. Given the size of the poverty problem and its own limited resources, the CAA should concentrate its efforts on one or two

major objectives where it can have the greatest impact.

The CAA must coordinate its plans with those of other agencies and institutions responsible for poverty-related programs. To the extent feasible, it should assist such agencies and institutions in developing their own plans and carrying out their own missions. However, the complexity of poverty problems and the wide range of poverty-related programs make it ordinarily impossible for the CAA to become the master planner and coordinator of all social programs in the community. The degree to which the CAA can influence planning and coordination will depend, by and large, on its ability to work with the three groups mentioned in Section 2.

#### 4. Programs as a Bridge to the Community

The operation of programs meeting high-priority needs is an effective vehicle through which the CAA can stimulate increased community responsiveness to the needs of the poor. Programs produce immediate, tangible benefits to the poor in terms understandable to poor and non-poor alike. By operating programs and delivering services -- either directly or through delegate agencies -- the CAA establishes a base from which it can inform the community of the needs and aspirations of the poor, gain practical experience in dealing with poverty problems, *and* strengthen its stature as a community resource.

While the operation of programs is the CAA's principal activity is not the CAA's primary-objective. CAA programs must serve the larger purpose of mobilizing resources and bringing about greater institutional sensitivity. This critical link between service delivery and improved community response distinguishes the CAA from other agencies. Using its programs as a base, the CAA can become the focal point for increased community concern and greater community commitment. Community organization and resource mobilization activities of the CAA will normally be an integral part of its program operations, even though these activities might be funded under separate program accounts.

#### 5. Local Needs and National Priorities

The Congress has identified certain priorities for the expenditure of Federal funds appropriated under the Economic Opportunity Act. In some instances it has designated "national emphasis programs," often, specifically earmarking funds for these purposes. The national emphasis programs include Head Start, Follow Through, Legal Services, Comprehensive Health Services, Upward Bound, Emergency Food and Medical Services, Family Planning; Senior Opportunities and Services, Alcoholic Counseling and Recovery, and Drug Rehabilitation. While developing a local strategy to meet local needs is at the heart of successful community action, the CAA must take into account the existence of these national emphasis programs in planning for the use of OEO funds.

In addition to these national emphasis programs, the following program areas are particularly well-suited to the CAA mission of stimulating increased community responsiveness to the needs of the poor: manpower and employment, day care,

National ROMA Peer-To-Peer-Training Program, Appendices to the Participant Manual, ROMA for Community Action Agencies and CSBG Eligible Entities, Version 4.1. See each Appendix for citation of source.

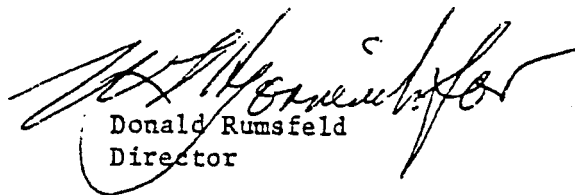
health (other than Comprehensive Health Services), housing, education, and career development. A CAA may find, however, that unique local conditions warrant the identification of other program areas as priorities for its particular community.. Moreover, there are significant activities other than specific programs which are essential to the operation of the CAA and its mission. Among these, for example, are CAA planning, central CAA administration, training and technical assistance, and neighborhood service systems.

The CAA has the responsibility to select and propose for funding those programs which, in its judgment, will produce the maximum impact on its community. Where unearmarked funds are used, the CAA may develop and propose its own program models or adopt or modify models which OEO may develop. Where funds earmarked for national emphasis programs are used, the CAA must follow the program models established by DEO.

#### 6. Articulating the Needs of the Poor

The CAA's mission involves a balance between strengthening communication and cooperation on the one hand and coming to grips with serious problems and deeply felt differences on the other. The CAA must address critical issues and deal with unpleasant realities, but in performing its role as an advocate of the poor the CAA must carefully choose the issues on which it takes stands and the tactics which it employs so as to maximize the chances of success.

The CAA's overall image in the community should be that of a positive voice for the poor. In all its activities, the CAA should strive constantly to reduce the isolation of the poor and to improve communications between the poor and the community at large. Its ultimate objective should not be to speak for the poor but to enable the poor to speak for themselves.



Donald Rumsfeld  
Director

# Appendix Two

## Excerpt from the Government Performance and Results Act of 1993

# **Government Performance & Results Act of 1993 Text of the Government Performance and Results Act (GPRA)**

An Act To provide for the establishment of strategic planning and performance measurement in the Federal Government, and for other purposes.

## **SECTION 1. SHORT TITLE**

This Act may be cited as the Government Performance and Results Act of 1993.

## **SEC. 2. FINDINGS AND PURPOSES.**

### **(a) FINDINGS- The Congress finds that--**

1. Waste and inefficiency in Federal programs undermine the confidence of the American people in the Government and reduces the Federal Governments ability to address adequately vital public needs;

2. Federal managers are seriously disadvantaged in their efforts to improve program efficiency and effectiveness, because of insufficient articulation of program goals and inadequate information on program performance; and

3. Congressional policymaking, spending decisions and program oversight are seriously handicapped by insufficient attention to program performance and results.

### **b) PURPOSES- The purposes of this Act are to--**

1. improve the confidence of the American people in the capability of the Federal Government, by systematically holding Federal agencies accountable for achieving program results;

2. initiate program performance reform with a series of pilot projects in setting program goals, measuring program performance against those goals, and reporting publicly on their progress;

3. improve Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction;

4. help Federal managers improve service delivery, by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality;

5. improve congressional decisionmaking by providing more objective information on achieving statutory objectives, and on the relative effectiveness and efficiency of Federal programs and spending; and

6. improve internal management of the Federal Government.

## **SEC. 3. STRATEGIC PLANNING.**

Chapter 3 of title 5, United States Code, is amended by adding after section 305 the following new section Sec. 306. Strategic plans

a. No later than September 30, 1997, the head of each agency shall submit to the Director of the Office of Management and Budget and to the Congress a strategic plan for program activities. Such plan shall contain--

1. a comprehensive mission statement covering the major functions and operations of the agency;

2. general goals and objectives, including outcome-related goals and objectives, for the major functions and operations of the agency;

3. a description of how the goals and objectives are to be achieved, including a description of the operational processes, skills and technology, and the human, capital, information, and other resources required to meet those goals and objectives;

4. a description of how the performance goals included in the plan required by section 1115(a) of title 31 shall be related to the general goals and objectives in the strategic plan;

5. an identification of those key factors external to the agency and beyond its control that could significantly affect the achievement of the general goals and objectives; and

6. a description of the program evaluations used in establishing or revising general goals and objectives, with a schedule for future program evaluations.

b. The strategic plan shall cover a period of not less than five years forward from the fiscal year in which it is submitted, and shall be updated and revised at least every three years.

c. The performance plan required by section 1115 of title 31 shall be consistent with the agency's strategic plan. A performance plan may not be submitted for a fiscal year not covered by a current strategic plan under this section.

d. When developing a strategic plan, the agency shall consult with the Congress, and shall solicit and consider the views and suggestions of those entities potentially affected by or interested in such a plan.

e. The functions and activities of this section shall be considered to be inherently Governmental functions. The drafting of strategic plans under this section shall be performed only by Federal employees.

f. For purposes of this section the term agency means an Executive agency defined under section 105, but does not include the Central Intelligence Agency, the General Accounting Office, the Panama Canal Commission, the United States Postal Service, and the Postal Rate Commission..

#### **SEC. 4. ANNUAL PERFORMANCE PLANS AND REPORTS.**

##### **(a) BUDGET CONTENTS AND SUBMISSION TO CONGRESS**

- Section 1105(a) of title 31, United States Code, is amended by adding at the end thereof the following new paragraph: (29) beginning with fiscal year 1999, a Federal Government performance plan for the overall budget as provided for under section 1115..

##### **(b) PERFORMANCE PLANS AND REPORTS**

- Chapter 11 of title 31, United States Code, is amended by adding after section 1114 the following new sections:

##### **Sec. 1115. Performance plans**

a. In carrying out the provisions of section 1105(a)(29), the Director of the Office of Management and Budget shall require each agency to prepare an annual performance plan covering each program activity set forth in the budget of such agency. Such plan shall--

1. establish performance goals to define the level of performance to be achieved by a program activity;

2. express such goals in an objective, quantifiable, and measurable form unless authorized to be in an alternative form under subsection (b);

3. briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals;

4. establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity;

5. provide a basis for comparing actual program results with the established performance goals; and
6. describe the means to be used to verify and validate measured values.

b. If an agency, in consultation with the Director of the Office of Management and Budget, determines that it is not feasible to express the performance goals for a particular program activity in an objective, quantifiable, and measurable form, the Director of the Office of Management and Budget may authorize an alternative form. Such alternative form shall--

1. include separate descriptive statements of--
  - (A)(i) a minimally effective program, and
  - (ii) a successful program, or
  - (B) such alternative as authorized by the Director of the Office of Management and Budget, with sufficient precision and in such terms that would allow for an accurate, independent determination of whether the program activities performance meets the criteria of the description; or
2. state why it is infeasible or impractical to express a performance goal in any form for the program activity.

c. For the purpose of complying with this section, an agency may aggregate, disaggregate, or consolidate program activities, except that any aggregation or consolidation may not omit or minimize the significance of any program activity constituting a major function or operation for the agency.

d. An agency may submit with its annual performance plan an appendix covering any portion of the plan that--

1. is specifically authorized under criteria established by an Executive order to be kept secret in the interest of national defense or foreign policy; and
2. is properly classified pursuant to such Executive order.

e. The functions and activities of this section shall be considered to be inherently Governmental functions. The drafting of performance plans under this section shall be performed only by Federal employees.

f. For purposes of this section and sections 1116 through 1119, and sections 9703 and 9704 the term--

1. agency has the same meaning as such term is defined under section 306(f)
2. outcome measure means an assessment of the results of a program activity compared to its intended purpose;
3. output measure means the tabulation, calculation, or recording of activity or effort and can be expressed in a quantitative or qualitative manner;
4. performance goal means a target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate;
5. performance indicator means a particular value or characteristic used to measure output or outcome;
6. program activity means a specific activity or project as listed in the program and financing schedules of the annual budget of the United States Government; and
7. program evaluation means an assessment, through objective measurement and systematic analysis, of the manner and extent to which Federal programs achieve intended objectives.

## **Sec. 1116. Program performance reports**

a. No later than March 31, 2000, and no later than March 31 of each year thereafter, the head of each agency shall prepare and submit to the President and the Congress, a report on program performance for the previous fiscal year.

b. 1. Each program performance report shall set forth the performance indicators established in the agency performance plan under section 1115, along with the actual program performance achieved compared with the performance goals expressed in the plan for that fiscal year.

