

**CHALLENGES OF BOTTOM-UP
IMPLEMENTATION:
THE COMMUNITY DEVELOPMENT BLOCK
GRANT AND THE GOVERNMENT
PERFORMANCE AND RESULTS ACT**

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ABSTRACT

Urban communities across the nation are often challenged by the complexities involved in managing their intergovernmental funds. Over the last decade, increased pressures to enhance performance measurements have compounded these problems for cities. This study incorporates the case of the Community Development Block Grant (CDBG) program to highlight the difficulties with federal programs that are implemented at the local government level. Despite threats to the program in recent years due to ineffective performance measurements, the case of CDBG demonstrates the potential for strengthened intergovernmental partnerships.

INTRODUCTION

Within the last decade, many urban communities across the nation have struggled to enhance their performance measurements for the programs and services they provide to citizens. Challenges in this process have often been linked to governmental compliance with federal standards enforced by the Government Performance and Results Act (GPRA) (Public Law 102-63). These requirements have been passed down through the intergovernmental system to states and localities in the effort to reform governmental performance and

accountability.

The positive intent of reforms such as the GPRA is evident as it seeks to enhance the process of instituting policy decisions and priorities, linking them to budget allocations, and measuring outcomes as the policies are implemented. However, many agencies provide programs that have not clearly aligned with the federal requirements.

This presents us with the paradox of the GPRA, as it “uses a top-down, one-size-fits-all policy direction to mandate a bottom-up implementation approach” (Long and Franklin 2004, 309). The procedural controls enforced to streamline programs that don’t clearly fit the requirements have consistently resulted in years of failing “grades” on the GPRA report cards for agencies such as the Department of Housing and Urban Development.

Bottom-up implementation of many programs within this environment has led to questions regarding local government capacity and effectiveness in delivering public programs. Performance measurements are documented at the local government level where programs are implemented. Thus, vague policies, unclear program designs and weak federal/state oversight have compounded the problems for municipalities who are often trying to insert new measures into their existing programs to ensure continued funding and support from intergovernmental sources.

This research presents the perspective of local government administrators as they encounter the problems of federally required performance measurements within the context of the GPRA. An emphasis is placed on the Community Development Block Grant (CDBG) program, which operates within the Department of Housing and Urban Development. Block grants by design are viewed as programmatic challenges to the GPRA requirements, due to their tendency to devolve program responsibility to subnational levels. However, over the last ten years it is

evident that even the programs that don't "fit" are being challenged to creatively find ways to measure outcomes that will comply with federal standards. Thus the question here is not *how* the program can comply with the standards; instead, we should seek to gain a better understanding of how the measurements are impacting local governments in both their program planning and implementation. Internally, are the measurements complementing their program operations and planning? Or, are the requirements just an additional layer of bureaucratic reporting imposed upon the cities that administer the grant program? Further, in the specific context of the CDBG program, is HUD oversight a help or hindrance in the cities' efforts to comply with the GPRA?

Answers to these questions provide a preliminary assessment of the impact of the GPRA on local governments that are striving to comply with standards and enhance performance measurements. This case study documents the responses of local CDBG grant administrators as they completed a survey of CDBG entitlement cities across the United States in 2005-2006. Local government Community Development Directors and/or CDBG administrators were asked to respond to various questions in various areas including the impact and benefits of CDBG, as well as the effect of performance measures on program accountability. Although a number of structural and political obstacles exist in measuring programs that are inherently designed to provide flexibility to state and local governments, it is clear that efforts are being made to more effectively measure program outcomes. However, many cities report that the additional requirements are not clearly linked to their existing performance measures, suggesting additional development must be done to incorporate the GPRA requirements into local government grant operations. Findings also indicate a positive relationship between local governments and their

federal colleagues from HUD who oversee the CDBG program. Thus, it is evident that this case demonstrates the challenges involved in linking bottom-up implementation to top-down policymaking in addition to achieving workable solutions to the performance problem.

