A Case Study of the Montana Community Development Block Grant Program

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A CASE STUDY OF THE
MONTANA COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>1. Federal CDBG Program</td>
<td>1</td>
</tr>
<tr>
<td>Theory of Federalism</td>
<td>1</td>
</tr>
<tr>
<td>Federal CDBG Program</td>
<td>3</td>
</tr>
<tr>
<td>2. New Federalism</td>
<td>5</td>
</tr>
<tr>
<td>Montana's CDBG Program</td>
<td>6</td>
</tr>
<tr>
<td>3. Methodology</td>
<td>7</td>
</tr>
<tr>
<td>Projected Outcomes</td>
<td>8</td>
</tr>
<tr>
<td>II. FEDERAL CDBG PROGRAM.</td>
<td>11</td>
</tr>
<tr>
<td>5. Montana's CDBG Program</td>
<td>24</td>
</tr>
<tr>
<td>Types of Grants</td>
<td>11</td>
</tr>
<tr>
<td>Preapplication Requirements</td>
<td>12</td>
</tr>
<tr>
<td>National Selection System</td>
<td>15</td>
</tr>
<tr>
<td>Preapplication Review</td>
<td>19</td>
</tr>
<tr>
<td>Full Application Requirements and Review</td>
<td>20</td>
</tr>
<tr>
<td>Grant Awards</td>
<td>21</td>
</tr>
<tr>
<td>III. MONTANA'S CDBG PROGRAM.</td>
<td>24</td>
</tr>
<tr>
<td>Development of Program</td>
<td>24</td>
</tr>
<tr>
<td>Types of Grants</td>
<td>35</td>
</tr>
<tr>
<td>Application Requirements</td>
<td>37</td>
</tr>
<tr>
<td>Montana Selection System</td>
<td>39</td>
</tr>
<tr>
<td>Application Review</td>
<td>46</td>
</tr>
<tr>
<td>Final Arrangements</td>
<td>50</td>
</tr>
<tr>
<td>Grant Awards</td>
<td>50</td>
</tr>
<tr>
<td>IV. COMPARISON AND ANALYSIS</td>
<td>52</td>
</tr>
<tr>
<td>Comparison of the CDBG Programs</td>
<td>52</td>
</tr>
<tr>
<td>Implications of Federalism</td>
<td>54</td>
</tr>
<tr>
<td>Differences in Who Receives Benefits</td>
<td>56</td>
</tr>
<tr>
<td>Similarities in Who Receives Benefits</td>
<td>60</td>
</tr>
<tr>
<td>Overall Assessment</td>
<td>62</td>
</tr>
<tr>
<td>V. SUMMARY AND CONCLUSIONS</td>
<td>64</td>
</tr>
<tr>
<td>APPENDIX A</td>
<td>68</td>
</tr>
<tr>
<td>APPENDIX B</td>
<td>69</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>70</td>
</tr>
</tbody>
</table>
LIST OF TABLES

1. Federal Application Schedule for FY 1981 ...................................................14
2. National Selection System. ................................................................. 15
3. Funding of Single Purpose Applications in Montana "Small Cities": FY 1978-1981. 22
4. Montana Selection System ............................................................... 41
5. Montana Application Schedule for FY 1982 ............................................ 46
6. Applications for the Montana CDBG Program: FY 1982. ............ 51
LIST OF APPENDICES

Pursuant to the initiative of the Reagan administration, the U.S. Congress passed legislation allowing states to assume from the federal government the responsibility for administering the Community Development Block Grant (CDBG) program. In Montana, a task force was convened in special session during November, 1981, and authorized Governor Ted Schwinden to administer the "Small Cities" Community Development Block Grant (CDBG) program.

The purpose of this professional paper is to determine whether a change from federal to state administration has made a difference in terms of the decisional process and criteria regarding who receives benefits from the CDBG program. As such, the focus of the paper will be developed within the context of federalism. The research approach will be a case study of one state's expected experience with one program. The federal and state programs will be described, compared, and be analyzed. Projections for anticipated funding outcomes under the state program will be based on differences between the federal and state program criteria and decision making procedures which may influence the outcomes. The study will be predictive in the sense that Montana has not yet made decisions on which communities will receive funding.

THEORY OF FEDERALISM

Elazar, Safire, and Schattschneider have explored the idea that transfer of responsibility from the federal to state level of government may make a difference in terms of who is likely to receive benefits from programs. They have studied the implications of federalism and reached conclusions about what may occur under state administration. It is
CHAPTER I

INTRODUCTION

Pursuant to the initiative of the Reagan administration, the U.S. Congress passed legislation allowing states to assume from the federal government the responsibility to administer a variety of block grant programs. The Montana Legislature convened in special session during November, 1981, and authorized Governor Ted Schwinden to administer the "Small Cities" Community Development Block Grant (CDBG) program.

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THEORY OF FEDERALISM

Elazar, Safire, and Schattschneider have explored the idea that transfer of responsibility from the federal to state level of government may make a difference in terms of who is likely to receive benefits from programs. They have studied the implications of federalism and reached conclusions about what may occur under state administration. It is
useful to examine the theory of federalism and the work of these authors because it can provide insight on what is likely to happen under Montana's administration of the CDBG program.

Elazar builds a case to demonstrate that states can do as well as the federal government in program administration. He notes that states are as administratively competent for several reasons. Studies have shown that there are no substantial differences between state and federal bureaucrats in regard to background, capability, or dedication to their programs. Also, states have become more sophisticated as a result of growth in population, complexity, and both human and material resources. He further documents his argument by noting that state governments are more accessible to their constituency and more sensitive to local differences. Therefore, they are better equipped to find better ways to achieve the goals embodied in policies to be pursued. In short, "No government has a monopoly on efficiency or inefficiency." Of particular interest to this paper is his conviction that states are at least as likely as the federal government to get the money to clientele and areas that need it the most. This paper will focus on differences in federal and state criteria for ranking competing CDBG applications and awarding grants. It will address structural biases in both programs to determine if the state is as likely as the federal government to fund the most needy.

Safire argues that while President Nixon's theory of new federalism promoted dispersing power and returning it to the people, in practice it had negative consequences. Citing instances of corruption and
incompetent and unfair local administration, he concludes that the government which is closest to people is not always the best. 

Schattschneider also believes that state administration is likely to be detrimental to the most needy segments of society. He asserts that states engage in processes designed to exclude citizens from meaningful involvement in decision making, thereby excluding opposition. As a result of this process, benefit is directed toward the select few who are allowed to participate. As a result, funding biases are toward organized groups with a business and upper class orientation.

This paper will explore the process undertaken by the State of Montana after it agreed to assume responsibility for the CDBG program and design a new program, including policies, decision making processes, and criteria on which to base funding decisions. Application requirements, the selection criteria, and review processes will be analyzed to determine to what extent they are likely to influence the forthcoming funding decisions. The analysis will reveal whether the arguments of Elazar or of Safire and Schattschneider are borne out in the case of the Montana experience with the CDBG program.

FEDERAL CDBG PROGRAM

The U.S. Department of Housing and Urban Development (HUD) is the federal agency which has been responsible for the CDBG program. The regional office located in Denver, Colorado, has worked directly with Montana and neighboring states. The CDBG program is HUD's principal effort to assist local governments in addressing their major community development problems. It was created by Title 1 of the Housing and
Community Development Act of 1974 and became effective January 1, 1975. The 1974 Act consolidated a number of programs which had been available to assist communities, including urban renewal and Model Cities. The CDBG program "... provided for more federal involvement than a "revenue sharing" program but less than previous categorical programs."

The primary objective of the Act is, "the development of viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low and moderate income." A more explicit statement of this purpose is found in the Act's section on goals:

1. support realistic and attainable strategies for expanding low and moderate income housing opportunities;
2. promote expansion of housing choice for low and moderate income families outside areas of minority and low and moderate income concentrations or in revitalizing neighborhoods;
3. promote more rational land use;
4. provide increased economic opportunities for low and moderate income persons; and
5. correct deficiencies in public facilities which affect the public health or safety, especially of low and moderate income persons.

"Low and moderate income" is defined as 80 percent or less than the median household income in the jurisdiction.

The three major components of the federal CDBG program are the Small Cities Program, the Entitlement Program, and the Secretary's Discretionary Fund. This paper will cover Small Cities only as that is the program the state has assumed. Small Cities serves communities with less than 50,000 persons. HUD retained responsibility for the
Entitlement Program, which serves communities of 50,000 or more persons and includes Billings and Great Falls. The Secretary's Discretionary Fund in part provides assistance to Indian tribes in Montana and the other states. The Discretionary Fund will also continue to be administered directly by HUD.\textsuperscript{12}

Applications submitted by communities to HUD were rated and scored against each of the following factors. The same factors were used to rank applications intended to solve serious problems in economic conditions, housing, or public facilities:

1. need as measured by absolute number and percent of poverty persons;
2. program impact;
3. benefit to low and moderate income persons;
4. performance in housing and equal opportunity efforts;
5. state's rating;
6. energy conservation or production; and
7. interaction with other federal programs.\textsuperscript{13}

Requirements of the federal program will be presented in detail in Chapter II. The focus will be on the rating criteria rather than actual grant awards. This will lay the groundwork for comparison with the rating criteria of the state program.

NEW FEDERALISM

Efforts of the Reagan administration to implement the New Federalism include providing states with the opportunity to administer programs which heretofore had been the exclusive domain of the federal government. The Small Cities CDBG program is one program which states
may now administer. Altogether, thirty-six states including Montana made the commitment to administer the Small Cities program for federal fiscal year 1982.14

MONTANA'S CDBG PROGRAM

During the summer of 1981, Montana was made aware of the opportunity to assume responsibility for administration of the Small Cities CDBG program. Governor Schwinden sought statewide comment on which to base his decision by having state officials conduct briefing sessions in ten communities during September, 1981. After receiving positive response, he requested and received authorization from the state legislature in November, 1981, for the Montana Department of Commerce (DOC) to administer the CDBG program.