2. If performance goals are specified in an alternative form under section 1115(b), the results of such program shall be described in relation to such specifications, including whether the performance failed to meet the criteria of a minimally effective or successful program.

c. The report for fiscal year 2000 shall include actual results for the preceding fiscal year, the report for fiscal year 2001 shall include actual results for the two preceding fiscal years, and the report for fiscal year 2002 and all subsequent reports shall include actual results for the three preceding fiscal years.

d. Each report shall--

1. review the success of achieving the performance goals of the fiscal year;

2. evaluate the performance plan for the current fiscal year relative to the performance achieved toward the performance goals in the fiscal year covered by the report;

3. explain and describe, where a performance goal has not been met (including when a program activity's performance is determined not to have met the criteria of a successful program activity under section 1115(b)(1)(A)(ii) or a corresponding level of achievement if another alternative form is used)--

A. why the goal was not met;

B. those plans and schedules for achieving the established performance goal;

C. if the performance goal is impractical or infeasible, why that is the case and what action is recommended;

4. describe the use and assess the effectiveness in achieving performance goals of any waiver under section 9703 of this title; and

5. include the summary findings of those program evaluations completed during the fiscal year covered by the report.

e. An agency head may include all program performance information required annually under this section in an annual financial statement required under section 3515 if any such statement is submitted to the Congress no later than March 31 of the applicable fiscal year.

# Appendix Three

## Testimony on Reauthorization of the Community Services Block Grant Program by Don Sykes

## Testimony on Reauthorization of the Community Block Grant Program by Don Sykes

Director, Office of Community Services  
Administration for Children and Families  
U.S. Department of Health and Human Services

Before the Senate Committee on Labor and Human Resources, Subcommittee on Children and Families -- May 5, 1998

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Mr. Chairman, Members of the Committee, thank you for providing the opportunity for me to testify today about reauthorization of the Community Services Block Grant (CSBG) program. I'd like to thank the Committee for its leadership on this program and the bipartisan support that CSBG has enjoyed. I have been Director of the Office of Community Services (OCS) since 1993, and prior to that, I was a Community Action Executive Director for more than 20 years. I have spent over thirty years working with the community action network at the Federal and local level. During these thirty years, I have been involved with the issues facing America's workforce.

I am here today to represent the Administration's strong support for a four-year reauthorization of this important program at such sums as may be necessary. We are not proposing any statutory changes to the program because we believe the current CSBG statute is fundamentally sound and provides the foundations for the community services network to respond to new and expanding challenges in the future. It provides flexibility to meet the unique needs of individual communities and works in concert with other programs, emphasizing Federal, State, and local public and private partnerships.

Through the CSBG program, we provide funding to states, territories, Indian tribes and tribal organizations, universities, and other non-profit groups to assist low-income people in local communities to attain and retain self-sufficiency. These CSBG funds are used primarily to meet employment, education, housing, energy, health, and emergency needs of the poor - all services fundamental to helping low-income persons gain economic security and self-sufficiency.

The vast majority of CSBG funds are allocated through the States to approximately 950 locally controlled Community Action Agencies (CAAs). These local agencies serve 96 percent of the nation's counties and have three decades of experience in addressing the problems of low-income communities. Local level decisionmaking is a unique aspect of the program and we believe it is one of the essential and most beneficial aspects of the program. CAAs involve and employ members of the community in developing, directing and operating the programs.

In 1995, about 11.5 million people benefited from Community Action Agency activities. Half of the clients served had incomes below 75 percent of the poverty level, but less than one-fourth were on welfare. Sixty-one percent of the families assisted had children and 59 percent of those families were headed by a single parent.

The CSBG program recognizes that healthy communities draw strength from all of their stakeholders - neighborhoods, schools, churches, businesses, government agencies, clubs and associations and, above all, the committed citizens of the community. A community cannot resolve its problems if all of the stakeholders are not working together to develop individual and

shared solutions. Elected local public officials, representatives of the low income community, and appointed business, clergy and civic leaders comprise a tripartite board empowering low-income people to participate in the policy making, design, and implementation of programs to respond to the community's poverty problems.

The CSBG program is uniquely designed to meet the need for integrated problem-solving. It supports core operations and, in many cases, direct services of CAAs in a vast community service network. To focus and concentrate their resources on those areas where action is most critical, CAAs perform community needs assessments. The assessments allow these local agencies to mobilize resources, to plan and integrate programs and donations, and to meet community needs, especially those of low-income individuals and families. In FY 1998, State and local officials will use CSBG funds to produce more than \$5 billion in coordinated services. Of that, approximately \$2 billion will come from State appropriations, local governments and private sources.

Throughout the country, community action agencies provide a wide range of successful locally-designed services coordinated with multiple Federal programs, thereby ensuring closer coordination among programs. For example, the Wabash Valley Human Services CAA in the State of Indiana contracts and coordinates with more than 30 different faith-based organizations, Section 8 Housing, W I C, Weatherization, Federal Emergency Management Agency (FEMA), Family Preservation, Healthy Families, Head Start and many other programs to expand the services of this community. In Bridgeport, Connecticut, the CAA Action for Bridgeport Community Development, Inc., makes economic development a priority. It has been successful in coordinating economic development efforts with other service providers in the community. In Stevens Point, Wisconsin, CAP Services, which primarily serves a rural population, provides a wide variety of services including new business ventures, housing rehabilitation, family literacy, job skills training, family violence prevention services, nutrition, transportation, child care and several other programs which assist families to become self-sufficient and to reinforce the role of parents as primary educators of their children.

In a natural disaster or emergency, CAAs often are the first place people turn to seek assistance. In 1995, \$69 million or 22 percent of CSBG funds allocated to CAAs was used for emergency services. CAAs help deliver emergency assistance for FEMA. For example, CAAs provide temporary food, clothing, and shelter to families displaced by fires, floods, and other disasters.

An example demonstrating disaster assistance from the CSBG program was reflected in a 77 year-old widow's loss of her home and most of its contents by flood waters in Missouri. The local CAA located new housing and used FEMA funds to buy basic furnishings. They also arranged for weatherization assistance and utility payment assistance, found clothing from local charities, and made referrals to a local mental health facility where the widow could receive stress counseling for flood victims. The CAA through the CSBG program assistance was able to provide a coordinated package of services to address the critical needs of this widow and many others in the community.

The CSBG program is fundamentally sound, but we are continuing to take steps to improve quality and enhance service delivery and program effectiveness. CAAs are responding dynamically to our quest for increased accountability. Two years ago, OCS established a task force composed of CSBG state directors, CAA directors and relevant association members. The task force and the community services network endorsed a Results-Oriented Management and Accountability (ROMA) strategy consisting of: 1) partnership and flexibility concepts which are integral to network operations; 2) a results-oriented management approach which includes

six broad "umbrella" goals that provide a framework for network activities; 3) a menu of outcome-oriented performance measures which leave maximum flexibility at the local level; 4) special implementation tools such as scales, surveys, electronically provided economic and demographic data at the neighborhood level; 5) training and technical assistance plans to ensure timely phasing of the total approach; and 6) reporting compatible with local, state, and federal information needs.

We believe the ROMA system will respond to congressional expectations for increased accountability under the Government Performance and Results Act (GPRA). ROMA focuses on achieving program improvement through real partnerships between Federal, State and local levels, and is a significant step toward greater accountability for the CSBG program and human services programs in general.

The ROMA approach should begin to help agencies identify cost effective strategies for reducing gaps in services, improve the capacity of CAAs to partner with innovative community and neighborhood-based initiatives and help communities better understand the agency's goals and achievements. Timetables for experiencing success from ROMA, which is voluntary, will vary from community to community. Today, 42 states have identified goals and implementation plans for ROMA. We believe that, when implemented, ROMA will greatly improve local program performance, improve State and local partnerships and build greater measures of accountability for the CSBG program. The community services network is responding enthusiastically to the ROMA process.

In summary, the existing CSBG statute provides critical support and funding to communities throughout the nation. With a four-year reauthorization, we can continue our efforts to work with States and communities to improve the program and strengthen accountability. We look forward to working with the Committee as it pursues reauthorization legislation for the CSBG program. I would be happy to answer any questions.

# Appendix Four

## Excerpt from the CSBG Reauthorization 1998

## TITLE II--COMMUNITY SERVICES BLOCK GRANT PROGRAM -- 1998

### SEC. 201. REAUTHORIZATION.

The Community Services Block Grant Act (42 U.S.C. 9901 et seq.) is amended to read as follows:

### SEC. 672. PURPOSES AND GOALS.

The purposes of this subtitle are--

(1) to provide assistance to States and local communities, working through a network of community action agencies and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient (particularly families who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); and  
(2) to accomplish the goals described in paragraph (1) through--

(A) the strengthening of community capabilities for planning and coordinating the use of a broad range of Federal, State, local, and other assistance (including private resources) related to the elimination of poverty, so that this assistance can be used in a manner responsive to local needs and conditions;

(B) the organization of a range of services related to the needs of low-income families and individuals, so that these services may have a measurable and potentially major impact on the causes of poverty in the community and may help the families and individuals to achieve self-sufficiency;

(C) the greater use of innovative and effective community-based approaches to attacking the causes and effects of poverty and of community breakdown;

(D) the maximum participation of residents of the low-income communities and members of the groups served by programs assisted through the block grants made under this subtitle to empower such residents and members to respond to the unique problems and needs within their communities; and

(E) the broadening of the resource base of programs directed to the elimination of poverty so as to secure a more active role in the provision of services for--

(i) private, religious, charitable, and neighborhood-based organizations; and

(ii) individual citizens, and business, labor, and professional groups, who are able to influence the quantity and quality of opportunities and services for the poor.

### SEC. 676. APPLICATION AND PLAN.

(a) Designation of Lead Agency.--

(1) Designation.--The chief executive officer of a State desiring to receive a grant or allotment under section 675A or 675B shall designate, in an application submitted to the Secretary under subsection (b), an appropriate State agency to act as a lead agency for purposes of carrying out State activities under this subtitle.

(b) State Application and Plan.--Beginning with fiscal year 2000, to be eligible to receive a grant or allotment under section 675A or 675B, a State shall prepare and submit to the Secretary an application and State plan covering a period of not less than 1 fiscal year and not more than 2 fiscal years. The plan shall be submitted not later than 30 days prior to the beginning of the first fiscal year covered by the plan, and shall contain such information as the Secretary shall require, including--

(1) an assurance that funds made available through the grant or allotment will be used--  
- to support activities that are designed to assist low-income families and individuals, including families and individuals receiving assistance under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), homeless families and individuals, migrant or seasonal farm workers, and elderly low-income individuals and families, and a description of how such activities will enable the families and individuals:

- (i) to remove obstacles and solve problems that block the achievement of self-sufficiency (including self-sufficiency for families and individuals who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act);
  - (ii) to secure and retain meaningful employment;
  - (iii) to attain an adequate education, with particular attention toward improving literacy skills of the low-income families in the communities involved, which may include carrying out family literacy initiatives;
  - (iv) to make better use of available income;
  - (v) to obtain and maintain adequate housing and a suitable living environment;
  - (vi) to obtain emergency assistance through loans, grants, or other means to meet immediate and urgent family and individual needs; and
  - (vii) to achieve greater participation in the affairs of the communities involved, including the development of public and private grassroots partnerships with local law enforcement agencies, local housing authorities, private foundations, and other public and private partners to--
- (2) to address the needs of youth in low-income communities through youth development programs that support the primary role of the family, give priority to the prevention of youth problems and crime, and promote increased community coordination and collaboration in meeting the needs of youth, and support development and expansion of innovative community-based youth development programs that have demonstrated success in preventing or reducing youth crime, such as—
- (3) to make more effective use of, and to coordinate with, other programs related to the purposes of this subtitle

**SEC. 678E. ACCOUNTABILITY AND REPORTING REQUIREMENTS.**

State Accountability and Reporting Requirements.—

The Secretary, in collaboration with the States and with eligible entities throughout the Nation, shall facilitate the development of one or more model performance measurement systems, which may be used by the States and by eligible entities to measure their performance in carrying out the requirements of this subtitle and in achieving the goals of their community action plans.