LITERATURE REVIEW: PERFORMANCE MEASUREMENTS AND IMPLEMENTATION

Since the mid-1990s, measuring performance has become a popular practice for public managers. Administrators at all levels of government have been impacted in some way as their programs have experienced increasing levels of public scrutiny, and strict sponsor requirements in order to maintain program funding. However, as Behn notes, “performance measurement is not an end in itself” (2003, 586). Managers can utilize measures to “evaluate, control, budget, motivate, promote, celebrate, learn, and improve” (Behn, 2003, 586), demonstrating the multiple outcomes of measuring programs that can enhance overall performance. Further, Wholey and Hatry note that “performance monitoring systems are ... used in budget formulation and resource allocation, employee motivation, performance contracting, improving government services and improving communications between citizens and government” (1992, 604). When they are appropriately utilized within the political and social environment of the program or policy, local managers can use measures to enhance implementation and therefore promote programmatic efficiency and maximize budget resources.

The implementation of performance measures has often been the critical link that impacts the success or failure of government programs (Long & Franklin, 2004; Pressman & Wildavsky, 1984; Sabatier & Mazmanian, 1978). In order to achieve successful policy outcomes,

implementation must be executed within the appropriate context (Long & Franklin, 2004; Ripley & Franklin, 1982; Lowi, 1964, 1972) and supported by relevant internal and external stakeholders (Long & Franklin, 2004, 311). At the local government level, managers must also pay particular attention to citizens and their satisfaction with service outcomes (Swindell & Kelly, 2005, 704).

Given the various responsibilities attributed to performance measures within government as noted above, we have little reason to guess why the difficulties in creating and implementing measures has lingered over time. Initially, finding agreement on both the overall objectives of programs and policies, as well as the outcomes which are to be measured, is often the obstacle that hinders the process and skews eventual outcomes. Later in the implementation phase of the process, a neglect of key stakeholder input and/or inadequate training of the government administrators who are physically recording data creates an additional layer of difficulties which often negates the effort to obtain valid performance measures.

An additional component in the implementation of public policy that impacts our study is the disconnection between policy formulation and the implementation process. As in the case of federal programs (including block grants such as CDBG), the federal formulation of a public policy is later implemented at subnational levels by either states or local governments with little communication or consideration of how the policies will actually be implemented (Nakamura & Smallwood, 1980). It is this gap in the policy process that has caused tremendous difficulties for both federal agencies and state and local governments as they have tried to implement policies within the guidelines imposed by the GPRA.

Despite the numerous difficulties experienced by government agencies since the implementation of the GPRA, the intergovernmental grant system can benefit

from the policy outcomes the program is designed to accomplish. However, the most disparate impact is arguably found at the local government level, where policy implementation is often imposed without the input of local government administrators. A decentralized approach to federal policymaking that includes “lower-level public servants” (Long & Franklin 2004, 311; Sabatier, 1986) is required in order to promote the success of the GPRA, especially in the case of CDBG where local government administrators are given a great deal of discretion on how to fund programs within general guidelines.

THE GOVERNMENT PERFORMANCE RESULTS ACT (GPRA) AND THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Nowhere is the problem of local policy implementation more evident than in the case of federal block grants to state and local governments. The flexible design of block grants is inherently problematic and will always be difficult to measure in accordance with the strict reporting requirements currently enforced by the Government Performance and Results Act (GPRA) of 1993. The program was officially implemented in 1997, and after ten years of implementation, many federal agencies are still working hard to improve their report card ratings. The outcomes of the GPRA continue to resonate throughout the federal service, as agencies have been evaluated based upon the Office of Management and Budget (OMB) Program Assessment Rating Tool (PART) to monitor compliance with the GPRA and rate the effectiveness of federal programs. The PART specifically examines and reveals the strengths and weaknesses of federal programs in the effort to help agencies achieve their goals and illustrate core results in a transparent and efficient manner.