In December, 1981, DOC Director Gary Buchanan appointed a 14-member CDBG task force to advise the Department in the development of Montana's program. They met four times with Commerce staff during the months of January through April, 1982, to prepare a recommended program design. The draft program description included objectives, policies, procedures, and framework for rating applications. Public reaction was solicited at six public meetings conducted across the state in March and April, 1982, by the task force and DOC. Comments were incorporated into a final draft program description. Two public hearings were held in May, 1982, to provide a final opportunity to comment before adoption of the program description. The final document, entitled Montana's Community Development Block Grant Program, was published in June, 1982.

DOC conducted a workshop on June 30, 1982, to familiarize interested communities with the new state program requirements and
application process. Application forms and the program description were sent to every county and incorporated city and town in Montana. September 1, 1982, was the deadline for submittal of applications to Commerce. Applications will be reviewed during the fall and rated according to the new state ranking criteria. Funding decisions are expected to be announced by DOC in November, 1982.

**METHODOLOGY**

The research approach will be a case study of one state's expected experience with one program. The case study will describe Montana's decision to assume responsibility for the program and formulate new criteria for ranking applications and awarding funds. The state and federal program criteria will be compared. The comparison will address differences in who influences decision making and the types of information the applicants must submit. Probable outcomes under the new state program will be analyzed. The question of whether a change from federal to state administration makes a difference in terms of who receives benefits can thereby be addressed.

The participant-observer technique was used. It has been made possible through employment as a DOC staff member working with the CDBG program since October 1, 1981. First-hand observation and direct involvement are two strengths of the technique. Detailed notes taken throughout the process serve to document meetings and interviews with other participants. Direct contact and working relationships were established with key participants including: DOC staff, task force members, interested local government and private sector individuals, HUD
staff, staff from other agencies in Montana and other states, and consultants who worked with DOC and the task force. Another advantage was access to pertinent documents including CDBG files and materials from HUD and other states.

A limitation of the case study approach is that a single example cannot be used to "prove" that states are failures or successes in their efforts to administer former federal programs. Results of this study cannot be generalized to all states or to other programs, but they can add to the record.

Limitations of the participant-observer technique include susceptibility to inaccurate or selective observation and a tendency to rely on deduction rather than documentation when drawing conclusions. The risks can be overcome by deliberate effort to avoid the pitfalls and through consultation with the professional paper committee and co-workers.

**PROJECTED OUTCOMES**

This study will involve drawing comparisons between the federal and state programs before Montana makes its funding decisions. It assumes that the amount of funding that the federal government will make available to the state will remain constant for several years. This assumption recognizes that radical changes in funding availability could have a dramatic influence on funding decisions made by states. A limitation of the predictive nature of the study is that actual funding outcomes under the state program may deviate from the projected outcomes. While it would be interesting to evaluate actual outcomes, it is not critical. Policies, decision making procedures, and funding
criteria established for the state program are more important. Therefore, it is possible to determine whether a change from federal to state administration has made a difference in terms of the decisional process and criteria regarding who receives benefit from the CDBG program.


3Elazar, pp. 23-27.


5Safire, pp. 216-223.

6Schattschneider, pp. 8-31.

7Region VIII serves Montana, Wyoming, North Dakota, South Dakota, Colorado, and Utah.


9U.S. General Accounting Office, Comptroller General's Report to the Ranking Minority Member Committee on Appropriations, United States Senate: The Community Development Block Grant Program Can be More Effective in Revitalizing the Nation's Cities (CED-81-76, April 30, 1981), p. 3 (hereafter referred to as Comptroller General's Report).

10Title 1 of the Housing and Community Development Act of 1974 as amended through the Housing and Community Development Amendments of 1981, P.L. 97-35, Section 101 (c).


12HUD's Sixth Annual Report, pp. 1-4.
The purpose of the Community Development Block Grant program is to assist local governments in addressing their community development problems. The objective is to provide decent housing, a suitable living environment, and to expand economic opportunities for persons of low and moderate income. The Small Cities program is the federal government's effort to achieve the objective in communities with less than 50,000 persons.

Small Cities is a U.S. Department of Housing and Urban Development program. Although Montana and most of the other states have accepted the responsibility for direct administration of the program, it is an ongoing albeit modified federal program and HUD continues to play a very active role. This paper will examine the program as it existed through the final year of exclusive federal administration, fiscal year 1981. The paper will also be concerned with the program as it was administered by the regional office in Denver. In this manner, the Federal program will be explained in the context of how it affected Montana.

**TYPES OF GRANTS**

HUD offered two types of Small Cities grants to Montana communities: single purpose and comprehensive. Single purpose grants were the basis for Montana's 1982 CDBG program. Therefore, they will be explained in detail and referenced throughout this chapter.

Single purpose grants addressed a serious problem in:

1. Housing needs; or
CHAPTER II

FEDERAL CDBG PROGRAM

The purpose of the Community Development Block Grant program is to assist local governments in addressing their community development problems. The objective is to provide decent housing, a suitable living environment, and to expand economic opportunities for persons of low and moderate income. The Small Cities program is the federal government's effort to achieve the objective in communities with less than 50,000 persons.

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Single purpose grants addressed a serious problem in:

1. housing needs; or
2. economic conditions which principally affect persons of low and moderate income; or

3. deficiencies in public facilities which affect the public health and safety.

A maximum of $400,000 was awarded for single purpose grants which were generally expended in 18 months or less. Up to 50 percent of the total amount of Small Cities money allocated to Denver could be used for single purpose grants.

Comprehensive grants addressed community development needs in at least two of the problem areas listed above for single purpose grants. Requests for up to $850,000 could be granted to programs involving single-time funding. Projects requiring a three-year commitment could receive a maximum of $1,700,000. Up to 50 percent of Small Cities funding was designated for comprehensive grants.

The federal program permitted special funding arrangements for applicants other than incorporated cities and towns. A county could apply "in behalf of" an unincorporated community for a program having county-wide benefit. A joint application could be submitted when a problem affected more than one local government jurisdiction and could only be solved through mutual action.

PREAPPLICATION REQUIREMENTS

Single purpose grants were awarded as a result of an annual competition between communities which submitted applications to HUD in Denver. The demand far exceeded available funds. For the years 1978-1981, there was only enough money available to fund 30 percent of the total amount requested.
The competition for funding involved a two-step process. Each proposal was first submitted as a "preapplication." HUD evaluated each preapplication and made tentative awards to communities with the top-rated proposals. These communities were invited to submit a "full application," which included additional information and final arrangements.

Preapplicants were required to submit the following information regarding the proposed project:

1. amount of funding requested;
2. whether a housing, economic conditions, or public facilities problem would be addressed;
3. specific activities and costs that would constitute the overall project;
4. the location of proposed activities, as depicted on a Bureau of the Census enumeration district base map;
5. impact and benefit the program would have; and
6. how well the proposal would respond to the selection criteria identified in the following section, NATIONAL SELECTION SYSTEM.

Every preapplicant was also required to submit general information on standard federal forms which summarized the project, notified the state clearinghouse, and documented citizen participation and public hearings. A statement of assurances was required to indicate knowledge of and willingness to comply with a myriad of federal requirements. Examples included fair housing, equal opportunity, labor, environmental, historic preservation, citizen participation, financial, and accounting requirements. Preapplicants also provided census data which documented
the number and percent of low and moderate income and minority persons in the community. The census data were explained in a narrative form and were depicted on enumeration district maps.

Preapplicants which had received CDBG funding during any previous year were required to meet two additional requirements. Satisfactory program performance as measured by amount of funding expended and progress made toward completing projects had to be demonstrated to HUD. For example, fiscal year 1980 recipients could not compete for funding the following year unless they had obligated at least 50 percent of their funds and expended 25 percent. Also, satisfactory performance was required in meeting goals for housing assistance to low and moderate income persons. This requirement was as critical to economic conditions and public facilities grants as it was to housing grants.

Communities were familiarized with the application requirements, the selection criteria, and review process time schedule during a preapplication workshop sponsored by HUD once a year in Helena. The workshop was the first in the series of events presented in Table 1.

**TABLE 1**

<table>
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<tr>
<th>Step in Process</th>
<th>Schedule</th>
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<tr>
<td>1. Preapplication Workshop</td>
<td>September 17, 1980</td>
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<tr>
<td>2. Preparation of Preapplications</td>
<td>2 months</td>
</tr>
<tr>
<td>3. Deadline for Submittal</td>
<td>November 17, 1980</td>
</tr>
<tr>
<td>4. HUD Review</td>
<td>2 months</td>
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<tr>
<td>5. Preapplication Award Announcement</td>
<td>January 17, 1981</td>
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<tr>
<td>6. Preparation of Final Application</td>
<td>2-1/2 months</td>
</tr>
<tr>
<td>8. Deadline for Submittal</td>
<td>April 1, 1981</td>
</tr>
<tr>
<td>9. HUD Review</td>
<td>2 months</td>
</tr>
<tr>
<td>10. Final Award Announcement</td>
<td>June 3, 1981</td>
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</table>
Each year, HUD notified the former Montana Department of Community Affairs (now DOC) of the workshop date. That agency, in cooperation with the Montana League of Cities and Towns and the Montana Association of Counties, sent invitations to local governments.

NATIONAL SELECTION SYSTEM

At the preapplication workshop, HUD staff explained in detail the components of the selection system. The success of each application in the funding competition was determined by how well it scored relative to all other applications on each of the selection criteria listed in Table 2. The same factors were used to rate all three types of single purpose applications: housing, economic conditions, and public facilities.