(1) Performance measurement.--

(A) By October 1, 2001, each State that receives funds under this subtitle shall participate, and shall ensure that all eligible entities in the State participate, in a performance measurement system.

(B) Local agencies.--The State may elect to have local agencies that are subcontractors of the eligible entities under this subtitle participate in the performance measurement system. If the State makes that election, references in this section to eligible entities shall be considered to include the local agencies and subcontractors.

(2) Annual report.--Each State shall annually prepare and submit to the Secretary a report on the measured performance of the State and the eligible entities in the State...Each State shall also include in the report an accounting of the expenditure of funds received by the State through the community services block grant program,.. and shall include information on the number of and characteristics of clients served under this subtitle in the State, based on data collected from the eligible entities.

# Appendix Five

## CSBG Program Information Memorandum No. 49 February 21, 2001

<p><b>COMMUNITY SERVICES BLOCK GRANT PROGRAM</b></p> <p><b>Information Memorandum</b></p>	<p>U.S. Department of Health and Human Services Administration for Children and Families Office of Community Services Division of State Assistance 370 L'Enfant Promenade, S.W. Washington, D.C. 20447</p>
<p><b>Transmittal No.49</b></p>	<p>Date: February 21, 2001</p>

**To:** State Community Services Block Grant Directors  
Community Action Agencies Directors  
CAA State Association Directors

**Subject:** Program Challenges, Responsibilities and Strategies-FY 2001-2003

**Purpose:** This memorandum describes how the Office of Community Services (OCS) will carry out its compliance and technical assistance responsibilities for the Community Services Block Grant (CSBG) program during the next two years to help assure that the Community Services Network remains strong, focused, effective, and accountable.

**Specifically, the memorandum addresses:**

- Challenges facing the Network; - How States and eligible entities may use "Results Oriented Management and accountability" (ROMA) to meet those challenges;
- Technical assistance available from OCS to States and eligible entities as they implement ROMA, as required by law. OCS appreciates the help received from the Network in developing this document, including suggestions and comments on an initial draft circulated late last year. We especially appreciate the guidance from the Monitoring and Assessment Task Force (MATF) and its committees, State CSBG offices, State Associations and a number of CAAs and interested individuals.

**Challenges Facing the Network**

Last year, we celebrated the thirty-fifth anniversary of the community action program. Over that remarkable time, we have learned many lessons, confronted many issues, and above all, helped many people achieve better lives in better communities. Revised 2/21/01 The cornerstone of the Network's longevity and accomplishments has been its willingness to understand and adapt to changing client needs, community conditions, financial support and public expectations while maintaining a steady focus on eliminating poverty. The most successful State and local agencies among us have come to understand that community action not only survives, but thrives, when it engages in continuous self-examination. Our "star players" ask and answer, again and again:

**"Why are we here, who are we helping, what are we helping them to become, and how will we know and describe success, both theirs and ours?"**

All agencies and their staff that comprise our Network need to ponder anew these questions from time to time. They are the wellspring of continued vitality. And, if we choose to ignore

them, we place ourselves at risk. For these are the questions that will be asked of us by the general public, our clients, and especially our benefactors. They will demand our focus; they are entitled to answers. The new Administration has given clear indication that it will emphasize results-based, client-focused accountability among Federally-funded domestic assistance programs. Recently announced Administration education and social service initiatives share common themes - that Federal funds should not lock clients into service systems that continually fail to meet their needs, and that alternative service strategies ought to be available and supported. The Community Services Network is fortunate to have initiated its own performance-based, "Results Oriented Management and Accountability" (ROMA) system almost six years ago. As an effort in progress, ROMA has built strong foundations for continuous program improvement and accountability among State agencies, community action associations, and local entities. A significant number of States and eligible entities have implemented ROMA, but many have been slow to understand or adopt its results-oriented and accountability concepts.

**The challenges facing the Network over the coming years are:**

1. To safeguard support for community action by insuring that all agencies are strong, financially, administratively and programmatically, and that they achieve robust and measurable improvements in the lives of clients and communities;
2. To reinforce the role of community action as an effective and accountable partner to other service providers, including faith-based organizations, and as a viable alternative to failing service delivery systems; and Revised 2/21/01
3. Toward these ends, to have all States and local community action agencies understand, embrace, and use ROMA as a omnibus for mission renewal, improved service strategies, strong program and fiscal management, and ultimate accountability based on client and community change. It is in the context of meeting these challenges that OCS will work to help the Network move toward universal ROMA implementation over the next two years.

**ROMA Implementation**

As indicated, the Community Services Network has been engaged in a voluntary effort over the past six years to create a new and powerful tool to help keep our programs strong and effective, "Results Oriented Management and Accountability," or ROMA. A CSBG Monitoring and Assessment Task Force (MATF), composed of Federal, State and local Network representatives:

- Identified six national goals for community action that both respect the diversity of the Network and provide clear expectations of results from our efforts:

Goal 1: Low-income people become more self-sufficient.

Goal 2: The conditions in which low-income people live are improved.

Goal 3: Low-income people own a stake in their community.

Goal 4: Partnerships among supporters and providers of service to low- income people are achieved.

Goal 5: Agencies increase their capacity to achieve results.

Goal 6: Low-income people, especially vulnerable populations, achieve their potential by

strengthening family and other supportive systems.

- Developed and disseminated a number of performance measurement tools, including: 1) scales of client/family, community, and organizational well-being against which change can be planned, tracked and reported; 2) individual outcome measures for each of the six national goals; and 3) a ROMA Guide that provides step-by-step help in converting to results-oriented management;

- Established a web site devoted specifically to advancing ROMA implementation, including the sharing of documents, experiences, plans and problems associated with innovation and change among Network constituencies; and Revised 2/21/01

- Helped identify training and technical assistance priorities for OCS support to advance ROMA awareness, experimentation, and competencies.

As a result of these efforts, ROMA implementation has been steady, although uneven, across the Network. Many initial hopes for ROMA are being realized gradually:

1. ROMA has been used by some States and eligible entities as a framework for rethinking and redefining their overall mission, realigning their services, empowering staff, and evaluating effectiveness;

2. ROMA has expanded and enriched cooperation among CSBG agencies in a number of States. It has improved communication and coordination among State CSBG officials, CAA association executives, and local CAA directors.

3. ROMA has provided State agencies that have chosen to explore its possibilities with a vital new role in CSBG leadership and stewardship. It has provided a focus for meaningful State agency outreach to other State officials and legislators, training and technical assistance to local agencies. ROMA has helped create a common way to understand what community action does and how best to do it;

4. ROMA has provided some local entities with a means of not only "telling their story better," but of "telling a better story." Some CAAs have used results oriented management to target and coordinate their services, document and publicize the resulting success of clients in their efforts to become self-sufficient. These agencies have used ROMA-generated data to gain additional support, both politically and financially, from State legislatures and town councils.

5. ROMA has prompted some States and local agencies to develop new ways of tracking, recording and reporting what they do. A number of States are working on information systems that will permit collection, storage, retrieval and analysis of client-focused service and outcome information across funding sources, and for all eligible entities. Similar client-based information systems have been developed by individual community action agencies;

6. Some CAAs have used ROMA performance management principles to build new alliances and contractual relationships with other agencies that share responsibility for client or community outcomes.

7. A number of CAAs have used ROMA as a tool to build greater staff cohesion, commitment, and effectiveness. These agencies have helped all staff, regardless of whether or not they work directly with clients, understand their connection and contribution to agency goals, client/community/organizational outcomes. Revised 2/21/01

All of these changes being brought about by ROMA are encouraging. They are evidence that

ROMA is far more than a measurement and reporting strategy, or a management gimmick, or a burdensome requirement that will go away someday and hopefully not be replaced by some other "fad" of the moment. We must work together over the next two years to achieve universal acceptance and adoption of ROMA within the Community Services Network.

We must do so not only because it is required by law, but because the continuation of community action as we know it may depend on our willingness to embrace change, to adopt ideas and concepts that we have fashioned ourselves to enhance program effectiveness and accountability.

OCS has identified a number of core activities that appear to be common among CSBG agencies that have succeeded in developing and adopting performance-based management in recent years. OCS will use these core activities as yardsticks to measure ROMA progress among States and eligible entities, and as focal points of State plan approval, compliance monitoring and program reporting. OCS training and technical assistance support will be targeted on helping the States and eligible entities conduct these activities that constitute basic ROMA implementation.

We encourage States and eligible entities to join with OCS in using these core ROMA activities to assess their own ROMA progress and to identify what work needs to be done to complete their efforts before CSBG reauthorization in Fiscal Year 2003. We will offer help to States to conduct such assessments. OCS hopes that the Network will agree that we need this uniform and easily understood way to document ROMA adoption. Our ultimate goal is to replace process measures with strong and specific reports of gains made by clients and communities with the help of effective community action agencies.

**OCS believes that the core activities constituting ROMA implementation are:**

State Agencies

1. The agency has developed, in coordination with eligible entities and the State CAA association, a State-wide vision statement that speaks to the goals and purposes of community action within the State and that supports the six national ROMA goals. The agency is encouraged to participate in, and contribute to, broader State anti-poverty/community development initiatives with outcome measures and goals compatible with ROMA;
2. The agency has trained all its eligible entities (staff and boards) in outcome-based management, and that 80% of the entities use ROMA concepts to guide needs assessment, agency mission review, activity planning, resource allocations, service delivery, measuring and reporting results; Revised 2/21/01
3. Eighty percent of the plans and program reports received from eligible entities in the State describe plans to achieve projected outcomes, and evaluate results based on measurable improvements of condition(s) among clients and/or communities served; and
4. The agency submits complete, accurate, and timely annual reports to OCS on the "measured performance of the State and the eligible entities in the State" as required by Section 678E of Public Law 105-285, the Community Services Block Grant Reauthorization Act of 1998.

Eligible Entities

1. The entity and its board complete regular assessments of the entity's overall mission,

desired impact(s) and program structure, taking into account: 1) the needs of the community and its residents; 2) the relationship, or context, of the activities supported by the entity to other anti-poverty, community development services in the community; and 3) the extent to which the entity's activities contribute to the accomplishment of one or more of the six ROMA national goals;

2. Based upon the periodic assessments described above, the entity and its board has identified yearly (or multi-annually) specific improvements, or results, it plans to help achieve in the lives of individuals, families, and/or the community as a whole;

3. The entity organizes and operates all its programs, services, and activities toward accomplishing these improvements, or outcomes, including linking with other agencies in the community when services beyond the scope of the entity are required. All staff are helped by the entity to understand the direct or indirect relationship of their efforts to achieving specific client or community outcomes; and

4. The entity provides reports to the State that describe client and community outcomes and that capture the contribution of all entity programs, services, and activities to the achievement of those outcomes.