The assigned task of meeting GPRA requirements is not a simple one. As Radin asserts, federal agencies are challenged with the effort to balance “two often conflicting imperatives: to provide states (and municipalities) with flexibility and yet maintain a commitment to performance outcomes that acknowledges the expectations of those who fund and authorize programs” (2000, 147). The goals, methods, and outcomes for performance measurements enacted through the GPRA are intended to provide some of the most effective reform measures in federal government performance measures. However, “the process is likely to be difficult in agencies that deliver dollars and some regulations (such as block grant programs) but do not have real control over the way that the federal dollars are designated, have experienced dramatic swings in program design, do not have agreement on data categories or indeed on the legitimacy of the federal government’s requests for information, and operate in highly politicized external environments with explicit conflict between various stakeholders in the effort” (Radin, 1998, 309-10).

These conflicts have proven to be somewhat ironic for programs such as CDBG. The irony emerges as federal programs seeking to devolve federal control to state and local levels (often regarded as a positive attribute of the programs) have developed into a programmatic flaw that won’t work for federal agencies trying to make high marks on their performance report in order to maintain higher levels of federal funding. However, developing a more comprehensive bottom-up understanding of block grant programs can strengthen intergovernmental relationships which can meet federal requirements while enhancing local programs and services.

CDBG was implemented in the midst of an unprecedented time in the nation’s history. “In absolute dollars, (federal) grants rose from about \$2.3 billion in 1950 to more than \$70 billion in 1977 and 1978” (Wright

1978, 135). While programs such as General Revenue Sharing were providing federal funds to address the problems found in low-income neighborhoods under Nixon's New Federalism theme, they were also intended to remedy "the two basic problems afflicting the existing system (of categorical grants): excessive fragmentation of aid, and excessive federal controls on spending" (Maxwell and Aronson, 1977, 57).

Within this context, CDBG was hailed as the most appropriate programmatic strategy that could restructure federal grant programming and bring order to the system. The program also became part of a movement to decentralize the "approach to urban revitalization" so that specific strategies were "left to local officials" (Rosenfeld, 1980, 213). Therefore, CDBG was intended to address two problems for Congress: 1) it would bring a more consolidated focus to a grant system that was wildly spiraling out of control with billions of federal dollars; and 2) it would decentralize responsibility to sub-national levels of government thus establishing a partnership involving the federal government as the CDBG policy-makers and local governments (and states in the case of Small Cities CDBG) as the primary vehicles for CDBG implementation.

The primary objective of the CDBG program is the development of urban communities. Cities must demonstrate a benefit to low-and-moderate income citizens when they are spending the federal funds. Within broad parameters imposed through federal regulation, grant recipients are given the authority to expend the funds among a wide variety of categories, including housing, economic development, public improvements (infrastructure, parks, and facilities), and public services. The intent of this framework is to prevent the fragmentation of grant disbursement that has been extremely problematic in programs of the past. However,

with the added responsibility also comes increased accountability; the political pressure of determining how to spend the funds is more directly placed upon localities.

Although the CDBG entitlement program was designed to promote a federal/local partnership, the program has not remained static. As presidential administrations and priorities have changed, the original program format has experienced countless changes as legislative amendments have been implemented to revise program regulations in order to better address community needs across the nation.

The issues regarding CDBG and federal funding cuts have been around since the intergovernmental grant system reached its peak in the late 1970s. Recent years have been even more problematic for the program and its recipients, as funding allocations continue to decrease while the numbers of grant entitlement communities are rising each year. Recent allocations for CDBG have fallen from \$4.3 billion in 2004 to a total of \$2.8 billion in 2007 (National Association of Housing and Redevelopment Officials, 2006). Further, the presidential proposal to cut CDBG in 2006 and reorganize the program into a different federal agency sent a message that CDBG was losing ground as a stable, long-term federal grant program.

This study seeks to identify the local impact of the critical conflicts between intergovernmental grant policy priorities and the CDBG program design that have posed problems for successful performance measurement. CDBG in practice is experiencing what Radin would constitute as “unanticipated consequences of the performance movement” (2006, 5). In its struggle to meet federal performance measurement requirements, its program design is undergoing revision which may in fact alter the program outcomes which “does not always lead to productive change” (Radin 2006, 5). These theoretical problems that are causing trouble for CDBG from a policy

standpoint will be addressed, along with practical recommendations for local government grant administrators and scholars of economic and community development looking for answers within this type of program.