<table>
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<th>TABLE 2</th>
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<tr>
<td>NATIONAL SELECTION SYSTEM</td>
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<tr>
<td>Rating Factor</td>
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<tr>
<td>Points</td>
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<tr>
<td>Needs: Number of poverty persons</td>
</tr>
<tr>
<td>75</td>
</tr>
<tr>
<td>Percent of poverty persons</td>
</tr>
<tr>
<td>75</td>
</tr>
<tr>
<td>Program Impact: on housing, public facilities, or economic conditions</td>
</tr>
<tr>
<td>400</td>
</tr>
<tr>
<td>Benefit: to low and moderate income persons</td>
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<tr>
<td>200</td>
</tr>
<tr>
<td>Performance: Housing</td>
</tr>
<tr>
<td>85</td>
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<tr>
<td>Equal Opportunity</td>
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<td>50</td>
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<tr>
<td>State's Rating</td>
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<td>25</td>
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<tr>
<td>Energy Conservation or Production</td>
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<tr>
<td>20</td>
</tr>
<tr>
<td>Other Federal Programs</td>
</tr>
<tr>
<td>25</td>
</tr>
<tr>
<td>Total</td>
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<td>955</td>
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</table>

Preapplications which HUD determined to have "substantial" impact on a rating factor received the maximum number of points as indicated in Table 2. Fewer points were awarded when impact was judged to be "moderate" or "minimal." Zero points were assigned for "insignificant" impact. The following discussion of each rating factor is based on material contained in the applicable federal regulations for the program.\

**Needs**

Points earned for the two needs factors were based on data from the Bureau of the Census and assigned automatically based on the applicant's poverty relative to the other applicants. A maximum of 75 points could be earned for the number of persons below the poverty level, which was defined as 60 percent or less than the median income in the jurisdiction. The second needs factor compared applicants in terms of the percentage of their population below the poverty level and was also worth a maximum of 75 points.

**Program Impact**

HUD acknowledged that, "The impact of the proposed program is the most subjective factor in the rating system." Each project was compared to others addressing the problem area of housing, public facilities, or economic conditions. Projects were rated according to the measurable impact they would have on the problem area and the benefit they would provide to low and moderate income persons. Consideration was given to: results in relation to funding, number of people benefitting, additional action needed to resolve fully the need,
previous action taken by the applicant, displacement of persons or businesses, mitigation of adverse effects, environmental impacts, and nature of the activity. Projects having substantial impact received 400 points. Projects having moderate, minimal, or insignificant impact received 200, 100, and zero points, respectively.

Benefit

The benefit factor was derived from a computation which identified percentage of funds requested which benefitted low and moderate income persons. Projects addressing the same problem area—housing, public facilities, or economic conditions—were compared in terms of the relative percent of funds which benefitted low and moderate income persons. A maximum of 200 points was awarded for the benefit factor.

Performance

Housing performance was a composite of five factors which could earn a total maximum of 85 points. This factor applied to all three types of preapplications: housing, economic conditions, and public facilities. Fifteen points were awarded for outstanding performance in each of the following three criteria:

1. providing housing for low and moderate income families;
2. integrated occupancy by race, ethnicity, and locational choice; and
3. active enforcement of a fair housing ordinance.

Twenty points were awarded for outstanding performance in each of the two remaining criteria:

1. meeting large family housing needs; and
2. carrying out housing assistance goals or meeting a significant proportion of housing needs.

Performance in equal employment and entrepreneurial efforts received a maximum total of 50 points for three factors. Twenty-five points were earned when the percentage of minority permanent, full-time local government employees was greater than the percentage of minorities within the community. Twenty points were earned when the local government met a threshold for awarding contracts to minority businesses. Similarly, five points were earned for deposits in a minority owned and controlled financial institution.

State's Rating

HUD consulted with state officials within departments of local or community affairs. States could recommend award of a maximum of 25 points to each applicant.

Energy Conservation or Production

Twenty points were awarded to each applicant demonstrating that its program would promote energy conservation or support energy production in the jurisdiction.

Other Federal Programs

Twenty-five points were awarded when proposed programs supported other federal programs undertaken in the community or dealing with adverse impacts of other recent federal actions.

Total Points

The points received by each preapplicant on the rating factors were totalled and ranked. Invitations for full applications were based on this ranking to the extent that funds were available for single purpose
grants in Montana. Finally, there was a requirement that the community must have the capacity to undertake the program and perform in a satisfactory manner.

**PREAPPLICATION REVIEW**

Preapplications were required to be received or postmarked by the deadline shown in Table 1. The Denver regional office then had two months to complete the review process.

Primary responsibility for reviewing applications was that of the Community Planning and Development Representative assigned to a specified geographic area. There was a representative for the northern part of Montana and one for the southern part. Applications were reviewed by the representative and other staff in Denver with technical expertise in areas such as fair housing, equal opportunity, finance, economics, and planning. Reviewers could seek clarification of applications by requesting additional written information from the applicant or visiting the community.

The first step in the review process was to determine that the application was complete and eligible to be rated. Reviewers judged conformance to each item included in the APPLICATION REQUIREMENTS section of this chapter. They relied both on statutory requirements and guidance found in the program regulations. In the case of determining whether proposed activities were eligible, for example, the regulations provided much greater detail and guidance than the general list included in the 1974 Act. The representative then prepared a summary and a recommendation of points to be awarded to each selection criterion.
Upon receipt of the full applications by the deadline, the representative and technical and legal staff in Denver reviewed each application for compliance with program requirements. One result of this review was that HUD oftentimes funded applications at a higher or lower level than the amount requested. Another result occurred very infrequently but was of greater consequence. The decision to not fund an application was made when a community was unable to complete all necessary arrangements. One example of this was when the total funding for the project depended upon approval of a special improvement district that did not pass. Although no changes in ranking were made, the community which was ranked just below the cutoff line for funding was then invited to submit a full application.

After HUD determined that all requirements had been met, contracts were executed and letters of credit and schedules for completion of activities were established. Applicants were instructed on all aspects of grant administration for which they were now responsible. This marked the completion of the selection and award process.

GRANT AWARDS
HUD granted over $23 million to 46 Montana "small cities" during the seven-year period from 1975, the first year of CDBG program awards, through 1981, the final year of direct HUD administration. This figure included both comprehensive and single purpose grants. In accordance with the focus of this chapter, however, the following information concerns single purpose grants awarded. It applies to the four-year period of 1977 through 1981 because more detailed data are available, and in 1977 there were changes in types of grants offered.
Nearly $7.2 million was granted to 23 "small cities" in Montana for single purpose grants from 1975 through 1981. This represents 30 percent of the total amount of money requested, $24.7 million. Data in Table 3 document the relative success of housing, economic conditions, and public facilities applications. The table shows, for example, that housing projects accounted for only 33 percent of the demand for funding, yet received 57 percent of the total amount awarded.

<table>
<thead>
<tr>
<th>Type of Application</th>
<th>Funding Requested</th>
<th>Percent of Total $ Requested</th>
<th>Funding Awarded</th>
<th>Percent of Total $ Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>$8,125,000</td>
<td>33%</td>
<td>$4,069,500</td>
<td>57%</td>
</tr>
<tr>
<td>Economic Development</td>
<td>890,000</td>
<td>4</td>
<td>370,000</td>
<td>5</td>
</tr>
<tr>
<td>Public Facilities</td>
<td>15,708,200</td>
<td>63</td>
<td>2,749,500</td>
<td>38</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$24,723,200</strong></td>
<td><strong>100%</strong></td>
<td><strong>$7,189,000</strong>a</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

aThe $7,189,000 awarded represented 30 percent of the total amount of funding requested, $24,723,200.
The information contained in Table 3 will be referred to again in Chapter IV, where the federal and state programs will be compared. It will facilitate determination of whether the change in administration has made a difference in terms of the decisional processes and selection criteria regarding who receives benefit from the CDBG program.


2The amount of funding requested and the amount awarded is shown in Table 3.

3The state clearinghouse for all federal grants was located in the Governor's Office of Budget and Program Planning. Its function was to assure that appropriate state and local agencies were made aware of and given an opportunity to review and comment on all applications for federal funding.


CHAPTER III
MONTANA'S CDBG PROGRAM

Montana assumed the responsibility to administer the Small Cities program for fiscal years 1982 and 1983. In future years, Montana can exercise its option to continue to administer the program by annually notifying the U.S. Department of Housing and Urban Development. The Montana CDBG program serves communities with populations under 50,000 and is administered by the Montana Department of Commerce in Helena. The Small Cities program as applied to Montana was previously administered directly by the federal government through the HUD regional office in Denver.

The goal of the Montana program is, "to develop viable communities by providing decent housing, healthful and safe living environments, and economic opportunities, principally for persons of low and moderate income." The objectives of the program are to:

1. create increased economic opportunities for low and moderate income persons;
2. preserve and upgrade housing stock for low and moderate income persons; and
3. support improvements to public facilities.

"Low and moderate income families" are defined as, "those families whose incomes do not exceed 80 percent of the median income of the families residing in non-metropolitan areas."

DEVELOPMENT OF PROGRAM

Block Grant Briefings

In September, 1981, Montana residents were given their first opportunity to comment as to whether the state should assume the
responsibility for administering the Small Cities program. Comments made by the public at ten meetings were generally supportive of state administration. Many of the individuals who participated at these meetings were familiar with the federal program administered by HUD. Most of them represented local governments and were elected officials such as mayors and county commissioners, and staff members from community development and planning offices. Other participants included consultants who were familiar with HUD’s program, advocates for senior citizens and low income people, state legislators, and interested citizens. A common perception was that the state would have a better understanding of local needs, be more accessible, and be easier to deal with than HUD had been. The Montana League of Cities and Towns (LCT) and the Montana Association of Counties (MACO) both endorsed the concept of state administration.

