

Recommended Options for Action Steps Based on Underperformance of Continuum of Care Grantees

Penalties for underperformance on Balance of State Continuum of Care (COC) projects for at least the past several years have focused on failure to expend all funds or on rarer occasions, serious concerns about the project, host agency or both. Penalizing for failure to expend all funds awarded within the grant year has been a logical choice, given that unspent funds are returned to the federal government's general fund. Thus, not only do these dollars not serve lowans experiencing homelessness, they can be redirected to any purpose. Since renewal awards to Continuums of Care from HUD are based on dollars spent, the amount unspent amounts to a penalty and fewer resources to serve lowans. However, now that performance measures are both more explicit and receiving increasing emphasis from HUD, a new approach is appropriate.

Option 1:

The 2017 renewal application calls for measurable client outcomes to be reported at specific performance levels. Therefore, considering penalties for agencies that fail to meet, or at least substantially fail to meet these thresholds, makes sense. These measures include: number and percentage of clients exiting to/maintaining permanent housing; percentage of adults who increase earned, other and total income; and percentage of participants who exit to shelter, streets or unknown. These measures constitute 45% of the scoring and only one measure (percentage of successful exits to permanent housing or for Permanent Supportive Housing, maintaining permanent housing) is eligible for partial points at a lower threshold. Thus applicants are already at substantial risk of falling to Tier II for missing the target of even a single measure. This is the first year for applicants' measurable performance being such an important part of the scoring. Recognizing this, Home Forward Iowa's recommendation for this option is to calculate the difference between the target stated in the application for each of these measures (16.b - f) and the actual percentage achieved. Then add the total percentage and deduct that total or a fraction/formula of that total from the renewal amount for which the project is eligible.

EXAMPLE:

Agency XYZ meets the required benchmarks on items 16.b, d and e; which measure earned income, total income and successful exit/retention, respectively. However on item 16.c. which measures other income, they achieve only 8% rather than the benchmark of 15%; and on 16.f. which measures exits to other than permanent housing, they report 15% rather than the benchmark of not more than 10%. Adding the "gap," amounts results in a total of 12%.

The Council could simply assess a reduction of 12% of funding from the previous year; OR calculate the penalty by half and assess 6% reduction in funding; OR grant a "grace" amount of (or instance) 4% and assess a penalty corresponding to whatever gap still exists, in this case 8%.

This formula is more forgiving for agencies who fall just a bit short of a performance threshold and would somewhat mitigate the impact (at least financially) of barely missing more than one target. However, as stated above, missing multiple targets by any amount will already be placing the project's continued status in Tier I at risk.

Option 2:

A second approach is more generous toward current grantees in that it delays any sanctions by providing a period for correction. A tradeoff is that in forgiving performance shortfalls by a particular agency, the Continuum of Care Consolidated Application is more at risk of losing points to whatever extent that HUD values the application of penalties to agencies that fail to reach goals set within the application process.

This "probationary" option suggests a series of steps. The first is that the Iowa Council on Homelessness, in its capacity as the advisory body for the Balance of State CoC, issue a letter to the underperforming agency itemizing performance shortfall(s). Such a letter seems most appropriate coming from Continuum of Care Committee (CoCC), which would be familiar with the application and minimizes potentially awkward conflicts of interest. The letter should require a written response within 14 days that describes corrective measures to be taken or already underway. These measures should propose a convincing, reasoned path forward that is likely to lead to achievement within 12 months of the date on which the report detailing the missed thresholds was generated.

This proposal by an agency which has fallen short may include internal adjustments at the host agency. It may also describe training, capacity building or other assistance or a combination of outside help. The agency should understand that it is responsible for any costs involved with such assistance. In such cases, the agency should be encouraged to consult with the CoCC, the HMIS provider, Coordinated Entry facilitation provider, Home Forward Iowa or any other appropriate resource for counsel and recommendations of resources. In many instances, such resources may be available at no cost. Resources might include consultation with staff of other grantees in the BoS or neighboring CoCs.

If possible, the written plan should include progress markers that can be measured at one or more intervals ahead of the 12 month point suggested above. The CoCC may accept the corrective plan as initially submitted or request modifications, more detailed explanations or additional components. The conclusion of the process should result in a Written Corrective Plan signed by both parties which spells out clear performance targets including any intermediate targets, relevant dates, terms for adjustments, and consequences for failure by the grantee agency to meet performance targets.

Either the agency or the CoCC may request that representatives of the CoCC conduct a site visit, though this would not likely be common. CoCC members' travel would be eligible for reimbursement at the Council's expense.

If the performance shortfall was not addressed to the satisfaction of terms agreed to by the CoCC in the Written Corrective Plan, consequences would include reduced funding or classification of the project as ineligible for renewal funding in the following year. Details should be specified in the Written Corrective Plan. If performance goals are all at least met, the agency would be fully eligible for renewal in the next grant cycle and if probationary status has been assigned to the project, it would be removed at that time.

Summary

In both cases above, it is advisable to continue to factor penalties for failure to expend all funds. The reasons are spelled out on the introductory paragraph.

It is possible to take components of each of these different options and combine them into a hybrid approach. The basic difference is that Option 1 proposes that penalties for failure to meet performance

targets be imposed immediately, while Option 2 spells out a way for agencies to address shortfalls over a grace period of up to one year. The latter plan would almost certainly require a higher level of engagement by the Council and Continuum of Care Committee in particular. This is certainly a factor to consider, though in weighing factors, it does not likely rise to the level of importance of the impact of reduced or lost funding on ongoing programs and their agencies. This set of issues is secondary only to the consideration of the CoC's funding level as a whole. As is clear from HUD, this is determined largely by the quality of the CoC's Consolidated Application and the increasingly important consideration of Continuum-wide performance measures in that scoring.

Respectfully submitted by Home Forward Iowa
May 19, 2017