Performance Measurement Problems and CDBG

Since the early 1980s, problems with the CDBG program have included outcomes measurements and the inconsistencies related to the positive impact of the funds on American states and municipalities. One major accountability issue cited by the General Accounting Office (currently known as the Government Accountability Office) involved the lack of uniform reporting in the CDBG program, which further increased the confusion within the grant system. In addition, scholars have questioned the oversight and regulatory controls the federal government maintains over grantees (Rosenfeld et al. 1995, 56), as well as the unclear notion of “who benefits” from the CDBG program (Nathan et al. 1977, 226; Rosenfeld et al. 1995, 58). These issues have contributed to other primary concerns regarding the lack of program performance measurements and the inability to effectively collect data to accurately record the program’s impact at the local government level. Further, local implementation has been an emerging issue at the federal policy level because both HUD and Congress have an interest in ensuring that local program activity is in coordination with federal policy and the intended program design.

Results of the 2006 OMB PART evaluation of CDBG provide mixed results in the actual performance of the program. The basic flexible designs of block grant programs such as CDBG create both strengths and weaknesses for implementation of the program. The PART mechanism determined that evidence exists to declare that

CDBG contains inadequacies including an “unclear program purpose, the inability to address the specific stated problem of revitalizing distressed urban communities, a lack of targeting efforts ... to reach intended beneficiaries, a lack of long-term goals and performance measures to focus on outcomes, the inadequate collection of grantee data in a timely and credible (and uniform) manner, and an inability to provide public access to this data in a transparent manner” (OMB 2006, 1-11). These foundational issues have proven to be the most detrimental to the success of CDBG within the performance measurement arena. The consequences have not only resulted in dwindling federal allocations for CDBG each year, but they have also threatened to eliminate the existence of the program.

CDBG is truly in a compromising position, as HUD has been forced to create measures that fit the outcomes-based measures in order to maintain their programs. The challenge is to implement measures that will produce positive results in the PART, while still benefiting the program’s intended recipients as they work to clarify their purpose and program design.

Although the CDBG program has experienced its share of problems in both policy design and implementation, efforts to strengthen the program and make it more effective are continually being proposed and presented to members of Congress. These attempts demonstrate the agency’s willingness to reform the system so that programs such as CDBG become a more efficient, transparent, and outcomes-based as requested by the OMB. The true test for CDBG will continue as the revised outcomes-based measures are implemented.

CDBG Performance Measures from the Local Perspective

The changes in block grant policy over the last several decades demonstrate that efforts have been made to

improve program impact and maintain congressional interest in funding CDBG. HUD is counting on the most recent revisions to CDBG, along with the historic political popularity of block grant programs to ensure the program will continue. However, the perspectives of local governments who are responsible for program implementation represent another voice in the policy environment that must be considered. In order to obtain the uniform data and measured impacts that HUD needs to present to Congress and the OMB, the grant recipients are a critical part of the process. The following results of a survey of local community development directors/CDBG grant administrators provides that voice to some extent, providing further information on potential strengths and weaknesses in HUD's current strategy to improve CDBG.

THE CDBG ADMINISTRATOR SURVEY PROJECT

This study reports the preliminary findings of a survey of local government CDBG administrators and/or community development directors across the United States in order to determine local perceptions and attitudes about CDBG in 2005-2006. A total of nine hundred sixteen cities were included in the sample, which was based upon every current active listing of CDBG entitlement cities currently receiving funding. The research intent was to distribute surveys to entitlements in every state in the effort to receive an accurate representation of all grant recipients. The total number of identified responses to the survey provided a 50.1% response rate, as four hundred fifty-nine cities responded to the survey.