Many of the participants offered specific suggestions for design of a new state program. Ideas were contributed by representatives of communities of several types including those that had previously received a grant from HUD, those that had unsuccessfully competed for a grant, and those that had no prior involvement but now showed an interest in the program. They expressed the desire for a simplified, more flexible program and for more assistance in preparing applications and managing grants than HUD had been able to offer. Participants also called for a reduced emphasis on housing and for more favorable treatment of the very small communities. Finally, several comments of a critical nature were voiced. Communities did not want the state to assume responsibility as of fiscal year 1982 if it would result in any
delay in awarding funds. Also, the five communities which were to receive one or two more years of funding under HUD multi-year comprehensive grants were concerned about whether or not the state would honor HUD's prior commitments.

Task Force Activities

Because the overall public response had been positive, Governor Schwinden sought and received authorization from the state legislature in November, 1981, for DOC to administer the program. Advantages of the program included the power to redirect funds toward priorities voiced by Montana citizens rather than the federal government and an opportunity to provide financial assistance at a time of critical need. This could be done with money given to the state by the federal government with relatively few requirements applying to transmitting the money to the state and involving a very minor state contribution toward program administration. The program was also attractive in that the amount of funding for administrative purposes was generous.

Authorization by the legislature was followed by the December, 1981, appointment of a CDBG task force by DOC Director Gary Buchanan. The task force was charged with advising DOC on design of the new state program. The 14-member group was a mix of experienced community development professionals, people who had been unsuccessful in seeking CDBG funding, and local government staff and elected officials. There was representation from eastern and western Montana and from large and small communities. MACO and LCT were represented, and a former Department of Community Affairs staff member with CDBG program
experience was appointed. Two members of the task force had been recommended to DOC by Human Resource Development Councils. The other members were recommended by MACO, LCT, the Montana Association of Planners, and the Montana chapter of the National Association of Housing and Rehabilitation Officials. Names and occupations of the task force members are included in Appendix A.

The first meeting of the task force was held in Helena in early January, 1982, upon request of DOC. HUD sponsored a design and implementation forum to orient the task force and DOC staff to issues and options in designing a state CDBG program. The format and agenda were predetermined by HUD and a consulting firm with which HUD had contracted to conduct forums in states considering administering the Small Cities CDBG program. The forums were designed to be adapted to the particular needs and circumstances of each state. A workshop and discussion format was well-suited to Montana because the group was knowledgeable about the program and was relatively small in size. The consulting firm was assisted by HUD personnel from Washington, D.C., and Denver. Representatives of several states which were farther along than Montana in establishing their new programs were in attendance. They shared their experiences and provided assistance to the task force and DOC staff.

The second meeting of the task force was held later in January. As was characteristic of these meetings, the scheduling, frequency, and agendas were initiated by DOC. Similarly, DOC generally guided the discussion, set the tone, and influenced direction of the task force meetings. Staff prepared information upon its own initiative, as well
as in response to direction from the task force. The task force and DOC were equally influential in conducting meetings and ultimately in preparing the new program for the state.

During the second meeting in January, the task force reviewed the public comments made during the ten meetings held in September. There was some discussion of how other states were designing their programs, and one of the HUD representatives for Montana assisted by responding to questions about the federal program. Goals and objectives were established, and preliminary work on selection criteria and procedures for the program was accomplished. The task force regarded the federal program as overall having been effective and well-designed, and therefore used it as a model. Many of its elements were retained or were only slightly changed, such as goals, the competitive nature, the single purpose and comprehensive structure, and the three divisions of housing, economic development and public facilities. Although the federal government's formal citizen participation plan was eliminated, its requirement of two public hearings and emphasis on citizen involvement, especially by low and moderate income persons and groups such as Human Resource Development Councils, was retained by the state.

Members of the task force shared many of the same concerns that were expressed by the public at the ten statewide meetings. A major concern resulted from HUD's emphasis on housing. Year after year, in good faith communities had submitted public facilities applications to solve what they considered to be their greatest community development needs. Extreme frustration resulted each year because so few public facilities projects were approved relative to housing projects receiving
grant awards. This influenced several substantial changes to the federal program, such as substituting an assessment of overall community needs for the housing assistance plan required by HUD, establishing different selection criteria, and instituting a one-step application process.

The task force met again on February 24-25, 1982, to review a draft program description which had been prepared by DOC staff. HUD required the state to prepare a program description to explain the features of the new state program and serve as a guideline for communities to follow during preparation of applications. The draft embodied the ideas expressed by the task force members during the two January meetings. This meeting was very important because the task force further refined the selection criteria to be used by DOC when reviewing and ranking applications and awarding grants. Furthermore, they reviewed a scoring system proposed by DOC staff and a consulting firm. The scoring system specified the number of points to be awarded to applications based upon a ranking committee's assessment of how well they responded to each selection criteria.

Following the February meeting, DOC staff prepared a second draft of the program description and distributed it to task force members on March 8, 1982, for their review. A third draft was prepared by staff in mid-March to incorporate suggestions the task force had provided in writing or over the phone. DOC and the task force had mutually agreed that it would be more effective and expeditious to accomplish the work over the telephone and by mail, rather than holding another meeting.
The third draft and an announcement of six regional meetings were sent to over 500 persons, including all chief elected officials for counties and municipalities, city clerks, planning directors, and community development directors. In addition, materials were sent to over 200 persons who had requested copies, including advocates for low income individuals and groups. The six meetings were conducted in late March and early April by DOC staff and task force members who presented the features of the proposed state program. Many of the 80 attendees asked specific questions about the program and offered suggestions regarding the design. Most of the attendees were mayors, county commissioners, planners, community development officials, and consultants who would be involved in preparing and submitting grant proposals under the new program. Several of the state's Human Resource Development Council districts participated in these meetings and throughout the development of the state program. Many of the attendees had also participated in the ten meetings held during September, 1981.

Subsequent to the six regional meetings, DOC prepared a fourth draft. To a limited extent, the new draft reflected comments expressed at the meetings. Most of the revisions were made to clarify what was intended, because most of the discussion at the meetings was in regard to clarification of features of the state program and how it differed from the federal program.

The new draft did not respond to widespread opposition which had been expressed at the meetings in regard to one feature of the new program. People objected to one aspect of the rating system, the "HELP" score, which is discussed in detail in the MONTANA SELECTION SYSTEM...
section of this chapter. After extensive debate, the task force included it so as to give some extra credit to communities which had relatively greater distress as indicated by problems with housing, employment, finance, and income. The intent was to include a means whereby if two equally good applications were submitted, the community with greater need would receive funding preference. People generally agreed with the intent, but felt that the "HELP" system should be eliminated because of problems with the data used. They reiterated weaknesses of which the task force was already aware, such as old data, poor measures of certain conditions, and the fact that much of the data were available only for counties and no data were available for unincorporated areas. Despite the objections, "HELP" was retained as part of the state's program for the first year. The task force and staff decided to attach very few points to it and conceded that in subsequent years it was likely to be revised or eliminated.

The task force reconvened in late April, 1982, to review the fourth draft. DOC incorporated comments made by the task force members into a fifth and final draft. Copies of the draft and notices of two public hearings and an extended comment period were sent to the same list of over 500 people who received program information prior to the six regional meetings. To further encourage public participation in the review process, press releases were sent to all of the state's news services and to daily and weekly newspapers. The two hearings were conducted in mid-May, and until late May DOC accepted telephoned or written comments. Both hearings were sparsely attended and very few comments were submitted.
DOC made several minor amendments and corrections to the program description based on the final hearings and adopted the final document on June 1, 1982. The Montana Community Development Block Grant Program Description, an application form, an invitation to attend the application workshop, and an offer of assistance in preparing applications were sent to over 500 local officials and other interested persons, including low income and human services groups on the list.

Application Assistance

DOC conducted an application workshop in Helena on June 30, 1982, to explain the program requirements and offer suggestions on preparing applications that would thoroughly address requirements and be more likely to be funded. The selection criteria for the three project categories of economic development, housing, and public facilities were explained in detail. The program's emphasis on benefitting low and moderate income people was stressed. Like HUD, the state placed the responsibility for involving all citizens, especially those of low and moderate incomes, upon the local governments. As the eligible applicants, they were responsible for complying with numerous requirements, including citizen participation in the application process.

Additional assistance to communities in preparing applications was made possible by a HUD grant to DOC. Instead of working directly with communities, DOC contracted with the Montana League of Cities and Towns (LCT) to contact local government officials and coordinate the provision of assistance. LCT offered two types of help to interested communities. One type of assistance related to an assessment of their overall needs,
priorities, and possible solutions. LCT typically helped the communities conduct public meetings or surveys. As noted earlier, the needs assessment process replaced the housing assistance plan which HUD had required. The second type of assistance provided by LCT related to the actual preparation of grant applications. Many communities did not have an experienced staff person who could write a grant application. Such communities felt that they needed assistance from someone outside of their area who could advise them or be directly involved in writing the application. One function of LCT was to provide a list of persons who had expressed interest in assisting communities. LCT also processed reimbursement requests from communities which paid for help in preparing an application.

Factors Influencing Program Design

Task force members had the single greatest influence on the design of the Montana CDBG program. There were several reasons for this. First, the task force was the one group in the state created for the purpose of and formally charged with advising DOC on selection criteria, procedures, and all aspects of program design. Its influence was strengthened because members had general expertise in community development and experience with the federal CDBG program. Furthermore, task force members were more knowledgeable than DOC staff in regard to the program. The task force was involved throughout the entire process of developing and adopting the new state program. Although the new program was their product, substantial incorporation of comments from citizens, HUD, and DOC was evident. DOC did not overturn any decisions they made regarding the design of the new program. Subsequent sections
of this chapter, in particular, TYPES OF GRANTS, APPLICATION REQUIREMENTS, and MONTANA SELECTION SYSTEM, describe in detail the program designed by the task force.