OCS received a number of comments from the Network questioning whether ROMA should involve programs beyond the Community Services Block Grant. After careful examination of the CSBG authorizing legislation, which speaks to program coordination requirements both within and beyond eligible entities, consultation with the MATF, and review of ROMA implementation activities that have occurred to date, OCS has concluded that it is both necessary and appropriate to apply ROMA concepts to the work of community action, not CSBG alone.

Revised 2/21/01

OCS believes that the six national ROMA goals reflect a number of important concepts that transcend CSBG as a stand-alone program. The goals convey the unique strengths that the broader concept of community action brings to the Nation's anti-poverty efforts:

1. Focusing our efforts on client/community/organizational change, not particular programs or services. As such, the goals provide a basis for results-oriented, not process-based or program-specific plans, activities, and reports.

2. Understanding the interdependence of programs, clients and community. The goals recognize that client improvements aggregate to, and reinforce, community improvements, and that strong and well administered programs underpin both.

3. Recognizing that CSBG does not succeed as an individual program. The goals presume that community action is most successful when activities supported by a number of funding sources are organized around client and community outcomes, both within an agency and with other service providers.

### **OCS Technical Assistance and Administrative Support**

As discussed, the Office of Community Services views successful ROMA implementation across the entire Network as the best way to insure that our programs remain strong, focused, effective, and accountable for years to come. We intend to devote a significant portion of our CSBG technical assistance resources and administrative support activities toward helping States and eligible entities achieve this goal before program reauthorization in FY 2003.

OCS believes that the best way to achieve universal ROMA implementation by FY 2003 is to build upon existing capabilities within the Network. Our technical assistance strategy will rely heavily on using ROMA resources and competencies that have been developed over the past six years by various national organizations, State agencies, CAA associations, and eligible entities. We will support a mix of approaches, including "peer to peer," that have evolved within the network as proven catalysts for growth and change.

**Among the technical assistance strategies OCS is adopting are:**

**1. Promoting Core Competencies Across the Network**

OCS believes that immediate needs among a significant number of eligible entities warrant support for two national training efforts: 1) strengthening community action program administration, with emphasis on fiscal management and accountability; and 2) creating immediate awareness, knowledge, and acceptance of ROMA concepts among entities that have not yet begun their implementation efforts. Revised 2/21/01

Accordingly, OCS will support the creation of a national "academy" to provide basic and advanced training in program administration and fiscal management to a significant number of staff from eligible entities across the Network. In addition, we will support a number of community action leadership training initiatives that have proven successful in the past.

In terms of basic ROMA competency building, we will fund the replication of a "train the trainers" program developed in Pennsylvania in other States and regions. The Pennsylvania program helps community action staff gain a sufficient ROMA knowledge base and teaching expertise to spread the task of ROMA training within and among eligible entities.

**2. State ROMA Planning and Tailored OCS Technical Assistance**

OCS received a number of comments to its November draft memorandum indicating that our initial plans to link or team States to achieve universal ROMA implementation failed to take into account differences among States in terms of their size, number of eligible entities, unique economic or political circumstances, experience with ROMA to date, etc. We appreciate the difficulties presented by our initial proposal and will respect the requests of many that we continue to support ROMA work by individual States or any State-generated consortia that might be created for special initiatives.

Given the short period of time available to complete ROMA implementation, OCS believes that it will be important for everyone in the Network to know what work has been accomplished and what remains to be done. Accordingly, OCS is asking State agencies and CAA associations to participate in the following ROMA assessment and planning activity over the next several months:

· OCS plans to convene five regional meetings with State agencies and CAA associations in July and August. A major portion of these sessions will be devoted to one-on-one meetings between State and OCS representatives to:

1. Assess the status of ROMA implementation by the State and its eligible entities;
2. Develop a State-specific work plan for completing tasks by FY 2003;
3. Identify OCS technical assistance needs and strategies tailored to the particular needs of the State and its eligible entities.

· OCS is developing tools to assist States in conducting an assessment of eligible entity ROMA implementation progress in preparation for the regional meetings. A brief and easy-to-fill-out ROMA assessment instrument used Revised 2/21/01 in Pennsylvania and Florida is being modified to meet the needs of this OCS/State initiative and will be available for distribution to States shortly. In addition, OCS will support on-going technical-assistance during the period of information gathering, as well as help in processing and interpreting data received from eligible entities.

### 3. ROMA Best Practice Models

Six years of pioneering work in performance-based management has provided the community services network with an abundance of "in house" model programs. While this knowledge base of successful ROMA implementers is known and utilized by some within the network, it needs to be organized and financially supported in a way that makes it available to a broader audience in the immediate future.

OCS is looking at a variety of strategies to identify existing and emerging performance-based management strategies at the State and local level that might serve as models for others. It will encourage and support electronic and other means of both disseminating model program information, and facilitating follow-up interaction, including site visits, as a result of the initial model program exposure.

### 4. Network "Consultants"

OCS will identify a pool of network "consultants," or peer-trainers composed of community action officials (from State agencies/associations and eligible entities) with knowledge and experience in specific aspects of ROMA implementation. A guide to these consultants will be developed and disseminated using a variety of communication tools. Supported by OCS, the consultants will be available to provide on-site, in-depth consultation to individual State and local agencies. They would also be available, on a more limited basis, to make presentations at meetings, conferences, or workshops.

### 5. State Plans

OCS will use the annual and multi-year CSBG state plan submission process to strengthen its review of ROMA implementation plans and progress at both the State and local levels. One of the measurements we will use to assess compliance with ROMA provisions of the CSBG statute will be the extent to which the State is conducting the four core activities described in this memorandum and the extent to which the State is engaged with its eligible entities in helping them conduct their ROMA core activities. Revised 2/21/01

### 6. OCS Monitoring of States

OCS will structure both the schedule and content of its periodic reviews of State CSBG programs to support this ROMA implementation initiative. Special attention will be paid to State capabilities to identify and meet the on-going technical assistance needs among eligible entities, particularly those related to strengthening overall program administration, fiscal management, and the adoption of ROMA outcome-based strategies.

### 7. Focused Training and Technical Assistance

As indicated, OCS will use a variety of ways to focus its training and technical assistance

resources on completing ROMA implementation by FY 2003. We intend to set aside funds for State-specific needs identified at one-on-one State/OCS assessment and planning sessions at regional meetings this Summer. And, while some funds may be available for innovative proposals generated by States and eligible entities, OCS will use its competitive grant mechanism to address specific national needs, such program administration/financial management instruction and ROMA "train-the-trainers" replication.

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# Appendix SIX

## National Indicators of Community Action Performance

### *Listing of the Indicators*

For the complete “Guide to the National Indicators of  
Community Action Performance” see  
<http://www.nascsp.org/csbg.htm#forms>

# LISTING OF NATIONAL PERFORMANCE INDICATORS

## Goal 1: Low-Income People Become More Self-Sufficient

### ***National Performance Indicator 1.1 – Employment***

*The number and percentage of low-income participants in community action employment initiatives who get a job or become self-employed as measured by one or more of the following:*

- A. Unemployed and obtained a job.*
- B. Employed and obtained an increase in employment income.*
- C. Achieved “living wage” employment and benefits.*

### ***National Performance Indicator 1.2 – Employment Supports***

*The number of low-income participants for whom barriers to initial or continuous employment are reduced or eliminated through assistance from community action as measured by one or more of the following:*

- A. Obtained pre-employment skills/competencies required for employment and received training program certificate or diploma.*
- B. Completed ABE/GED and received certificate or diploma.*
- C. Completed post-secondary education program and obtained certificate or diploma.*
- D. Enrolled children in “before” or “after” school programs, in order to acquire or maintain employment.*
- E. Obtained care for child or other dependant in order to acquire or maintain employment.*
- F. Obtained access to reliable transportation and/or driver’s license in order to acquire or maintain employment.*
- G. Obtained health care services for themselves or a family member in support of employment stability.*
- H. Obtained safe and affordable housing in support of employment stability.*
- I. Obtained food assistance in support of employment stability*

### **National Performance Indicator 1.3 – Economic Asset Enhancement and Utilization**

*The number and percentage of low-income households that achieve an increase in financial assets and/or financial skills as a result of community action assistance, and the aggregated amount of those assets and resources for all participants achieving the outcome, as measured by one or more of the following:*

#### *A. Enhancement –*

- 1. Number and percent of participants in tax preparation programs who identify any type of Federal or State tax credit and the aggregated dollar amount of credits*
- 2. Number and percentage obtained court-ordered child support payments and the expected annual aggregated dollar amount of payments.*
- 3. Number and percentage enrolled in telephone lifeline and/or energy discounts with the assistance of the agency and the expected aggregated dollar amount of savings.*

#### *B. Utilization --*

- 1. Number and percent demonstrating ability to complete and maintain a budget for over 90 days.*
- 2. Number and percent opening an Individual Development Account (IDA) or other savings account and increased savings, and the aggregate amount of savings.*
- 3. Of participants in a community action asset development program (IDA and others):*
  - a. number and percent capitalizing a small business due to accumulated savings.*
  - b. number and percent pursuing post-secondary education due to savings.*
  - c. number and percent purchasing a home due to accumulated savings.*

## Goal 2: The Conditions in Which Low-Income People Live are Improved

### **National Performance Indicator 2.1 Community Improvement and Revitalization**

*Increase in, or preservation of opportunities and community resources or services for low-income people in the community as a result of community action projects/ initiatives or advocacy with other public and private agencies, as measured by one or more of the following:*

	<u>Number of Projects/Initiatives</u>	<u>Number of Opportunities</u>
A. Accessible "living wage" jobs created or retained in the community.	_____	_____
B. Safe and affordable housing units created in the community.	_____	_____
C. Safe and affordable housing units in the community preserved or improved through construction, weatherization or rehabilitation achieved by community action activity or advocacy	_____	_____
D. Accessible and affordable health care services/facilities for low-income people created or maintained.	_____	_____
E. Accessible safe and affordable childcare or child development placement opportunities for low-income families created or maintained.	_____	_____
F. Accessible "before" school and "after" school program placement opportunities for low-income families created or maintained.	_____	_____
G. Accessible new, preserved, or expanded transportation resources available to low-income people, including public or private transportation.	_____	_____
H. Accessible preserved or increased educational and training placement opportunities for low-income people in the community, including vocational, literacy, and life skill training, ABE/GED, and post-secondary education.	_____	_____

### **National Performance Indicator 2.2 -- Community Quality of Life and Assets**

*The quality of life and assets in low-income neighborhoods are improved by community action initiative or advocacy, as measured by one or more of the following:*

- A. *Increases in community assets as a result of a change in law, regulation or policy, which results in improvements in quality of life and assets;*
- B. *Increase in the availability or preservation of community facilities;*
- C. *Increase in the availability or preservation of community services to improve public health and safety;*
- D. *Increase in the availability or preservation of commercial services within low-income neighborhoods; and*
- E. *Increase or preservation of neighborhood quality-of-life resources.*