Cities were issued a mail survey to gather project data.¹ The survey sought information on a variety of topics related to the grant program; however this project will report findings primarily based upon the issues of federal-local government relations, and the impact of performance

measures on local program implementation. Results of the study were designed to specifically evaluate the relationship between HUD its local government administrative counterparts, the role of local governments in the policy process at the federal level, and the perceived impact of federal performance requirements on local program implementation for the benefit of low- and moderate-income persons.

Survey Results

Survey responses are presented here in the context of three major areas of interest: 1) local government satisfaction with CDBG program issues; 2) the utility of the HUD required performance measurements; and 3) planning and performance measures. Findings suggest that the federal-local relationship is cooperative within the intergovernmental grant system, while the implementation of performance measurements is a point of contention from the local government perspective.

Local satisfaction with CDBG. The CDBG Program Administrator Study was primarily instituted to determine the degree of local government satisfaction with program policies and operations, as well as local perspectives on the most recent emphasis on performance measures. The extent to which local government CDBG administrators are satisfied with the program is shown in table 1.

Table 1 Percentage of Satisfaction with CDBG program issues							
	Greatly Dissatisfied		Neutral			Highly Satisfied	
	%	%	%	%	%	%	%
1. Relationship with HUD staff	2.4	2.2	3.3	7.3	13.9	33.6	37.2
2. Impact in your city benefiting low-mod citizens	0.7	0.4	0.7	3.1	13.1	41.3	40.7
3. Performance measurements & reporting requirements to demonstrate accomplishments	5.2	8.1	9.2	21.5	25.1	21.3	9.6

When asked about the impact of CDBG on the local community, grant administrators were very positive and reported high levels of satisfaction with the impact of CDBG benefiting low-and-moderate income citizens within their jurisdictions. A significant majority of all respondents voiced a positive level of satisfaction with the local impact of CDBG. The original design of CDBG provided a great deal of discretion to local governments and was based upon the premise that city administrators would best know how to distribute funds to meet the needs most specific to their communities. If we adhere to this theory, which has been instituted within CDBG for over thirty years, it should be noted that the cities inherently believe that CDBG funds are having a positive impact on the needs of their lower income citizens. While this is a

positive finding for HUD, the question of how to accurately measure impact remains.

Additional management philosophies relevant to CDBG include the idea that the updated performance measures are critical to ensure that “impact” can be defined and measured in a clear way that Congress can understand.

The OMB implementation of the PART measures was a result of the “mindset of previous reform efforts that were based on the belief that value-neutral information can be produced by government agencies” (Radin 1998, 309). This demonstrates the critical key to understanding the PART measures: the GPRA was intended to produce value-neutral data in an effort to enhance rational decision making and reduce the political influences that promote inequality in the distribution of federal funding. Thus, when asked about the relationship between impact and performance measures, we would hope that the local governments also find a positive link between impact and performance measures. Table 1 indicates that the majority of cities range between neutral and fairly satisfied in their perceptions that the federally imposed performance requirements are having a positive impact on their local programs.

Further, a majority of respondents reported they were satisfied with their relationship with the HUD staff members with whom they interact. This finding suggests that although communications are primarily top-down in the implementation of the program, local grantees are responsive to their federal counterparts.

Utility of performance measurements. In addition to determining whether administrators are satisfied that the program is meeting their community needs, it is imperative to understand how the revised HUD performance requirements are working at the local level. The overall intent of the system of performance measurements is three-fold. First, the measurements will enable HUD to obtain

uniform data in order to better assess performance and impact of the program dollars in entitlement communities. Second, the measurements will provide local governments with a more organized system in which they can monitor program service delivery and better evaluate impacts and needs within their jurisdictions. Third, by streamlining performance measurement processes at both the grantee level and at the federal level, the system would provide a more transparent environment and thereby increase citizen access and trust into government grant operations.