The federal government had a strong influence on Montana's program. A direct influence resulted from the federal legislation authorizing state CDBG programs in non-entitlement areas beginning with the fiscal year 1982 funding cycle. This legislation mandated that state programs retain several significant features of the federal program. For example, benefit must be directed toward low and moderate income persons, communities must comply with federal requirements, and funds were restricted to certain uses.

In addition to the mandate, however, the federal program had a more subtle influence. The task force had a high regard for most aspects of the federal program, and task force members decided to modify the fiscal year 1981 federal program requirements where appropriate rather than reject them outright. The task force, therefore, took advantage of the flexibility permitted in designing selection criteria and in establishing policies and operating procedures. It retained many features but eliminated the housing assistance plan and incorporation of three separate systems for evaluating economic development, housing, and public facilities applications.

DOC staff made major contributions to the program design. Staff wrote the drafts and final document, worked closely with HUD, researched issues, and resolved details for the task force. Staff worked with the consultant in developing the point system which was adopted. The staff played an active role in all of the task force sessions, made
suggestions, and engaged in all discussions and debates. As noted earlier, however, DOC did not exercise any type of veto power over decisions made by the task force. The major areas for which staff exercised greater involvement than the task force related to the following subsequent sections of this chapter: APPLICATION REVIEW, FINAL ARRANGEMENTS, and GRANT AWARDS.

Finally, the participants at the ten block grant briefings and six regional meetings made important contributions to the design of the program. These persons contributed ideas throughout the entire process at the formal meetings as well as through informal contact with DOC staff and task force members. The Montana CDBG program incorporated many of their major concerns, such as a one-step application process and a structure intended to reduce emphasis on housing and large communities. A less dramatic but very important result of their participation was the rewriting and clarification of numerous sections throughout the entire program description. It is noteworthy, however, that their request for elimination of the "HELP" points was rejected by DOC and the task force.

**TYPES OF GRANTS**

The Montana CDBG program offers two types of grants: single purpose and comprehensive. Single purpose grants address a community development need in:

1. economic development;
2. housing; or
3. public facilities.
DOC will award a maximum of $400,000 for single purpose grants and require that it be expended within 18 months. Single purpose proposals are the only type that compete for funding under Montana's program for fiscal year 1982.

Beginning with the fiscal year 1983 funding cycle, however, there will be enough money available to allow a competition for comprehensive grant awards by DOC. Comprehensive grants address community development needs in at least two of the three categories listed above for single purpose grants. Requests for up to $750,000 will be granted to programs to be completed in 18 months or less. A maximum of $1,000,000 will be awarded for projects requiring a two-year commitment, and up to $1,500,000 will be awarded for three-year commitments.

For Montana's first year of state administration of the Small Cities program, fiscal year 1982, the federal government through HUD is making available to the state through DOC a total of $6 million. In accepting the money, however, the state had to agree to award part of the $6 million to five Montana communities to which HUD had previously awarded multiple-year comprehensive grants.

The effect of honoring multi-year funding commitments previously made by HUD is that $2.5 million, or 42 percent of the $6 million, will automatically be spent in fiscal year 1982 for that purpose. This leaves a total of $3.5 million, or 58 percent of the available funding, for the state to award to new single purpose grants.

For fiscal year 1983, DOC expects that the federal government will pass through HUD to the state slightly less than the $6 million allocated for fiscal year 1982. For fiscal year 1983 and subsequent
years of state administration of the program, the task force and DOC agreed that a higher proportion of the available funding should be awarded for single purpose grants. In forthcoming years, the intent is that 65 percent of available funding be awarded to single purpose grants and that the balance of 35 percent be awarded to comprehensive grants.

Eligible applicants include counties, incorporated cities and towns, and consolidated city-county governments. A county may submit an application when the proposed project is located in an unincorporated area. Applications jointly submitted by two or more jurisdictions are not permitted. Billings, Great Falls, and Indian tribes are not eligible to apply because they receive funding from other HUD programs.

APPLICATION REQUIREMENTS

Grants will be awarded by DOC as a result of an annual competition between communities which submit applications. The $3.5 million available for DOC to distribute represents only 26 percent of the $13.3 million requested by the 48 applications for fiscal year 1982 funding. Because the demand for funding far exceeds the amount available, the competition for funds is keen.

The competition for funding under the Montana program involves a one-step process. The application requirements described throughout this and the following sections of this chapter apply to the 1982 program and are subject to change next year. The following information regarding proposed projects is required by the state's application form:

1. project summary;
2. amount of funding requested;
3. whether an economic development, housing, or public facilities project is proposed;

4. assessment of overall community needs;

5. dates and location of two required public hearings;

6. specific activities and costs that constitute the overall project;

7. maps of the jurisdiction and the project area;

8. statement of assurances regarding compliance with federal requirements; and

9. how well the project responds to the applicable selection criteria identified in the following section, MONTANA SELECTION SYSTEM.

Notification of the state clearinghouse is not required under the Montana program. Local surveys may be used in place of census data to determine the number of low and moderate income persons. Communities which received funding from HUD during any previous year are not eligible to apply for funding by the Montana program until HUD records verify that the community has spent at least 75 percent of the total amount of money awarded to them, or until HUD records show that the community has completed all project activities. There is no requirement regarding performance in meeting housing assistance goals as that is not part of the Montana program.

Special requirements apply to the three project categories.

Applicants for housing projects must adopt and enforce housing rehabilitation, building, and energy conservation standards.

Economic development applications must:

1. include evidence of firm commitment of public and private resources that depend only upon approval of the grant application;
describe and establish practices to ensure preferential hiring of low and moderate income people;

not be used for organizational start-up costs for a local development corporation; and

not encourage relocation of a business from one Montana community to another.

Public facilities applications must indicate whether the project will:

1. benefit low and moderate income families;

2. aid in the prevention of slums or blight;

3. respond to conditions posing a serious and immediate threat to health or welfare; or

4. a combination of the above.

Applications submitted for the purpose of responding to a threat to health or welfare must include verification from a public agency regarding the threat and must provide evidence that other resources are not available to solve the problem. Examples of health threats include contaminated drinking water, improperly treated sewage, and solid waste disposal sites which do not meet state standards.

MONTANA SELECTION SYSTEM

Single purpose applications for the fiscal year 1982 funding cycle compete against all other applications submitted. The Montana program, like HUD's, did not divide the available funding into separate "pots" of money. Several other states decided to "earmark" predetermined percentages of funding for economic development, housing, and public facilities grants, rather than have them all compete against one another. Similarly, some other states "earmarked" percentages of
funding for "small," "medium," and "large" communities as defined by population, or for geographic locations within states.

Applications can receive a maximum of 1,000 points earned through two systems. There are 900 points in the project impact system and 100 points in the local government status system. The selection system as it applies to comprehensive grant applications will not be discussed. As noted earlier in this chapter, there is no 1982 competition for comprehensive grants, and the selection system is subject to change for 1983.

Under the project impact system, there are three separate subsystems used to rank economic development, housing, and public facilities applications. Each application competes not only against applications within the same category, but ultimately against applications in the other two categories. As shown in Table 4, there are 900 possible points for each of the three categories.
### TABLE 4

**MONTANA SELECTION SYSTEM**

<table>
<thead>
<tr>
<th>Rating Factor</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Impact System</strong></td>
<td>900</td>
</tr>
<tr>
<td>Economic Development Subsystem</td>
<td></td>
</tr>
<tr>
<td>1. benefit to low and moderate income persons</td>
<td>220</td>
</tr>
<tr>
<td>2. leverage</td>
<td>193</td>
</tr>
<tr>
<td>3. completeness and appropriateness</td>
<td>180</td>
</tr>
<tr>
<td>4. dollars per job</td>
<td>155</td>
</tr>
<tr>
<td>5. project income</td>
<td>152</td>
</tr>
<tr>
<td>Subtotal</td>
<td>900</td>
</tr>
<tr>
<td>Housing Subsystem</td>
<td></td>
</tr>
<tr>
<td>1. substandard housing</td>
<td>193</td>
</tr>
<tr>
<td>2. low and moderate income households</td>
<td>190</td>
</tr>
<tr>
<td>3. benefit to low and moderate income persons</td>
<td>193</td>
</tr>
<tr>
<td>4. targeting and impact</td>
<td>153</td>
</tr>
<tr>
<td>5. energy conservation</td>
<td>171</td>
</tr>
<tr>
<td>Subtotal</td>
<td>900</td>
</tr>
<tr>
<td>Public Facilities Subsystem</td>
<td></td>
</tr>
<tr>
<td>1. severity and immediacy of threat</td>
<td>214</td>
</tr>
<tr>
<td>2. benefit to low and moderate income persons</td>
<td>201</td>
</tr>
<tr>
<td>3. community efforts</td>
<td>185</td>
</tr>
<tr>
<td>4. completeness and appropriateness</td>
<td>158</td>
</tr>
<tr>
<td>5. ability to maintain</td>
<td>142</td>
</tr>
<tr>
<td>Subtotal</td>
<td>900</td>
</tr>
<tr>
<td>Local Government Status System (&quot;HELP&quot;)</td>
<td>100</td>
</tr>
<tr>
<td>1. housing inadequacy</td>
<td>27</td>
</tr>
<tr>
<td>2. employment conditions</td>
<td>24</td>
</tr>
<tr>
<td>3. local efforts</td>
<td>23</td>
</tr>
<tr>
<td>4. per capita income</td>
<td>26</td>
</tr>
<tr>
<td>Subtotal</td>
<td>100</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,000</td>
</tr>
</tbody>
</table>
Applications which DOC determines meet completely the requirements of a rating factor receive the maximum number of points as indicated in Table 4. Fewer points are awarded to applications which only adequately achieve the requirements. Depending upon the point value for a particular criterion, applications which fail to achieve the requirements for a rating factor receive as few as zero points. The following discussion of the rating systems and selection criteria is based on the Montana Community Development Block Grant Program Description for fiscal year 1982.

