Memorandum Report 13-41
September 30, 2013

Performance Measures – Local Development District Administrative (LDD) and State Offices of Appalachia Consolidated Technical Assistance (TA) Grants

Summary

ARC has initiated actions to emphasize and include performance measures with respect to LDD and TA grants. A survey of actions to date confirmed ARC policies and guidance that will provide increased information about grant status and results as implementation of required actions progress. Our survey indicated opportunities to better identify measures in relation to primary grant objectives and inclusion of information in ARC.Net (grant management system) to facilitate data collection and analysis. We also noted that some grantee reports provided detailed information about activities and accomplishments that could be the basis of performance measures for LDDs and TA grants.

Also, as noted in a recently completed ARC evaluation of infrastructure projects that are primarily administered and managed for ARC by other Federal agencies, the tracking of performance measures (outputs and outcomes) relative to these projects can be emphasized.

LDD and TA grants have not been included in the ARC grant validation program.

We recognize that establishment of Performance Measures for LDD and TA grants was a recent occurrence and that management responses to this survey noted that actions are continuing to identify meaningful and practical performance measures for these grants. We concur with action initiated and the noted recommendations are in line with ARC initiatives.

Background

The Appalachian Regional Commission (ARC) provides grants to Local Development Districts (LDD's) and Technical Assistance (TA) grants to State offices of Appalachia to promote and implement ARC objectives and goals.

73 LDDs provide a network of multi-county planning development organizations throughout the 420 county Appalachian Region. LDDs receive approximately $80,000 to $200,000 annually with their primary role being to identify priority needs of local communities. Based on these needs the LDDs work with their board members and other local citizens to develop plans for

their community's economic development, to target and meet the most pressing needs, and to build community unity and leadership.

ARC provides grants varying from about $150,000 to $500,000 annually to State ARC offices for consolidated assistance programs. These grants are for support of staff with responsibilities for grant administration, program development, project management, monitoring of ARC funded projects, coordination of ARC program activities with other state and Federal agencies, including LDDs, and identification and reporting on performance measures.

The LDD and TA goals, objectives and strategies provide a basis for establishing performance outputs and outcomes identifying the extent to which the LDD and TA roles were implemented, including the resulting outcomes in terms of successfully addressing the needs of local communities.

ARC Policies

The ARC Administration Manual (frequently asked questions) –issued April 2011 provides that interim and final reports should identify performance measures achieved to date, when available. The information should be keyed to the grant proposal accepted by ARC and referred in the grant contract. ARC's expectations are found in the official approval memo located in ARC.Net, ARC's Grant Management System.

The manual emphasizes that the final report offers an opportunity to gather information about the results-outputs and outcomes – projects have achieved and the available information will help ARC make policy decisions about future programs in the Appalachian Region.

A March 25, 2011 memorandum from the ARC Executive Director titled "Documentation and Administrative Requirements for ARC E-Files" discusses performance measures for project closeout and it is noted that particular attention should be given to entering appropriate performance metrics into ARC.Net at the time of closeout. It is understood that for some projects complete performance metrics may not be available for a number of years after grant funds have been expended. In such instances timely project closeout should be implemented with an explanation provided for the expected date that performance metrics will be available.

The document highlights performance measures for LDD and TA grants. In both instances emphasis is placed on identifying mandatory performance measures to be included in LDD and TA grants funded in 2012 and subsequent years.

For LDD grants the submission of performance data will be required prior to project approval and closeout and LDDs should be provided with amended application guidance that reflects the mandatory nature of performance data for future grants.

For TA grants, for which performance measures had not previously been developed, it was noted that ARC shall develop performance measures to be required for TA grants approved in FY 2012.

 Results

Implementation of Performance Measures

Available guidance with respect to performance measures and metrics for most grants was considered sufficient to effectively address this issue.

We concluded that the identification and implementation of meaningful performance measures for LDD and TA grants could be improved.

LDD Grants

ARC identified a single performance measure for ARC funds. This measure included identification of the LDDs projected total administrative budget and identification of the source and amount of these funds as well as the percent of the total of the administrative budget that each source represents.