In an ideal entitlement community, we would find the city already utilizing adequate performance measures so that implementation of the revised system would involve a relatively smooth transition. Recording the measures would be a minimal increase in “red tape,” in accordance with the requirements of the Paperwork Reduction Act of 1995. In the case of grantees that do not have established systems of performance measurement, the system would follow federal intent and provide assistance to enhance local grant programming to target community needs. In reality, results of the study provide mixed information about how useful the HUD performance measurements have been at the local level. In table 2, it appears that many local CDBG administrators have found no effects that link the federal performance requirements with their program operations. Forty-two percent responded that “The performance requirements did not affect how we administer our program in any way.” However, it should be noted that a number of cities responded that the performance measures have helped in coordinating local programs and activities, as shown in table 2.

Table 2 To what extent have the Performance and Accountability requirements implemented by HUD assisted your CDBG management staff in measuring program outcomes and accomplishments? (n=459)		
The performance requirements:	Percent	Number
1. Did not affect how we administer our program in any way	42.5	195
2. Helped us to better coordinate our CDBG program efforts	24.7	113
3. Helped with setting program priorities for our community	15.9	73
4. Helped us establish new and different approaches for our activities	14.8	68
5. Affected how we allocated program funds to various projects	14.6	67

The responses indicate two possible conclusions. First, if the measures do not affect local programming, we might assume that cities are already measuring outcomes, and the problem has been associated with the design of existing measures. In other words, the data HUD has required local grantees to report is not an accurate fit for the outcomes the cities have been measuring. Second, a more dismal interpretation of the responses might conclude that cities are not measuring outcomes in applicable ways, and HUD will have to further train grantees on ways to collect the data in order to measure outcomes. We do not currently have enough data to verify either conclusion; however it is encouraging that one-fourth of the respondents found the measures to be helpful. The large percentage (forty-three percent) of those stating the program had no impact on their programs may indicate that there is a lack of communication between the federal and local levels, as communities do not clearly understand the purposes and utility of the performance measures. This confirms the finding previously presented by Poister and

Streib that while “60 to 80 percent of municipal jurisdictions in the U.S. use performance measures, it appears that 40 percent or fewer make any kind of *meaningful* use of performance measures in their management and decision processes” (1999, 332).

Planning and performance measures. In the attempt to rate the performance of federal programs, the PART assessment determined that approximately half of the programs had not shown results in an adequate reporting style in 2004. Instead, “the vast majority of programs have measures that emphasize inputs (such as the number of brochures printed) rather than outcomes or results” (White House 2004, 51). Thus, the programs found to have inadequate measures have often been identified as problematic, with an unclear purpose and an inability to measure progress towards results. HUD’s efforts have been an attempt to not only provide short-term assessments of outcomes, but also provide longer term alternatives in the federal program design. Therefore, longer term planning should be an additional benefit that cities receive from linking their program implementation with the newly required performance measures.

Efforts to bolster local capacity have been a priority of the HUD administration, and it appears that HUD has made efforts to convince local grantees of the benefits of the performance measurement system. However, the use of the performance measures to assist entitlements with their planning and budgeting needs further improvement to enhance local cooperation and effectiveness. Table 3 indicates that approximately two-thirds (66%) of the survey respondents think that the performance measurements are either minimally useful or of no use as a planning tool. Many added that they already had measures in place and that the additional requirements are unnecessary. One city representative stated: “The performance measurements are a way to ‘tell the story’ differently. The story itself hasn’t

changed. We had gone to a performance measurement system several years ago.”

Table 3 Are the performance measurement tools required by HUD a useful planning tool for you in developing future CDBG Performance Plans? (n=442)		
Response	Percent	Number
Yes.	33.9	150
Minimal use as a planning tool.	44.3	196
No.	21.7	96

This reply represents two points that should be noted within this policy context. First, a number of local grantees already have systems in place for planning and measuring performance. Local government annual performance reports have been required by HUD for a number of years. Therefore, when cities are asked to change the ways in which they operate, many will prefer to use their existing strategies for effectively managing CDBG. For example, the Consolidated Plan process in which CDBG grantees submit a five year plan for expenditures establishes a broad parameter for annual budgets, and many communities have already found ways to measure their progress in coordination with the Plan. Thus, many of the cities’ grant administrators do not believe that the federal performance requirements are assisting in measuring or improving the impact of the program.