**Economic Development Subsystem**

The selection criterion for which the greatest number of points are awarded to economic development projects is "benefit to low and moderate income persons." Benefit is assessed by means of a percentage of permanent jobs created or retained for low and moderate income persons relative to the total number of jobs created or retained by the project. A high percentage indicates few management positions and a substantial benefit to low and moderate income persons.

"Leverage" is expressed as a percentage of total non-CDBG dollars from public and private sources relative to the total CDBG dollars requested. A project can accomplish more by combining CDBG money with private resources such as a pool of funding available at a low interest rate from a lending institution, or assets such as a building or machinery that constitute part of a request to create or expand a business. Other public resources could include land, labor, or funding to be contributed by another state or federal program.
The "completeness and appropriateness of the solution" factor is a composite of four elements:

1. adequacy of the strategy for meeting economic development needs;
2. whether the CDBG application is an integral part of the strategy;
3. whether the project can be completely accomplished with the addition of CDBG funds to existing public and private resources; and
4. whether the job creation or savings will occur within a reasonable period of time.

"Dollars per job" is a ratio of the total CDBG dollars requested relative to the number of jobs created or retained. A low ratio indicates ability to use CDBG to create a large number of jobs.

"Project income" is the amount of money that a project will generate over time as a percentage of the CDBG dollars requested. A project which generates income through repayment of loans, for example, can use that income for other activities eligible under the CDBG program such as making additional loans or improving the water or sewer system. Where income is generated, CDBG can accomplish more over time in a community than where the money is utilized as a one-time grant.

**Housing Subsystem**

"Substandard housing" is the percentage of housing units that do not meet the requirements of the Uniform Housing Code relative to the total number of housing units. "Low and moderate income households" is the percentage of low and moderate income households in the project area relative to the total number. "Benefit to low and moderate income persons" is the percentage of low and moderate income persons the
project will serve relative to the number of persons assisted by the project.

"Targeting and impact" is a composite factor which considers adequacy of the proposed strategy to meet housing needs and whether the CDBG application is an integral part of the strategy. It also evaluates the extent to which the proposal directs housing rehabilitation activities to a specified area of a community or whether it allows efforts to be dispersed throughout the entire community. "Energy conservation" evaluates the commitment to reduce home energy costs by adopting and enforcing standards and following a conservation plan.

**Public Facilities Subsystem**

"Severity and immediacy of threat" is an evaluation of the condition of public facilities. A serious, existing threat to public health and welfare merits a higher rating than a potential problem or one that is less harmful.

"Benefit to low and moderate income persons" is the percentage of low and moderate income persons the project will serve relative to the total number that will benefit. Benefit can sometimes be increased by locating a project in a specific area of a community, as opposed to having all residents benefit. Or, CDBG funding can be used to pay all or part of a special improvement district assessment against property owned or rented by low and moderate income persons.

"Community efforts" is a composite factor which assesses capacity of the applicant to respond to the problem. It evaluates attempts to obtain alternative or additional funding, financial constraints such as
maximum mill levies and bonding capacities, capital improvements programming and preventive maintenance, and existing or proposed utility rates where applicable.

"Completeness and appropriateness of the solution" considers reasonableness of the proposed solution and how long-term it is. "Ability to maintain" assesses technical and financial capability to provide long-term maintenance of the improvements to facilities.

Local Government Status System

The "local government status system," also known as "HELP," is a composite measure of relative distress and financial capability. Four criteria comprise this system. Although 100 points is the maximum possible, 88 is the highest number assigned to any county or incorporated city or town for fiscal year 1982. Unlike the project impact system which relies on data generated and submitted by applicants, HELP scores are assigned based on data generally available for local governments. Unincorporated areas are given the score assigned to the county at large because data specific to unincorporated areas are not available.

"Housing inadequacy" measures the percentage of houses without plumbing and with crowded conditions. "Employment conditions" is a composite of two equally weighted measures, employment growth and employment data. "Local efforts" to address needs are measured by level of expenditure relative to taxable value. "Per capita income" is the final component of the HELP score. Local governments with the worst housing, most severe employment growth or unemployment, greatest efforts
to solve problems using local resources, and lowest incomes receive high HELP scores.

APPLICATION REVIEW

Applications for the fiscal year 1982 Montana CDBG program are required to be received or postmarked by September 1, 1982. DOC made a commitment to applicants to complete the review process and announce the awards within three months of the submittal deadline. As noted in Table 5, the application schedule will be altered considerably next year. The review process may also be conducted differently.

TABLE 5

MONTANA APPLICATION SCHEDULE FOR FY 1982

<table>
<thead>
<tr>
<th>Step in Process</th>
<th>Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Application Workshop</td>
<td>June 30, 1982</td>
</tr>
<tr>
<td>2. Preparation of Applications</td>
<td>2 months</td>
</tr>
<tr>
<td>3. Deadline for Submittal</td>
<td>September 1, 1982</td>
</tr>
<tr>
<td>4. DOC Review</td>
<td>3 months</td>
</tr>
<tr>
<td>5. Application Award Announcement</td>
<td>November 30, 1982&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>6. Finalize Arrangements</td>
<td>90 days&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>7. Application Workshops</td>
<td>January-February 1983&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>8. Sign Contracts</td>
<td>March, 1983&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

NOTE: The schedule for fiscal year 1983 will vary considerably from the above schedule.

<sup>a</sup>Dates are estimated.

Primary responsibility for reviewing applications is that of the CDBG program staff in DOC, Economic and Community Development Division. The CDBG staff evaluates applications for completeness, eligibility to compete, and conformance with requirements described in the APPLICATION REQUIREMENTS section of this chapter. For the fiscal year 1982 program,
applications are not rejected due to noncompliance with technicalities that can be satisfied before funds are distributed.

Applications are reviewed concurrently by appropriate experts outside of DOC. The Montana Department of Health and Environmental Sciences conducts a technical review of public facilities applications. Some of the water system proposals are reviewed by the Montana Department of Natural Resources and Conservation. DOC has a contract with a former local community development director to perform technical review of the housing applications.

The Director of DOC appoints a five-member ranking committee to review applications, assign points according to the ranking systems, and recommend projects to be funded. Committee members are employees of the Economic and Community Development Division and other divisions within DOC. Committee members have knowledge and experience in housing, public administration, economic or community development, or in grant or program management. Members do not have specific expertise in the CDBG program.

Each application receives an initial detailed review by a team of one CDBG staff person and one ranking committee member. The team prepares a summary of each proposal and how well it fulfills the requirements of the five ranking criteria appropriate to that type of application. The team incorporates comments made by technical reviewers or other agencies contacted for information. Among the other agencies which furnish information are the Farmers Home Administration, Public Service Commission, Montana Department of Administration, and the Montana Department of Revenue.
The ranking committee and staff meet over a period of several weeks to rank the applications. At the first session it is necessary to evaluate the information furnished by applicants regarding all five ranking criteria for all three types of applications. It is then possible for the committee to define specifically what constitutes "high," "medium," and "low" for each criterion.

The summaries of each application and its response to the selection criteria are presented and discussed. "High," "medium," or "low" is assigned to each of the criteria. A numerical score results when "high," "medium," or "low" for each selection criterion is translated into a point value. Point values were determined by the task force and included in the program description for the information of applicants and use by the ranking committee. Table IV, Montana Selection System, shows the "high" point values that the ranking committee assigns to applications judged to merit "high" on a selection criterion. The appropriate point values are applied to each selection criterion and totalled, resulting in the program impact score. The HELP score is added to the program impact score to obtain a tentative point total.

Applications are ranked according to the tentative point totals. The number of applications to be funded depends on the amount of funding available. In addition to the top-ranked applications for which there is enough money to fund, several applications having the next highest point totals are identified. Staff researches unanswered questions and clarifies any confusing information regarding the applications.

A final session is conducted by the ranking committee for the purpose of evaluating any new information and reassigning points if
necessary. The committee must also determine whether any scoring biases result from one type of application scoring consistently higher or lower than the other two types. The committee may discover, for example, that it is relatively easy for housing applications to receive consistently higher project impact scores as a group because nearly every application receives the "high" number of points for one or more of the five selection criteria. Economic development applications, by contrast, may receive consistently lower project impact scores, causing the group to be less competitive. Perhaps one or more criteria are structured so that no application is able to achieve a "high" number of points. If the ranking committee discovers any such discrepancies which appear to be caused by differences in the three sets of selection criteria, it may need to intervene and resolve the problem. One possible solution would be to reassign scores for all of the economic development applications, for example, so as to make the point totals more comparable to scores for the other two types of applications, housing and public facilities. This would involve redefining "high" for one or more of the selection criteria so that it would be easier for more economic development applications to score higher and compete better with the other two types of applications. Another conclusion might be that the three different selection systems are not able to compete equally well, as intended when the system was designed. The committee could recommend awarding grants to top-scoring applications of all three types, regardless of discrepancies in point totals. Finally, the committee could decide to take no intervening action if scoring discrepancies appear to be a result of the quality of the individual applications.
The final activity of the ranking committee is finalizing scores, documenting reasons for ranking decisions, and preparing a recommendation as to which applications to fund. By November 30, 1982, the Department director will announce the grant awards and notify each applicant of the results of the funding competition.

FINIAL ARRANGEMENTS

Communities receiving grant awards have 90 days in which to finalize all necessary arrangements, such as other funding sources. DOC staff works with grant recipients to determine reasonable costs for each item in the budget, ensure that all details are completed, and negotiate and sign contracts. Schedules for completion of projects and progress required to receive payment from DOC are stipulated. For cases where the community does not meet the 90-day schedule or program requirements, the funding is offered to the community which is next on the list of communities to be funded.

Grant recipients are required to attend application workshops as noted in Table 5. Applicants are instructed on all aspects of grant administration. Federal and state requirements which must be complied with are identified and compliance assistance is provided.