### **Goal 3: Low-Income People Own a Stake in Their Community**

#### ***National Performance Indicator 3.1 – Civic Investment***

*The number of volunteer hours donated to Community Action.*

#### ***National Performance Indicator 3.2 – Community Empowerment through Maximum Feasible Participation***

*The number of low-income people mobilized as a direct result of community action initiative to engage in activities that support and promote their own well-being and that of their community as measured by one or more of the following:*

- A. Number of low-income people participating in formal community organizations, government, boards or councils that provide input to decision-making and policy setting through community action efforts.*
- B. Number of low-income people acquiring businesses in their community as a result of community action assistance.*
- C. Number of low-income people purchasing their own homes in their community as a result of community action assistance.*
- D. Number of low-income people engaged in non-governance community activities or groups created or supported by community action.*

**Goal 4: Partnerships Among Supporters and Providers of Service to Low-Income People are Achieved**

***National Performance Indicator 4.1 – Expanding Opportunities through Community-Wide Partnerships***

*The number of organizations, both public and private, community action actively works with to expand resources and opportunities in order to achieve family and community outcomes.*

**Goal 5: Agencies Increase Their Capacity to Achieve Results**

***National Performance Indicator 5.1 – Broadening the Resource Base***

*The number of dollars mobilized by community action, including amounts and percentages from:*

- A. Community Services Block Grant (CSBG)*
- B. Non-CSBG Federal Programs*
- C. State Programs*
- D. Local Public Funding*
- E. Private Sources (including foundations and individual contributors, goods and services donated)*
- F. Value of volunteer time*

**Goal 6: Low-Income People, Especially Vulnerable Populations, Achieve Their Potential by Strengthening Family and Other Supportive Systems**

***National Performance Indicator 6.1 – Independent Living***

*The number of vulnerable individuals receiving services from community action that maintain an independent living situation as a result of those services:*

- A. Senior Citizens; and*
- B. Individuals with Disabilities*

### **National Performance Indicator 6.2 – Emergency Assistance**

*The number of low-income individuals or families served by community action that sought emergency assistance and the percentage of those households for which assistance was provided, including such services as:*

- A. Food*
- B. Emergency Payments to Vendors, including Fuel and Energy Bills*
- C. Temporary Shelter*
- D. Emergency Medical Care*
- E. Protection from Violence*
- F. Legal Assistance*
- G. Transportation*
- H. Disaster Relief*

### **National Performance Indicator 6.3 – Child and Family Development**

*The number and percentage of all infants, children, youth, parents, and other adults participating in developmental or enrichment programs that achieve program goals, as measured by one or more of the following:*

- A. Infants and Children –*
  - 1. Infants and children obtain age appropriate immunizations, medical and dental care.*
  - 2. Infant and child health and physical development are improved as a result of adequate nutrition.*
  - 3. Children participate in pre-school activities to develop school readiness skills.*
  - 4. Children who participate in pre-school activities are developmentally ready to enter Kindergarten or 1<sup>st</sup> Grade.*
- B. Youth –*
  - 1. Youth improve physical health and development.*
  - 2. Youth improve social/emotional development.*
  - 3. Youth avoid risk-taking behavior for a defined period of time.*
  - 4. Youth have reduced involvement with criminal justice system.*
  - 5. Youth increase academic, athletic or social skills for school success by participating in before or after school programs.*
- C. Parents and Other Adults –*
  - 1. Parents and other adults learn and exhibit improved parenting skills.*
  - 2. Parents and other adults learn and exhibit improved family functioning skills.*

# Appendix Seven

## Standard Monitoring Principles and Practices for CSBG

*NASCSP*

# Standard Monitoring Principles and Practices for CSBG

## Introduction

The CSBG Act of 1998 requires that CSBG eligible entities be monitored at least once every three years by the state CSBG office. Monitoring is one of many block grant management responsibilities held by the state CSBG office. Monitoring is a good business practice because it can assist the over 1,000 CSBG eligible entities, predominately community action agencies (CAAs), to continually improve outcomes as they strive to adopt high impact strategies to end poverty. It is an important part of a strong partnership that should be forged between state CSBG offices, state CAA Associations and the eligible entities (from this point forward eligible entities will be referred to as community action agencies) to build capacity at the local level, and to provide training and technical assistance to community action agencies so that they can excel in working to eliminate poverty.

It must be noted that monitoring is one of many tools available to strengthen agencies' capacity and outcomes. Local agency internal assessments, such as the Community Action Partnership's Standards of Excellence, Head Start self-assessment, training and technical assistance, peer-to-peer exchanges, needs assessment, Community Action plans, and Results Oriented Management and Accountability are all tools that are essential to maintaining and strengthening agency capacity. Community Action leaders at the national, state, and local levels need to work together to ensure the Network is strong. Monitoring of community action agencies is a state responsibility but strengthening the capacity of community action agencies must be a shared responsibility among all members of the CAA network for it to be truly effective.

**The National Association for State Community Services Programs (NASCSPP) has crafted the following *CSBG Standard Monitoring Principles and Practices* as a framework for the development of strong and effective monitoring systems for the nation's community action agencies.** Ongoing dialogue among the Network partners is essential to implementing the *CSBG Standard Monitoring Principles and Practices*. Ongoing dialogue is also essential to customizing this document to meet the needs of each state and local network.

## Guiding Principles to Monitoring

### Mutual Respect

In working with grantee boards, staff, and consultants, CSBG offices value and recognize the unique knowledge, ability, and independence of each person. CSBG offices are committed to treating all persons fairly and maintaining credibility by matching actions with words.

### Open Communication

Effective communication is key in facilitating good working relationships with partners, and CSBG offices are committed to keeping lines of communication open. The purpose of communication is to assist in developing solutions to problems, to share program improvement ideas, and provide information on new developments in the anti-poverty field. CSBG offices communicate frequently through a variety of tools and media. CSBG offices are open to contact and are committed to listening to suggestions/concerns and to gaining an understanding of local operations and to assist locals in pursuing priorities.

### **Joint Problem Solving**

CSBG offices operate under the basic belief that a team approach to problem solving is in the best interest of all parties involved. CSBG offices sincerely believe that collectively the office and the agency can arrive at the best solution to any situation. Through a team approach to problem solving, CSBG offices think outside the traditional ways and come up with the best strategies for program development, conflict resolution, or compliance issues. CSBG offices want to promote an environment in which the office and all Community Action partners will be open to change and can work together in exploring options and developing mutually agreeable solutions. The goal is to have agencies function independently with CSBG office support in an effort to meet the needs of local communities within the parameters set by legislation.

## **Monitoring Practices**

The states need to assess the health of the entire agency, not just program-by-program compliance. Such assessments include general oversight, desk reviews, and on-site reviews of the following: community action plan and/or contract, needs assessments, service delivery systems, administration and management systems, board and governance systems, and financial systems.

### **Practice 1 - State monitors should look at more than compliance with program rules and regulations.**

In assessing the health of an agency, state monitors cannot look solely at compliance with particular program standards. Individual agencies may have expertise in particular programs or services and may excel in any 'snapshot' view of the agency. However, the same agencies may be having difficulty in operating other programs, or may be delivering sub-standard services throughout the rest of the organization. State monitors need to take a systems view of each CAA, and note the quality of service delivery and program operations throughout the agency.

The overall health of a community action agency encompasses more than just a technical compliance with specific program mandates. In order for a CAA to be truly 'healthy,' it must be continually striving to find better ways to use programmatic resources to help people move out of poverty. Programs operated by a CAA must contribute to the agency's overall mission, and each program must achieve measurable outcomes that help to change the lives of low-income people. The extent to which a CAA sets performance goals within the ROMA framework, systematically collects and analyzes data on performance measures, and adjusts its short and long range plans based on that analysis constitutes significant evidence of a CAA's commitment to making a difference for the families it serves and the communities in which it works.

### **Practice 2 - State monitors should assess the effectiveness of the board of directors.**

An effective board is critical to the overall health of an agency. When only a few board members regularly attend meetings, their agency is not being led by a fully engaged group of community members. The tri-partite structure of private non-profit and public community action board of directors ensures that voices from ALL segments of the community **have the opportunity to** participate in shaping the direction of the CAA. Without full participation, the CAA lacks valuable points of view in its decision-making process.

A board that does not clearly understand the mission of the agency cannot offer the kind of community-based leadership that is critical to the health of a CAA. A board that is not

evaluating agency programs and operations fails to ensure agency resources are being used most effectively to produce the outcomes necessary to fight poverty within the community. A board that is not comfortable in honestly evaluating the executive director is not ensuring that the agency has effective leadership. A board that does not regularly review its own by-laws places the agency at risk of failing to operate within legal guidelines. A board that does not comprehend the financial status of the organization places the agency (and themselves) at the mercy of management staff.

**Practice 3 - State monitors should assess administrative and leadership capacity of agency management as it relates to meeting the Board of Director's goals.**

An effective CAA is flexible and responsive to the needs of individuals and the community it serves, as well as committed to its employees. Communication is evident and widespread in an effective CAA – staff know what is going on in the organization, what new initiatives are in place, and what new directions are being explored. They know the mission of the agency and their role in making the mission a reality. Work is distributed throughout the organization, with management support for the staff who do the day-to-day work of meeting the needs of low income people. Monitors need to be able to assess the degree to which the management of a CAA is leading the organization towards more effective and responsive service delivery.

**Practice 4 - Monitoring Community Action Agencies is part of a process to strengthen CAAs and the entire Community Action Network.**

In order for the states to assess the health of Community Action Agencies, the state CSBG offices should adopt a systems approach to monitoring. Practices outlined above provide a framework for implementing a systems approach, and a framework for looking at a CAA as an entire system. However, what are the states and CAAs to do with the information garnered from a systematic monitoring approach? The monitoring process should serve several purposes.

The first is to provide the CAA with feedback about its programs, going beyond compliance to include an assessment of the agency's ability to change lives. A good monitoring should help an agency gauge its effectiveness in fulfilling its mission.

Secondly, the monitoring process should assist CAA leaders in making changes that will improve their organizations. An effective monitoring process can provide CAAs with both an 'early warning system,' and a best practices 'catalog.' By highlighting organizational systems that are under-performing or showing signs of stress, an agency-wide monitoring can help CAA managers take proactive steps to strengthen their organizations, before problems or crises arise. By noting agency strengths, a systems approach to monitoring can help CAA leaders build upon those strengths - to do more of what they do best.

A third purpose is to provide the state with data that can be used to assess the statewide CAA network. States can note any recurring themes or trends across multiple agencies, and can respond on a statewide basis, rather than only on an agency-by-agency basis. For example, if the number of people moving on to self-sufficiency is declining state-wide, it would serve as a "red flag" to the state. Why are fewer people achieving success? Are there pockets in the state where this is more prevalent? Another example might be that there are a number of new CFO's throughout the state, leading the state to provide a series of trainings to enhance the effectiveness of these individuals and strengthen financial systems throughout the state.

Moving beyond compliance provides states with the opportunity to build capacity in individual agencies and the entire statewide CAA network. This same concept applies on the national level as well. As states identify changing needs and trends, policy modifications and resource allocations can be identified to address the evolving needs on a national scope.