Second, a lack of understanding in regard to both policy changes and the intent of performance measures may also lead to distrust within the system. If grantees at the local level are only involved in the implementation phase of public programs, it is clear in this case how cities might question both the federal government’s motives for

collecting the data and the utility of the outcomes. The entitlements appear to have a sincere desire to positively impact their communities and provide adequate living conditions for their lower income citizens. However, current federal tactics are often questioned because they have not been involved in the front-end policy planning and revisions that have taken place over the years. Another respondent stated: “The categories are so general that I fear once the data is aggregated nationally the resulting number won’t convey much of the real benefits. The local flexibility to develop programs that serve individual communities is being diminished by the rigidity of the [p]erformance measures. Performance measures are definitely needed but there should be continual dialogue among grantees and HUD policy makers in order to create the best measures for successfully telling the accomplishments of CDBG” (CDBG Survey, 2006).

Local entitlements want to be involved in revising the program to better target funds within their communities. Ammons noted that “unless a government ties its performance measures *meaningfully* into its management systems... any enthusiasm for measurement will quickly lose its luster, and probably deserves to” (1999, 106-7). HUD has apparently not communicated the *meaning* in a way that grantees can respond to and understand within their daily programmatic operations.

Perhaps HUD’s efforts to revise the program would further benefit by identifying the performance systems of top performing grantees and incorporating them into the policy process for devising effective systems that will work for CDBG. This would increase the connection between the levels of government and increase the chances of successfully recording data that produces meaningful performance measures.

CONCLUSION AND IMPLICATIONS

Over the last several decades, the intergovernmental system of grants-in-aid has been revised in order to better suit federal priorities and encourage state and local capacity to fill in the gaps where federal funding has declined. The performance measurement emphasis has become an emerging component over the last two decades, and the GPRA has instituted federal report cards that to date show few signs of alleviation. As a result, federal agencies like HUD will continue to implement changes in order to maintain funding for their federal programs. CDBG and its advocates will continue to revise policy in an effort to streamline the performance measurement system and find a compromise that will ensure more consistent outcomes and continued funding.

The Community Development Block Grant demonstrates the problematic nature of applying government-wide solutions to federal programs. The program has funneled billions of dollars into lower-income communities across the nation. This evaluation of the program has contributed the following information to the CDBG policy debate:

- Local CDBG administrators strongly concur that CDBG provides a positive impact on the low-and-moderate income citizens within their jurisdictions.
- CDBG administrators at the local level report they have a positive relationship with their federal grant counterparts.
- A number of CDBG entitlement communities have performance measurement systems in place, although the HUD measures are not viewed as complementary to current practices.

- Most cities do not utilize the federal performance measures as a planning tool in their local program implementation.

From the local government perspective, the preliminary findings of this study demonstrate that most grantees are appreciative of the intergovernmental grant funds they receive, and they truly believe the funding provides a positive and significant impact upon their local jurisdictions. Unfortunately, cities have not found the performance measurements in CDBG as a useful tool to improve their daily program operations. However, local governments must find ways to structure their programs in accordance with the federal regulations, because they face the risk of losing funding should the ineffective report card ratings result in reduced federal funding for CDBG.

Implications of the research suggest that additional work must be done in order to make positive changes in CDBG performance measurement policy. The design of block grant programs provides an immediate obstacle for policymakers in adhering to OMB standards. However, the potential to work through regulatory policies and strengthen existing relationships does exist from the perspective of local CDBG grantees. Bringing both states and local governments into the conversation will ensure that policy will not only be improved at the federal level, but that it will also experience successful implementation at the subnational level as well.

NOTES:

¹The CDBG entitlement communities in twenty states responded to surveys in 2005, and the remaining thirty states and the District of Columbia were given the opportunity to respond to the same survey in 2006. In

2005, one round of surveys were issued as an online survey in addition to two sets of mailed surveys. However, due to poor online response and the inability to track the geographic cities of online respondents, the practice was not continued in 2006. 2006 surveys were issued in two sets of mail surveys only.

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