GRANT AWARDS

DOC will announce the grant awards for the fiscal year 1982 Montana CDBG program before the end of November, 1982. Table 6 summarizes the funding requests by type of application. Appendix B contains the actual funding outcomes.
### TABLE 6
APPLICATIONS FOR THE MONTANA CDBG PROGRAM: FY 1982

<table>
<thead>
<tr>
<th>Type of Application</th>
<th>Number of Applications</th>
<th>Funding Requested</th>
<th>Percent of Total $ Requested</th>
<th>Funding Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Development</td>
<td>5</td>
<td>$1,418,771</td>
<td>11%</td>
<td>--</td>
</tr>
<tr>
<td>Housing</td>
<td>7</td>
<td>2,800,000</td>
<td>21%</td>
<td>--</td>
</tr>
<tr>
<td>Public Facilities</td>
<td>36</td>
<td>9,064,207</td>
<td>68%</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>48</td>
<td><strong>$13,282,978</strong></td>
<td><strong>100%</strong></td>
<td><strong>$3,470,000</strong></td>
</tr>
</tbody>
</table>

NOTE: The table represents single purpose applications. It does not include previous multi-year commitments made by HUD, which Montana will honor through funding set aside for that purpose.

*The $3,470,000 in available funding represents 26 percent of the total amount of funding requested, $13,282,978.*

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1. Montana Community Development Block Grant Program Description; Montana Department of Commerce; Helena, Montana; June 2, 1982; p. 5.
5. The Bureau of the Census considers a housing unit to be "crowded" when it is occupied by more than 1.0 persons per room, excluding bathrooms, hallways, and unfinished areas.
CHAPTER IV

COMPARISON AND ANALYSIS

As was stated in Chapter I, the purpose of this professional paper is to determine whether a change from federal to state administration has made a difference in terms of the decisional process and criteria regarding who receives benefits from the CDBG program. The federal and state programs were described in Chapters II and III to serve as a basis for comparing and analyzing the two programs.

Chapter IV will compare the federal and state programs and review the implications of the theories of federalism regarding level of program administration. Then this chapter will analyze ways in which a change in administration has made either significant differences or no differences in the decisional process and criteria regarding who receives benefits from the program. Finally, it will focus on both the differences in benefits and the factors which caused the differences.

COMPARISON OF THE CDBG PROGRAMS

The federal program to be compared is the Small Cities CDBG program as it was administered by the HUD regional office in Denver through fiscal year 1981. The state program to be compared is the DOC-administered Montana CDBG program as established for fiscal year 1982 and envisioned for fiscal year 1983.

There are several ways in which the federal and state programs are similar. They have the identical goals of addressing community development problems and benefitting low and moderate income persons. The definitions as to who are low or moderate income persons are the
same. Likewise, there are no substantive differences in the specific program objectives of preserving and upgrading housing, enhancing economic opportunities, and safeguarding public health and safety by improving public facilities. The project activities in the three areas are also nearly identical. Both programs serve communities with less than 50,000 persons. Grants are awarded as a result of an annual competition between communities which submit applications. The competition for funding is equally keen because there is only enough money available to fund fewer than one out of every three applications submitted. Communities compete for funds in the same three categories: economic development, housing, and public facilities. Neither program stipulates that the money be divided proportionately between types of grants or communities of different size. Communities compete for an identical amount of grant money under both programs, $400,000, which must be spent within eighteen months.

The federal and state programs are characterized by several significant differences. Foremost among the differences is the state program's use of different selection criteria for assessing the three types of applications. The federal program, by contrast, evaluated all types of applications against the same selection criteria. Another important difference is that the state program requires the preparation of a community needs assessment rather than the federally-required housing assistance plan. Finally, DOC makes more aggressive efforts than did HUD to notify local governments and other interested persons and groups, including some advocates for low income people, of the
application process, schedule, workshop, and availability of assistance in preparing an application.

There are several ways in which the federal and state programs are only slightly different. Both programs require similar categories of general information to be submitted in applications, and both have a citizen participation requirement. The state's one-step application process and the federal government's two-step process are not substantially different except for the housing assistance plan requirement already noted. The manner in which federal and state applications are reviewed, however, varies slightly. Finally, many of the individual criteria used by the federal and state programs differ, but both programs consider it important to evaluate characteristics describing distress of the community and characteristics describing the merits of the proposal.

**IMPLICATIONS OF FEDERALISM**

Chapter I included a discussion of the implications of federalism regarding whether the shift in responsibility from the federal to the state government makes a difference in who receives benefits of government programs. Of particular interest were two issues in regard to level of government:

1. the degree the most needy people and areas are assisted; and
2. the degree of responsiveness to citizens and sensitivity to local circumstances.

Although the literature on federalism raised the question as to who will benefit as a result of the shift in responsibility, it did not resolve the question. Instead, conflicting conclusions were reached.
There were strong arguments which supported and countered the assertion that states will perform as well as, if not better than, the federal government in regard to the two issues identified in the preceding paragraph.

Another viewpoint regarding the implications of federalism is that states vary greatly in their capacity to carry out services and functions now performed by the federal government. Support for this position is found in a draft study by the Advisory Commission on Intergovernmental Relations (ACIR) which evaluates the current condition of all state governments and concludes that states recently underwent an extensive wave of reform resulting in many positive changes. ACIR rated the states' capabilities using seven pertinent factors, and Montana was rated as one of the relatively more capable states. One can argue, therefore, that some states, including Montana, will perform well and others will not, rather than argue in general terms that all states will perform better or worse than the federal government.

Finally, it is possible that federalism will have no influence on the receipt of benefits. A report by the National Citizens' Monitoring Project of the Housing Group for Community Development Reform concluded that although the CDBG legislation seeks both to meet community development needs and to benefit low and moderate income people, it fails to achieve either goal because "these competing demands constitute a fatal legislative flaw which must be resolved." The "flaw" to which the report alludes was carried over to the states' programs by the enabling legislation. Therefore, federalism may have no bearing on the issue.
The following section contains an analysis of one specific manifestation of federalism, the shift from federal to state responsibility for administering the CDBG program. The analysis concludes by determining whether the change has made a difference in terms of who receives benefits.

DIFFERENCES IN WHO RECEIVES BENEFITS

Several assumptions underlie the analysis of whether a change from federal to state administration has made a difference in the decisional process and criteria regarding who receives benefits from the CDBG program. Funding levels and state program requirements are assumed to remain fairly constant for several years. "Who" receives benefits includes a range of possibilities associated with types and numbers of persons, communities, and projects. The analysis is as concerned with reasons as it is concerned with the differences or similarities. Some reasons are directly related to program procedures and selection criteria, for example. Other reasons for differences or similarities are not program related. For example, influence was exerted by different groups during design of the program, preparation of applications, and selection of proposals to receive grant awards.

Type of Project

It is likely that more public facilities and economic development projects, and consequently fewer housing projects, will be funded by the state program than were funded by HUD. This shift is caused by both program-related and non-program related reasons.

The most influential reason is that the state program includes three different sets of selection criteria, whereas the federal program
had only one set against which different types of projects were evaluated. The state program is designed to assure that economic development, housing, and public facilities proposals compete equally well against one another so that the best ones are funded, regardless of what type they are. Furthermore, the state program does not include a component of the federal program which required communities to prepare housing assistance plans and meet housing goals regardless of project type. Whereas the state program is designed to avoid giving preference to any of the three project types, the federal program contained built-in biases which favored housing proposals. These changes in the state program were made in accordance with desires expressed by citizens, the task force, and state CDBG staff.

Program design exerts a powerful influence on funding decisions. Under HUD, although 63 percent of the amount requested for funding was for public facilities projects, 57 percent of the funding was awarded to housing projects. For the 1982 state program, communities expressed an even greater interest in public facilities. Sixty-eight percent of the amount requested for funding was for public facilities projects. Unlike the federal program, however, the state program was designed to eliminate the former bias toward housing. For these reasons, it is likely that funding awarded will be more proportionate to the amount of funding requested in each category. Therefore, public facilities projects are likely to receive the majority of funds from the state.

Type of Beneficiary

The state program is likely to benefit a smaller proportion of low and moderate income (LMI) persons than did the federal program. This
change can be attributed to the increased funding of public facilities proposals. Public facilities proposals usually benefit all residents of the community regardless of income level. This result is contrary to what occurs when housing projects are funded, in which case income guidelines are enforced to assure that only LMI persons receive assistance. The state program still meets the intent and requirement of federal law because public facilities projects serve all residents, including LMI.

Number of People

A greater total number of persons is likely to receive benefits under the state program. As with the change in type of beneficiary, the increased emphasis on public facilities is the reason for this change. Housing rehabilitation is expensive: it costs an average of $10,000 to rehabilitate a home. At that rate, 40 homes could be rehabilitated with a $400,000 grant. Benefits would reach 120 persons if household size averages three people. A much greater number of persons normally benefit from public facilities proposals because the same amount of money pays for improvements that serve hundreds or thousands of people. Also, housing rehabilitation is frequently accomplished through grants from the CDBG program. Unless a loan system is established or local financial contributions are made, CDBG money is soon depleted. Many public facilities proposals, however, involve local contributions and funding sources in addition to the grant. This enables CDBG money to be distributed more widely and assist more people.
Type of Community

A greater proportion of small communities is likely to be served by the state program. Small incorporated towns and small unincorporated communities are likely to be more successful because of a change in selection criteria and policies. For all types of proposals, the state program rates the percentage of LMI benefitting. HUD considered the number of LMI to be as important as the percentage of LMI benefitting, thus giving an advantage to large populations. In addition, the state will allocate 35 percent of its CDBG funds to comprehensive, multiple year grants. This compares to HUD's policy of awarding 65 percent to comprehensive grants. With very few exceptions, only large communities applied for and were awarded comprehensive grants. Small communities almost exclusively competed for single purpose grants.