**Practice 5 – The State CSBG office should have a system in place to document and inform the agency of findings and/or deficiencies.**

Effective monitoring includes a follow up process. Upon completion of an on-site monitoring visit the monitor should conduct an exit interview with agency staff and/or Board leadership. During the exit interview strengths as well as areas in need of improvement, findings, and/or deficiencies should be discussed. Agencies should receive a timely written report after an on-site visit which will officially inform an agency of its status.

**Practice 6 – The State CSBG office should have a system in place to provide training and technical assistance when necessary.**

Effective monitoring includes providing training and technical assistance. The state office should have a means of providing training or technical assistance to agencies in need of assistance. This assistance may be provided by the state CSBG office directly, through a CAA association, a peer CAA, a local or national TA provider, and/or any other mechanism which is deemed appropriate.

## **Topic Areas to Review in CSBG Monitoring**

State CSBG offices should monitor grantees in at least the areas listed below. State offices should develop state specific tools and methods to address these and other relevant areas. Monitoring tools and processes should be updated regularly to insure relevance and effectiveness.

- **Governance** - Public Law 105-285. Section 676B and Section 676(b)(10)
  - Board of Directors - composition, training, effectiveness, knowledge of roles & responsibilities, attendance, by-laws
- **Planning** - Public Law 105-285. Section 676B(a)(1), Section 676B(b)(2), and Section 676(b)(11).
  - Agency Mission, Vision, Values
  - Strategic Planning, Evaluation, and Community Assessment
- **Evaluation** - Public Law 105-285. Section 678E and Section 676(b)(12)
  - ROMA Implementation (Board and staff) on an agency-wide basis as a framework for sound management
  - Agency outcomes and performance measures
  - Reporting to funders and to the Board of Directors
  - Government Performance and Results Act (GPRA) implementation
- **Partnerships** - Public Law 105-285. Section 676(b)(9)
  - Coordination/collaboration/linkages with relevant partners
  - Subgrantees/delegates
- **Administrative systems and procedures** - Public Law 105-285. Section 678D. Fiscal Controls, Audits and Withholdings and Section 678F. Limitations on Uses of Funds and Section 678D.
  - HR & personnel policies
  - Records retention
  - Technology implementation and planning
  - Equipment and purchasing
  - Conflict Resolution and grievance procedures
  - CSBG Assurances and Prohibitions
  - Review pending and past litigation
- **Fiscal procedures** - Public Law 105-285. Section 678D and Section 678F

- Audit and results of previous/other monitoring/fiscal issues

## Success Factors

Monitoring is perhaps the most difficult, sophisticated, and professional task that a CSBG office conducts. Only well trained staff should be doing this important work, which validates compliance with rules and regulations and links grantees to the resources they need to meet their mission. Monitors should be able to discern information beyond compliance vs. noncompliance. Yes, a board may be having board meetings; yes, there are minutes; yes, the required board paperwork is in the files, but in looking beyond compliance, monitors need to be financial health of the agency, etc.

Monitors should have the depth of knowledge and skills to garner the respect of Community Action professionals. They need to be engaged in an ongoing process of professional development so that they can provide CAAs with up to date and useful recommendations about how an agency's systems can be improved. If monitors are to be part of an effort to strengthen the Community Action network, then they should be able to add value to the monitoring process.

Some suggested best practices for CSBG monitors to follow include:

- Meet with the board as a whole, if possible;
- Attend staff meetings and/or management meetings;
- Take a tour of the office;
- CSBG offices are encouraged to monitor grantees annually;
- The CSBG office should conduct an annual risk analysis to prioritize monitoring visits
- Review audit, 990's, balance sheet, and other financial papers and corporate documents as desk monitoring, prior to the visit;
- Review last year's report and other available monitoring reports (Head Start, WX, LIHEAP);
- When possible coordinate with other state offices and federal offices to review agency systems;
- Monitors should avail themselves of fiscal training on a regular basis;
- Monitoring tools should be updated as needed;
- Findings should not be added to the monitor report if they were not discussed at the exit interview;
- Have systems in place to effectively inform agency of status and provide technical assistance;
- Understand the complexity of managing dozens of programs, each with its own guidelines and budgets; and
- Understand the many management systems required to operate an agency, as well as the ways those systems must be applied to multiple programs and activities.

## Summary

The guidance outlined above represents only the beginning of an effort by State CSBG administrators and the National Association for State Community Services Programs (NASCSPP) to strengthen the monitoring of the nation's community action agencies. Further refinement of the *Standard Monitoring Principles and Practices* may be necessary to respond to the changing needs of the Network. As monitors gain hands-on experience in systems monitoring, they will be able to add lessons learned in the field to this document. Most important, however, is the need to develop a shared understanding of the *Standard Monitoring Principles and Practices* and a shared sense of responsibility for their national, state, and local levels need to work together to ensure that an enhanced monitoring system becomes a valuable tool to increase the capacity of Community Action to help people and change lives. Monitoring of community action agencies is a state responsibility but strengthening the capacity of community action agencies is a shared responsibility among all members of the CAA network for it to be truly effective.

## Appendix A:

### CSBG Review Components

States may want to consider the questions found below when monitoring agencies.

#### Beyond Compliance

- Is the agency constantly looking for new and better ways to do its work, or is the agency still doing what it did (and how it did it) five or more years ago?
- Is the agency striving to integrate service delivery throughout the organization by breaking down the 'silos' of program-specific delivery systems?
- Is the agency partnering with other agencies in the community to strengthen services and provide a community wide approach to address the needs of those seeking services? or
- Is the agency duplicating services already available in the community?
- Is a genuine, comprehensive needs assessment that results in a written report to the Board, completed at least every 3 years and subsequent annual updates reviewed annually by the Board?
- Does the Board use the Needs Assessment, outcome reports, and program evaluations to prioritize service needs, develop long-range strategic plan, and annually review and adjust the strategic plan?
- Does the Board ensure staff develops an annual implementation plan that reflects the long-range goals and strategies adopted in the long-range strategic plan?
- Is the agency's management staff, including the CEO or Executive Director, evaluated (performance) at least in part, on the degree to which the agency achieves its long term goals and annual objectives?
- What changes or adjustments designed to make existing programs more effective or responsive have occurred within the last year?
- How does the agency systematically research innovative practices, programs, and approaches being administered at other local CAAs in the country?

## **Board of Directors**

The following questions can help gauge the effectiveness of each CAA board:

- Is the board active and engaged in fulfilling the mission of the agency? Is the board driving the strategic plans for the agency? Board members should be well-trained regarding their fiduciary responsibilities, and should be able to explain the agency mission clearly and with conviction.
- Has the board reviewed and updated its by-laws recently? Does the board follow the bylaws for such issues as board membership, removing board members for lack of attendance, etc.?
- Is there a quorum at most board meetings?
- Do the board minutes accurately reflect the actions taken at board meetings – including the exact wording of motions?
- Is the board a true policy-making body or does the board frequently wander into operational or procedural matters (micro-managing the agency)? Does the board serve primarily as a rubber stamp for the Executive Director?
- Is there an effective standing committee structure in place and are the standing committees actively performing their assigned duties?
- Does the board annually plan its work and evaluate its own performance?
- Does the board ensure that financial policies/procedures and personnel policies are reviewed annually and amended as needed?
- Are the board's by-laws consistent with its articles of incorporation?
- Has the board and/or assigned board committee conducted an annual performance evaluation of the Executive Director or CEO?
- Does the board ensure the agency is evaluating its programs at least every 3 years?
- Has the Board of Directors received all audit and/or monitoring correspondence from other funding sources as well as the letters the CAA sent responding to funding sources?

## **Administrative and leadership skills of agency management**

Questions that monitors can ask to assess the administrative and leadership skill in the agency include:

- How does communication flow within an agency? Who are the primary communicators and how do they let people know what is happening?
- What is the morale of the staff in the organization? What is the staff turnover rate over the past several years?
- What type of supervision does staff receive and how often do supervision sessions occur?
- What does the organization structure look like? How does each department/division/ program within the agency contribute to the goal of helping people move out of poverty?
- Are there a few people who “control” the organization?
- Can staff articulate the mission of the agency?
- Does the agency have a strategic plan? Who was involved in creating it? Are staff aware of the plan and how their jobs contribute to fulfilling the plan?
- Is the Executive Director and/or management staff actively involved in community partnerships and collaborations (by engaging in collaborative efforts with community partners - not just attending meetings)? Or does the agency act like a ‘lone ranger,’ isolated from community partners and potential allies?
- Is a consistent performance appraisal of staff regularly conducted? When was the last time that staff were evaluated?
- Do program directors participate in the creation of and monitor their own budgets?
- What kind of reports are generated by program directors to assist them in managing their programs?
- Does each employee have a development/training plan? Is training encouraged and supported for all staff by the agency? Does the budget support this?

- How do program managers and/or staff address problems or concerns that have been identified in self-assessment or monitoring reports?
- How is ROMA outcome data used to evaluate the effectiveness of agency programs and the agency's capacity to achieve results?

### **Financial status**

Answers to the following questions can help monitors gain a clearer and more comprehensive picture of the agency's financial status:

- Does the agency conduct regular, timely reconciliation of its bank statements to its financial records?
- Ensure that the reconciliation report or forms are reviewed and initialed by someone not involved in the reconciliation itself, possibly the Executive Director or other senior management staff person assigned that responsibility?
- What is the ratio of current assets to current liabilities?
- What is the agency's cash position? Is a line of credit being used? Whose cash is the agency using for day-to-day operations? Does the agency maintain an unrestricted cash reserve equal to 3 months of salary/fringe costs? (Best practice)
- Are vendors calling frequently to complain about late payments? Are vendor payment checks being held for payment?
- Can the agency's fiscal staff prepare a balance sheet that includes all of the agency's accounts and programs? Can they explain what each number on the balance sheet means?
- Are financial reports to the Board, funding sources, program managers, etc., submitted promptly and accurately - and in a manner that presents financial information clearly and concisely so that fiscal data can be understood by lay persons without a financial background? Do these reports include not only budget to expenditure comparisons but also data on revenue received and cash balances maintained?
- Does the organization have an agency-wide budget?
- Determine if the audit firm is truly "independent." Have they performed any other professional services for the agency during the last 2 years? Does the agency regularly put audit services out to bid in an effort to avoid using the same audit firm for more than 3 consecutive years?

### **State monitors should conduct an agency-wide financial assessment using the CAA's A-133 audit and additional independent assessments of fiscal operations and procedures employed by the agency.**

Each community action agency is audited by an independent auditor according to OMB Circular A-133 standards. The A-133 audit furnishes information that can help state monitors assess the overall financial condition of the CAA. Each audit report should be reviewed in the context of an agency's prior two years' audits. Review of audits over time can provide a view of the agency's ongoing fiscal condition and enable state monitors to note any trends in an agency's financial status (i.e., Are the agency's assets growing or decreasing? Is the agency losing sources of funding each year?). State monitors should also receive and review written copies of all management letters sent by an audit firm to a CAA to note any fiscal or management issues that need to be addressed. In reviewing the management letters, monitors need to follow up with the agency to determine if the issues identified in the management letter are being addressed. An audit firm should conduct an exit conference with the board of directors or assigned board committee and should ensure that the board of directors receives any and all management letters.