We do not consider this to be an effective performance measure in terms of the extent to which LDDs actions promoted ARC programs and projects (outputs) or level of success (outcomes).

Conversely, ARC identified performance measures for non-ARC funds based on jobs, employability, infrastructure development and connectivity and private sector investment.

These types of measures, or measures more directly related to the services provided by LDDs with respect to actions that facilitate economic development should be considered with respect to ARC funds.

Since LDDs provide services that are funded by various agencies a consolidated measurement of performance that includes ARC and non-ARC funds should provide a cumulative identification of the LDD performance.   An alternative includes separate measures with respect to LDD activities/projects that are funded entirely by ARC. In order to avoid duplicative reporting by agencies funding LDDs claims based on the percentage of funding could be a basis of avoiding such reporting.

ARC.Net does not contain information with respect to LDD performance measurements or quarterly reports. Although LDD Administrative funds account for about 10 percent of available grant funds LDDs are involved with a significantly higher percentage of grant approvals and information about performance measures and reports would be appropriate for inclusion in the agency grant management system.

Technical Assistance (TA) Grants

The performance measures for outputs are identified as communities served for outputs and communities improved for outcomes.

ARC guidance dated February 15, 2012 to ARC program managers emphasized the need to provide a project outcome associated with the TA grant and specifically noted a measure as the number of communities that will be improved through the implementation of the grant. It also noted that this measure is to be interpreted as the number of projects expected to be submitted for approval during the period of performance of the TA grant and that this figure needs to be confirmed or revised when closeout reports are submitted.

Although the output and outcome categories are applicable extension of the performance measures to additional measurable actions with respect to how communities were served and improved should be considered.

LDD and TA reports and applications include priority activities that can be identified as overall performance measures applicable to most of these grants. These included identification of approved applications submitted by states, field visits, technical assistance to governments and communities, regional training, assisting with grant applications/RFPs, etc.

Tracking of Performance Measures

A recent program evaluation of ARC Infrastructure and Public Works Projects performed by an independent consultant under contract with the ARC Research and Planning Division recommended requiring tracking of outputs and outcomes as a stipulation of receiving a grant. Reasoning included improving the quality of data utilized in ARC program evaluation and to improve the data collection and reporting process.

The key weaknesses cited included grantees not tracking outputs and outcomes and some noting they did not have information because they were only required to keep records on performance results for five years. A recommended strategy to assure tracking for reporting and analysis purpose included emphasizing the importance of performance tracking to LDDs given the high priority of tangible improvements to job opportunities and other competitive measures.

It should be noted that the evaluation involved basic agency projects that are administered by other Federal agencies and for which obtaining information about grant status has sometime been difficult. We concur with this recommendation that involves an issue that has been the subject of prior OIG recommendations.

In mid-2012 ARC initiated a Basic Agency Monitoring Report (BAMR) intended to annually provide ARC with direct information about the status of construction related projects administered and managed by other Federal agencies. The control was in line with ARC

initiatives with respect to inactive projects. This report will provide necessary information and facilitate timely follow-up to identify problem situations needing attention.

LDD and TA Validation Visits
ARC conducts project validation visits to grantees to assess the results of performance measures with respect to closed projects. The universe for validation visits does not include LDD and TA grants.

Although these grants are not for specific projects they represent critical elements of program success by identifying priority community needs and facilitating and contributing to successful projects. Thus, the success of grantee actions is of considerable importance and validation efforts would provide meaningful feedback about accomplishments and best practices.

Recommendations

1. Additional performance measures be identified and implemented for LDD and TA grants.

2. LDD performance measures should be based on and emphasize the primary LDD objectives to identify priority needs of local communities and key actions to achieve this objective.

3. TA performance measurements should address additional key elements of serving and improving communities.

4. Performance measures data for LDD and TA grants should be entered into ARC.Net on a timely basis.

5. Grant approvals should emphasize the need to retain performance information for a reasonable period after project completion.

6. LDD and TA grants should be included in the universe of grants subject to the validation program.