Number of Communities

The state program is expected to serve a greater number of communities than HUD did. As with many of the other changes, this can be attributed to an increase in the funding of public facilities projects. Under both the state and federal programs, the average amount of funding requested for public facilities applications has been smaller than amounts requested for housing projects. For the 1981 HUD program, the average request for housing proposals was $369,545 as compared to $303,077 for public facilities. With the state program, the average request for housing was $400,000, compared to $251,783 for public facilities. Because public facility grants are smaller and the state will fund proportionately more public facilities proposals, a greater total number of communities will receive funding.
Other Factors

Several additional factors may contribute to different funding results under the state program. Economic development is expected to receive a higher priority from the state. This will occur because of new selection criteria which assure that housing no longer dominates and because Governor Schwinden’s administration is strongly committed to promoting economic development. Although direct gubernatorial intervention in funding decisions is not likely to occur, an indirect influence will be present. Even if the state funds only one economic development project each year, it will be placing a greater emphasis on that type of project than HUD did. Compared to public facilities and housing, however, economic development is likely to remain relatively insignificant.

Assistance provided by the Montana League of Cities and Towns is expected to be a significant factor in helping small communities compete better and receive grant awards. One reason for this judgment is that communities prepared their CDBG applications at the same time they were engaged in the annual budgeting process, which requires the undivided attention of the limited staff typically employed by a small community. Also, the state program was new and involved significant changes, and communities had no prior experience with preparing applications. The League, however, was familiar with the state program.

SIMILARITIES IN WHO RECEIVES BENEFITS

The change from federal to state administration of the CDBG program has made no significant difference in terms of some aspects of the decisional process and criteria regarding who receives benefits. The
similarities are a result of two factors: the forceful influence of the federal government and the state's choice to retain some features of the HUD program.

Goals, Activities, and Projects

Flexibility given by the federal government to the state in designing its program was not absolute. The program will continue to serve low and moderate income persons, and it will consist of the same legislatively permitted activities -- that is, the same three types of projects.

Owners and Renters

Like HUD, the state did not incorporate any features into its program to address the issue of whether LMI homeowners or LMI renters would be the favored beneficiaries. This issue is of importance because so many low income people are renters, yet the CDBG program has not placed a high priority on serving anyone other than LMI homeowners.

The HUD program primarily benefitted owners as a result of directing the majority of funding to rehabilitating owner-occupied single-family homes. Funded only rarely were housing rehabilitation programs which extended benefits to renters. This was largely attributable to inherent difficulties in designing and administering such a program.

The state is more likely to serve a greater proportion of renters because there will be more public facilities projects funded which benefit all residents of communities. The effect of this will be greatly offset, however, because the amount of benefit per household is minimal, ranging from several hundred dollars, typically, to several
thousand dollars on rare occasions. Housing rehabilitation grants, by contrast, are typically $10,000 per household.

**Geographic Dispersion**

Neither the state nor the federal program included features to influence awarding funds on a geographic basis. Therefore, a similar pattern of distributing funds to communities throughout the state is expected to result. Western Montana is likely to continue to receive more grant awards than eastern Montana because that section submits a greater number of applications.

**OVERALL ASSESSMENT**

Overall, a change from federal to state administration has made a significant difference in the decisional process and criteria regarding who receives benefits from the CDBG program. Despite the many federal requirements that still prevail, the state took full advantage of the flexibility it was given to respond to concerns expressed by Montanans.

The new state program addresses those issues which were of greatest concern during development of the program. While virtually no one took exception to the mandate that the program benefit LMI and address community development problems, there was widespread dissatisfaction with HUD's pervasive emphasis on housing. By structuring the state program so that housing no longer prevailed, a significant difference between the federal and state programs resulted. That change was so substantial that it had a strong impact on many aspects of the program. In sum, a program has resulted that is more responsive to Montana yet acceptable to the federal government.
CHAPTER V
SUMMARY AND CONCLUSIONS

The change from federal to state administration of the CDBG program has made a significant difference in the decisional process and criteria regarding who receives benefits from the program. The most important difference is the state program's use of different selection criteria for assessing the three types of applications: economic development, housing, and public facilities. Another important difference is that the federally-required housing assistance plan and related requirements are not included in the state program. The state utilizes a one-step application process instead of a two-step process, requires submission of different information, and has a different process for reviewing applications. All of these changes were requested by concerned Montanans during the program design process.

This paper projects that funding decisions made by the state will differ from those made by HUD as a result of changes in the decisional process and criteria. More public facilities and economic development projects, and consequently fewer housing projects, are likely to be funded by the state. Because of this shift, program benefits will probably reach a greater total number of persons of all income levels. However, a smaller proportion of recipients is expected to be of a low and moderate income level. Finally, a greater total number of communities and a larger proportion of small communities are likely to be served by the state program.
Although the state is expected to make funding decisions which are different from those previously made by HUD, several fundamental aspects of the CDBG program remain the same. The federal government required that state CDBG programs continue to serve low and moderate income persons and solve community development problems associated with the areas of economic development, housing, and public facilities. Level of administrative responsibility for the program makes no difference in regard to these important features.

This paper evaluates the decisional process and criteria for the CDBG program, at both the federal and state level of administration, within the context of federalism. The paper demonstrates that the state program design is more responsive to local concerns, while assuring that the needy will continue to be served. These results support the theory of federalism that states will perform as well as, if not better than, the federal government.

The findings of this paper have several additional applications. First, the information will be useful to DOC for evaluating its 1982 CDBG program, identifying opportunities to modify the decisional process and criteria, and designing the 1983 program. For the same reasons, the study is potentially valuable to other states. Finally, this paper should be useful to HUD. It specifically identifies program features that the state has opted to change, reasons for the changes, and differences in funding decisions which are likely to occur as a result of program design changes.
Several issues of interest are beyond the scope of this paper. For example, it does not pursue federalism to the extent of determining whether the state would have retained the emphasis on serving low and moderate income persons if the federal government had made it optional rather than mandatory. This question could not be answered even if funding decisions were known. It would require an evaluation of a program for which states were given total discretion in program design.

This paper does not make projections regarding the magnitude of anticipated funding shifts among major program categories. An example of increased responsiveness would be if the state awards more funding than HUD to public facilities projects and small communities, as this study projects the state will do. The paper is not intended to identify the point at which the program should be criticized for funding excessive numbers of public facilities projects or small communities.

A final issue beyond the scope of this paper is the importance of grant administration. Whereas the focus of the present study is on program design features which influence decisions on awarding grants, future studies could evaluate administration of grants and actual delivery of program benefits. Several questions which could be addressed include the following:

1. Will the state perform as well as HUD in assuring that low income people are served in projects funded; and
2. Does the increased administrative burden resulting from having to comply with state as well as federal requirements deter communities from submitting applications or hinder grantee compliance with requirements?
In conclusion, Montana's CDBG program design is a combination of locally-preferred and federally-required features. The net result of the change from federal to state administration is a difference in the decisional process and criteria regarding who is served by the program. However, the actual delivery of program benefits is influenced by factors in addition to program design and the decision process. The ability of the state CDBG program to serve needy people and respond to local concerns will be influenced to a great extent by factors relating to grant administration.
APPENDIX A

TASK FORCE FOR MONTANA'S CDBG PROGRAM

1. Mike Barton, Administrator
   Missoula Community Development Office
2. Marvel Cale, Clerk-Treasurer
   Town of Wibaux
3. Carol Daly, Executive Director
   Montana Private Industry Council
4. Terry Dimock, Director
   Shelby Community Development Program
5. Ed Gallagher, Director
   Kalispell Community Development Department
6. Ruth Howard, Director
   Hot Springs Community Development Office
7. John Hughes, Director
   Fergus County Planning Board and
   Lewistown City-County Planning Board
8. Gene Marcille, Director
   Polson Community Development Agency
9. Marie McAlear, Commissioner
   Madison County Board of County Commissioners
10. Tom Moss, Assistant Director
    Billings Community Development Department
11. Don Peoples, Chief Executive
    Butte-Silver Bow and
    President, Montana League of Cities and Towns
12. Mike Ross, Planning Director
    Park County Planning Board and
    Livingston City-County Planning Board
13. Mike Stephen, Executive Director
    Montana Association of Counties
14. Mike Strouf, Director
    Miles City Housing Authority
APPENDIX B

FUNDING OF SMALL PURPOSE APPLICATIONS FOR THE FY 1982 MONTANA CDBG PROGRAM

On November 24, 1982, DOC Director Gary Buchanan announced that the following 13 communities were selected from 48 applicants to receive grants under the first year of the Montana CDBG Program:

<table>
<thead>
<tr>
<th>Type of Application</th>
<th>Grantee</th>
<th>Funding Awarded</th>
<th>Percent of Total $ Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Development</td>
<td>Sweet Grass County</td>
<td>$334,071</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>Alberton</td>
<td>$400,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Roundup</td>
<td>$400,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>St. Ignatius</td>
<td>$400,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong> $1,200,000</td>
<td><strong>33%</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Facilities</td>
<td>Big Horn County</td>
<td>$245,236</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Culbertson</td>
<td>$400,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Judith Basin County</td>
<td>161,938</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Madison County</td>
<td>81,073</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Moore</td>
<td>155,300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Powell County</td>
<td>108,900</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sheridan County</td>
<td>190,020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Troy</td>
<td>400,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Winnett</td>
<td>359,270</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong> $2,101,737</td>
<td><strong>58%</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>13 Grantees</td>
<td>$3,635,808a</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*a The FY 1982 CDBG allocation for Montana is $3,470,000. The difference between the FY 1982 allocation and the $3,635,808 awarded will be obtained from Montana's FY 1983 allocation in order to fully fund the 13 selected projects.
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