State monitors should confirm whether or not the agency actively involves the board of directors in this key fiscal process. A fundamental component of an A-133 audit is that it be performed by an "independent audit firm." State monitors should determine whether or not a

particular audit firm has been used by an agency for many years without putting the audit contract out for bids. The existence of a long term relationship with a particular CAA can call into question the independent status of a particular firm. In addition to the guidelines listed above, it is important for State CSBG monitors to recognize that a "clean" A-133 audit does not necessarily guarantee that a CAA is fiscally sound. A-133 audits should be viewed as only one part of a review of the fiscal operations and procedures employed by the agency.

**State monitors should review monitoring reports from other funding sources.**

State monitors should keep abreast of program-specific monitoring efforts that are conducted by other funding sources. The ability of a CAA to meet the compliance demands and performance standards of all of its funding sources is a key indicator of the operational health of the organization. Head Start PRISM reviews, Weatherization monitoring reports, etc, contain critical information about the quality of service delivery, and offer insights into the management and other systems within the agency. State CSBG monitors should routinely receive and review copies of all monitoring reports from every CAA funding source.

In particular, CSBG monitors should examine whether or not the agency has developed and implemented formal plans to correct issues raised in audit and monitoring reports. The reports and corrective action plans should be reviewed to determine whether there is a pervasive year to year problem or pattern throughout the agency and whether the problem(s) get resolved. For example, if several reports identify fiscal issues, the monitor should take a critical look at the finance department to determine the cause of the problems. CSBG monitors should also know whether or not an agency is in danger of losing one or more major programs, and if so, what action the agency is taking in response to such a potential loss.

# Appendix Eight

Definition of Terms  
The Logic Model

# Definition of Terms

**Column 1 – Identified Problem, Need, Situation:** The general statement of need that provides the rationale for the service, activity, or intervention.

**Planning**

**Column 2 – Service or Activity:** The service or intervention provided in response to the problem, need, or situation. Always indicate the number of people or number of services offered (this is sometimes considered an output) and a timeframe. **Intervention**

**Column 3 – Outcome:** A positive benefit, behavior, or a change in condition, functioning, or problem accruing to individuals, families, and communities resulting from a service or activity. **Benefits**

**Column 4 – Outcome/Indicator:** Outcome/Indicators are numerical measures characterizing the results or impact of a program activity, service, or intervention and are used to measure performance. Indicators are typically represented with both the # and the %. Column 4 is used to project the expected outcome. **Benefits**

**Column 5 – Actual Results:** The same outcome/indicators used in Column 4 but updated to reflect actual results. **Benefits**

**Column 6 – Measurement Tool:** The tool, form, or other medium where raw data is collected, e.g. survey instrument, attendance log, case record, pre and post test, waiting list, etc. **Accountability**

**Column 7 – Data Source, Collection Procedures, Personnel:** Place where data is maintained, e.g. central database, individual case records, specialized Access database, other, and location, e.g. on-site, subcontractor, other. Describes method(s) for retrieving data from data source(s), e.g. data from case records is retrieved manually, data is maintained in an automated database, and personnel assigned to the task. **Accountability**

**Column 8 – Frequency of Data Collection and Reporting:** How often data is required to be collected, how often data is reported. **Accountability**

**Mission:** Provide a mission statement for the logic model.

**Proxy Outcome:** Identify if a proxy outcome is used in the logic model.

Logic Model							
1	2	3	4	5	6	7	8
N	S	O	OI	R	M	D	F
Mission:					Proxy:		

# Appendix Nine

## Return On Investment (ROI) *A Prospectus for Public Services*

*By Barry Nazar, DPA*

# ***Return On Investment (ROI)***

## ***A Prospectus for Public Services***

By Barry Nazar, DPA

### Simple Definition of ROI

One of the most fundamental methods used in the commercial sector to determine the merits of one or more ventures is the calculation of Return On Investment (ROI). In its most simple form, ROI is expressed as:  $\frac{V_f - V_p}{V_p} \times 100 = ROI$

Where:

$V_f$  = the Value at some future date of the investment

$V_p$  = the Value in the present of the investment

In practice, the above formula is never used, as is. Because *Future Values* are involved, the numerator is usually adjusted or discounted to derive a *Net Present Value*. This allows for a comparison of Values against a common scale of value. By example, the promise of having \$1,000 next year is not equal in value to having \$1,000 today. Other complexities also enter the picture if there are multiple outlays required over a period of time, or there are multiple returns on that investment over some period of time. All these complexities must be resolved to a net present value basis.

Despite these complications, let's stay with the simple formula to examine what is minimally involved (and to avoid any frightening mathematics). First, we notice that ROI is a ratio between two values: (1) the investment and (2) the return on that investment. If the ratio is greater than 1.0, then the return yields a gain. If the ratio is less than 1.0, then the return is a loss. In order for the ratio to be meaningful, the units in the numerator and denominator must be the same; ie., dollars. If the Units are different, then we have a rate, not an ROI. An ROI is Dollars on Dollars. A rate, on the other hand, might be something like Houses per Dollar, or Jobs per Dollar. These kinds of rates are more commonly referred to as *Benefit Costs*.

A few other basic assumptions are noteworthy about the meaningfulness of ROI. Usually, ROI is computed from the standpoint of the investor. If the investor puts in \$1,000 and the venture goes to \$2,000 but the broker takes out \$100 and the fund manager takes out \$100 and then the IRS takes 15% capital gains tax, the ROI for this investor is not \$2,000 divided by \$1,000. Likewise, if Investor "A" puts in \$1,000 but the \$2,000 proceeds go instead to Investor "B," the "Return" component of ROI is missing. This is more correctly designated "Redistribution Of Income." In a strictly commercial circumstance this transaction would be regarded as very unfavorable. With some imagination, ROI could stand for many different things.

***ROI is a ratio between two values: (1) the investment, and (2) the return on that investment.***

***To get an ROI, both sides of the ratio must be expressed in the same unit of measure, ie., dollars.***

***A Benefit Cost ratio is derived when the Return part of the ratio is expressed in something other than dollars; e.g., Houses per dollar, Schools per dollar, Jobs per dollar, etc.***

Challenges of Using ROI in the Public Sector

In the commercial sector, using ROI to measure the merits of a venture is not only commonplace, it is considered indispensable. Why is that? An enterprise that yields an ROI of less than 1.0 goes out of existence. A proposed enterprise that projects an ROI of less than 1.0 never comes into existence. On the other hand, an enterprise that shows a high ROI enjoys an envious path to further growth, prosperity, and fund raising. In the commercial sector, ROI is not a theoretical construct, it is a “matter-of-fact” reflection or index of the “goodness” of an enterprise.

Public sector enterprises seem to share similar concerns about existence, growth, and fund raising. From that standpoint, it may seem natural to reach for the same index that is proven so successful in the commercial sector for finding “goodness” of a venture. Although the base concerns of the two sectors are similar, the underlying mechanisms that contribute to “goodness” of a venture are widely different and the applicability of ROI to the public sector rests upon a very different line of reasonability, both philosophically and methodologically.

The two sectors operate differently in a very fundamental way. A commercial enterprise may accomplish a variety of outcomes, but there is only one outcome that determines its long term viability; viz., does it make money? Even if making money is not the purpose of business, it remains an ultimate requirement. Public sector enterprises, on the other hand, are designed expressly for the purpose of accomplishing outcomes without the necessity or requirement of making money. That is, the public sector does things that the private sector cannot do; viz., achieve outcomes that do not yield a profit. Given these fundamental differences, trying to apply an ROI to measure public sector “goodness” makes little sense, at least from the conventional understanding of ROI. It is, therefore, necessary to “construct” some sort of proxy ROI calculation. This involves substituting the actual outcomes of a public sector enterprise with some kind of dollar-based valuation of those outcomes. This leads to another conundrum in that dollar-based valuations ultimately come down to some method of determining what price a willing buyer and seller would agree upon. Given that some outcomes pursued by the public sector are not readily exchanged in the marketplace, valuation may become a very difficult feat. What would you pay for the Brooklyn Bridge? Furthermore, the outcomes of public sector enterprises tend to be numerous and far reaching. This makes the calculation enormously more complicated than the straightforward measures available in the commercial sector, where there is a single bottom line to work with.

***If the payer and the receiver are different persons, the ROI means Redistribution Of Income.***

***ROI is not a theoretical construct in the commercial sector, it is a matter-of-fact index of the “goodness” of an enterprise.***

***Because public sector enterprises do not produce profit returns, ROI has to be applied very differently from its use in the commercial sector.***

***The most important difference in using ROI for public sector enterprises is the need to construct “proxy” values for the Return portion of ROI.***

If there are difficulties in measuring the Return portion of ROI in the public sector (more below), there are also difficulties in identifying the Investor. Conventional ROI identifies the investor as the party that both pays and receives. In public sector ventures, payers and receivers are rarely so selfsame, in a direct sense. In order for public sector ROI to be meaningful, therefore, it tends to take on an enormous scope of coverage. The situation amounts to something like this: We are going to take from Peter and give to Paul, and then measure whether “everybody” is better off for doing this.

In our simple Peter-Paul scenario, it is pretty clear that Paul is better off from the transaction. But, can we determine if Peter is also better off? An ROI is meaningful only if it has at least some relevance to the payer. Economists have shown repeatedly that if two nations of unequal wealth engage in free trade, the standard of living in both nations rises. Our Peter-Paul scenario is not a free trade situation, but the free trade example suggests two things about public sector ROI. One is that economic effects can be counter-intuitive. Second, we may have to look at macro-economic factors to capture a meaningful ROI. All boats, large and small, rise on the tide.

From the discussion so far, it should be pretty clear that public sector ROI is a “different animal” from the conventional commercial sector ROI. Further examination should lead one to conclude that it has a very different meaning as well. For example, a group of investigators<sup>a</sup> from the University of Texas<sup>a</sup> conducted an ROI study of workforce initiatives in Texas. They concluded that the ROI over a five year period is 600%, and over a ten year period is 800%. They went on to write: “Another way of stating this is that every public dollar invested in these workforce services in 2000-2001 resulted in \$6.00 returned to taxpayers over five years.” This is patently absurd! If we asked the taxpayers of Texas, no doubt this would come as a big surprise. Even though a 600% ROI is considered extremely favorable, it’s not likely that any Texan taxpayers would seek to augment their pension portfolio with rollovers to this venture.

***The biggest constraint on the use of ROI in the public sector is the requirement for having a dollar-based valuation for the Return, or Outcome of the enterprise.***

***In public sector ROI the investor and the beneficiary are typically not synonymous, which means we have proxy Investors as well as proxy Returns.***

***Attempts to publicize ROI for public sector ventures in the same way as it is used in commercial parlance can be misleading and confusing.***

[http://ftp.cc.utexas.edu/research/cshr/pubs/pdf/composite\\_roi.pdf](http://ftp.cc.utexas.edu/research/cshr/pubs/pdf/composite_roi.pdf)

What's occurring here is that some public sector ROI efforts require using proxy Investors as well as proxy Returns. To illustrate, suppose the hometown of Mudville contemplates building a stadium. Who is the Investor and what are Returns here? As the project goes forward, the investment banker financing the project conducts an ROI study. Now who is the Investor and what are the Returns as used in this ROI study?

The point is, ROI means something very different depending upon who is considered to be the Investor. To adopt the terminology of commercial sector indicators and then use proxy Investors and proxy Returns can give rise to a new level of "disinformation" in the public debate. If Texan taxpayers start looking for their \$6.00 rebate on their tax bill, they are bound to get suspicious.

#### Appropriate Uses of Public Sector ROI

The idea behind computing an ROI is the presumption that alternative choices are available. Usually, this is not the case in public sector circumstances. Budget allocations are determined by legislative mandate and/or political logroll. To pursue computation of ROI aimed at this level of decision making is probably futile, especially given how expensive and prolonged such ROI computations tend to be. Many times such mandates simply do not warrant an intensive ROI. For example, do we need an ROI to determine if the Panama Canal was a gainful investment for the public good? Probably not. Likewise, do we need an intensive ROI to determine if the federal highway system contributes gainfully to the public good? Again, probably not. To take a more controversial example, would an ROI of public "investment" in the National Endowment for the Arts make any difference? (if, it was indeed possible) Probably not.

Revisiting the notion that ROI has its utility in situations with choice, we can identify the levels at which public sector ROI does make a useful contribution. Within a given, immutable, legislative mandate, a public official still may have choices about how the mandate is carried out. In the federal highway example, there may be alternative ways to build highways. In this case, it makes perfect sense to conduct an ROI of the alternatives to support decision making about selecting which building method to use.

To further explore where ROI is appropriate and where it is not, let's use some examples from HUD. Let's suppose that two of HUD's programs, Youthbuild and Brownfields, are subjected to a full scale study of ROI. After umpteen years and hundreds of thousands of dollars in subcontract work, we manage to derive two ROI values, one for each program. To carry out the argument, let's say (arbitrarily) that ROI on Youthbuild is 3.4 and ROI on Brownsfields is 4.5 over a five year period. What would anyone do with these numbers? Without a decision context, they are pretty much meaningless.

***Public sector ROI is dependent upon having a competent valuation of benefits ... it is not the means to obtaining a valuation of benefits.***

***The primary purpose for ROI is to support a specific decision making problem. Using ROI merely to justify public programs (with no decision pending) probably is wasteful of public resources.***

***Having ROI measures without a decision context is like having a car without an engine; you can sit and look good, but you're not going anywhere.***

But let's take another look at the possible application of ROI from HUD. One of the objectives of Youthbuild (only one of many) is to enable the participants to attain completion of education (G.E.D. and/or vocational certification). There are many ways to do this; e.g., classroom instruction, tutoring, on-line learning, etc. Let's suppose that there is a special software learning package that promises to improve the attainment of this objective. And, let's suppose it has a hefty price tag. Should HUD purchase the package? This circumscribed situation is an excellent case for, and well served by, conducting an ROI. If the ROI is greater than 1.0, it demonstrates that Youthbuild will accomplish more of this objective at a lower rate of cost.

The Youthbuild example sheds some light on what makes for a useful ROI endeavor. First and foremost, it addresses a specific matter about a decision. Should we buy the software or not? Second, the outcome is clearly measurable and reducible to a dollar measurement. We can determine how much it costs to attain the G.E.D's. Third, we can measure the change in outcome (reducible to dollar measurement) due to the investment. That is, what did it cost to attain G.E.D's with the special software. Fourth, we can compare the investment to the change in outcome on a dollar to dollar basis. Is the change in cost of attaining G.E.D's greater or less than the cost of the software? And, finally, note that the ROI is not concerned about deriving the "absolute" value of the target objective. We do not solve the matter of "what is a G.E.D worth?" We solve the question of, should we buy the software?

A different question might examine the value of G.E.D. Consider the question, "does the educational objective (G.E.D.) influence the cost of: Attaining a Job?" In this context we do pursue the value for G.E.D's, but only in connection with its criticality to Attaining a Job. The cost difference of Attaining a Job with a G.E.D. versus the cost of Attaining a Job without a G.E.D. tells us what the value of a G.E.D. is. An ROI question might be, should we pay the costs for getting a G.E.D. to improve our objective of Attaining a Job. If the costs for a G.E.D. is less than the difference in Attaining a Job with, versus without, a G.E.D., then we have an ROI of greater than 1.0, that is: value of G.E.D. divided by investment in G.E.D. At some level of the analysis there must be an objective that is taken as a given. In the revised question, we take "Attain a Job" as the given objective. Again, that given objective must somehow be reducible to a dollar value based on the cost of attaining it.

***The best situations for public sector ROI, are for decisions pertaining to circumscribed problems, such as: cost saving, productivity, and criticality to mission.***

***When ROI is applied to circumscribed problems, it can be applied almost identically as it is used in the private sector.***

***In public sector ROI there must be some objective that is taken as a given and reducible to a dollar value based on the cost of obtaining it.***

***ROI cannot solve the imponderables such as what is a human life worth, or happiness, etc.***

This approach to ROI deals with problems of cost saving, productivity, and criticality (ie., importance to mission). When public sector ROI is applied to such circumscribed problems, it operates almost identically as when used in the commercial sector. When ROI is pressed to answer questions outside such circumscribed problems the difficulties arrive in abundance. Using ROI in these “unbounded” cases is really like “kicking the can down the road.” When one finally picks the can up, one is faced with the same imponderables; e.g., What is a human life worth? What is happiness worth? What is good health worth? What is “peace of mind” worth? What is beauty worth? What is justice worth? These things are not reducible to dollar value. That is, you cannot readily compare them on a dollar-value scale. Oh yes, you can measure how much we spend on these things, but that doesn’t really tell you about their worth. For example, would you take \$2.00 of justice over \$1.00 of happiness?

If you feel that this trivializes the use of ROI, then go to the head of the class. ROI is for solving trivial problems. A trivial problem might be something like: We have a certain level of justice (judicial services) at a certain prevailing cost. Can we get the same level of justice for less cost, or perhaps, Can we have more justice for the same costs? A nontrivial problem, on the other hand, might be: Can we tolerate having less justice? Or, Can we tolerate having less happiness? Or, is it worth a billion dollars to have 50% more beauty? Or, generally, are we doing the right thing? ROI is not a suitable method for addressing such issues.

Bounded Versus Unbounded Problems

Another way to sort this out is to look at problems as falling into two distinct categories: “Bounded” Problems and “Unbounded” Problems. Bounded problems are set in some specific context like; the need to decide on something within a narrow range of options. That decision context creates a limited, finite, area of relevance for the information required. Within that limited context we can behave as, and use the tools of, a “Rational Actor.” A “Rational Actor” is simply a decision maker who makes the “best,” or optimal, choice.

An “Unbounded” problem is one which may also present a decision situation, but the range of options is considered unlimited. In fact, we do not even know what all the options are. In this context, the area of relevant information is infinite, or unknown. Generally, this is how it stands in the “real” world. In this situation it is not possible to behave as a “Rational Actor.” That is, we cannot exercise making the “best” choice because the “best” choice is unknown. Why, then, can’t we use the tools of the Rational Actor? It is a matter of logistics. The tools for the Rational Actor are aimed at presenting the optimum choice and since the relevant area of information is unlimited, the search for information becomes an interminably exhaustive exercise.

***Public sector ROI is useful for solving “structured” problems; that is, improving the cost efficiency of what we are doing.***

***Public sector ROI is not very useful for solving “unstructured” problems: that is, determining if we are doing the “right” things.***

***A “Rational Actor” is a decision maker who makes the optimal choice.***

Nobel laureate, Herbert Simon, advanced the case that we, as individuals and as organizations, operate with “Bounded Rationality.” Essentially, Simon pointed out that we behave as Rational Actors only within very limited boundaries of knowledge and choice; what I refer to here as “Bounded Problems.” Outside of these boundaries, we behave by other means, or irrationally. Given that our “life space” occupies huge amounts of “Unbounded” territory, irrational behavior is pretty common.

What does any of this have to do with ROI? Well, ROI is a Rational Actor tool. It is designed to help a decision maker exercise an optimal choice within a defined set of choices and constraints. This is a “Bounded Problem” situation, and it works quite well at this. When ROI is applied to “Unbounded Problems,” any of several dismal prospects usually occurs. One is that the study never gets completed for lack of available information, time, resources, and processing capacity. Another is that it is completed to some extent by becoming a “Bounded Rationality” and ultimately fails its initial aim. Using proxy Investors and proxy Returns we end up with proxy Answers that usually have little useful meaning.

These situations often arise because some advocate or public official wants to “prove” that taxpayers are getting their money’s worth.

ROI, and the words “Return On Investment,” sound like the right thing for this, but ... The Texas Workforce ROI is a good case in point. An ROI was conducted and showed that the answer is “6,” or 600%. So what? They went on to explain this means you are getting \$6.00 back over five years. Really? Where is it? What do we do now? What does that really mean? Is it useful in any way?

There are better methods for dealing with “Unbounded” problems, including the problems that ask: “What are the effects of a given public program?” These include, but are not limited to, the methods employed by: Chaos Theory, System Simulation, Historiography, Case Study, Forensic Economics, Qualitative Statistics, Database Theory, etc. In each of these approaches there is an effort to expand the existing knowledge base and provide the means for handling the new information. These techniques do not require the pre-existence of a “Bounded” problem area. Rather, they explore the realms of unlimited possibilities or what we might call, “open ended” questions. Eventually, these methods generate a sufficient knowledge base that “Rational Actor” tools can be applied to new areas that were previously “out of bounds.”

***By necessity, individuals and organizations act with “Bounded Rationality.” That is we behave as Rational Actors only in very limited circumstances, namely, “Bounded” problems.***

***ROI is a Rational Actor tool, and therefore, limited to circumstances of “Bounded” problems.***

***Asking what are the effects of a public program? Or what is its value? Is most generally an “Unbounded” problem.***

***An unbounded problem is similar to an “open ended” question.***

Summary

ROI is a computational technique for comparing investments and returns on investments in a standardized way so that decisions can be made about choosing such investments. ROI requires that investments and returns on investments are measured in present value dollars.

In connection with social services, ROI does not derive the value of a service or benefit. To the contrary, ROI requires that the value of any “return” is already known. Public services rarely generate a direct dollar return, so indirect or “proxy” measures must be used along with assumptions about what constitutes the scope of the return, its value in the marketplace, and who is the investor.

ROI is best suited for supporting decision making where there are a limited number of choices and the alternatives can be measured in dollar-based consequences. In the public sector, these situations typically involve choices pertaining to cost saving, productivity, and criticality.

Even though ROI may be an excellent tool for supporting decisions about cost saving, productivity, or criticality, measuring situations only in terms of dollars may not always be appropriate in the public sector. For example, in Arlington, VA, there is a constant 24-7 Honor Guard keeping vigilance over the Tomb of the Unknown Soldier. Although this is an expensive service, attempting to perform an ROI on this service would involve a plunge into the fathoms of irrationality.

Rational decision making seeks to optimize results against a clearly defined objective function. Until a problem is formulated in this way, the problem is probably not amenable to an ROI analysis.

There are many alternative methods better suited to tackling ill-defined or “unbounded” problems.

***ROI does not derive the value of a service or public benefit, rather it requires that the value already be known.***

***ROI is best suited for supporting decision making where there are a limited number of choices and the alternatives can be measured in dollar-based consequences.***