Performance-Driven Funding for Emergency Shelter & Homelessness Support Services
A Recent History of Government Grant-Making

Since before the turn of the millennium, funding for human and social services—particularly federal funding—has been steadily developing three distinctive, significant characteristics: intentionality, transparency and competitiveness. Not surprisingly, these three characteristics have only been intensified by the current economic crisis, as a shortage of funds requires tough decisions to be made about priorities, brings attention to the way money is spent and encourages standards to be set regarding return on investment and regarding performance in general.

In terms of intentionality, there has been both a concentration of funding across federal agencies\(^1\) and a coordination of funding between public and private sources\(^2\). Bringing together traditionally disparate funding streams to focus on comprehensively serving a specific population and/or geography has become the federal government’s modus operandi. This trend is unlikely to change. Concentrated, comprehensive funding on a smaller scale is much more likely to attain demonstrable results than more scattered efforts—especially as tough funding decisions will continue to be necessary for many agencies at all levels of government.

Transparency entails the answers to two questions: How is the money being spent? and What has resulted from this investment? The American Recovery and Reinvestment Act of 2009 (“the stimulus bill”), has provided some great examples of this former point, in terms of how much money is going to which organizations. Transparency also entails visibility into the results of funding, which some federal agencies have been better at than others\(^3\). This visibility into results relates to the shift to competitive funding.

---

1 e.g. the Neighborhood Revitalization Initiative and Strong Cities, Stong Communities
2 e.g. the Social Innovation Fund, the match requirements for Promise Neighborhoods and the White House’s 2012 Pay for Success Bonds
3 e.g. http://ies.ed.gov/aboutus
Grant programs that were once formula-based (e.g. Community Service Block Grants, Emergency Shelter Grants and Head Start), have since incorporated competitive grant program components. Whereas previously an organization only needed to meet eligibility requirements and complete all the necessary paperwork to receive funding (formula model), there is now an expectation of excellence that will result in funding being diminished or even discontinued for organizations that are incapable of meeting specific benchmarks and continuously improving their performance (competitive model).

Ultimately, these three characteristics will continue to cultivate an environment of performance-driven funding and service delivery for organizations receiving funding from the Federal government. This is particularly relevant for providers of emergency shelter and homelessness support services.

The Federal Response to Homelessness: From Good Intentions to Intentional Change

The US federal government’s first official acknowledgment of and commitment to homelessness as a federal policy issue came via its convening of the Federal Task Force on the Homeless in 1983. A few years later (1986), the first pieces of federal legislation directly addressing homelessness were passed: the Homeless Eligibility Clarification Act and the Homeless Housing Act. Together, these laws removed permanent address requirements for a number of programs, such as Food Stamps and Medicaid, and authorized the predecessor to the Emergency Shelter Grant (ESG) program, among others. Later that year (1986), the Urgent Relief for the Homeless Act was introduced in Congress, more commonly known today as the McKinney-Vento Homeless Assistance Act. It is McKinney-Vento that has become the primary piece of legislation concerning providers of homelessness services.

McKinney-Vento was signed into law in 1987 and authorized the provision of emergency shelter, transitional housing and other support services (e.g. job training, health care, etc.) via fifteen programs across a handful of federal agencies. Over the next 22+ years, the evolution of the law’s regulations and funding protocols has transformed the sector. These changes have been driven primarily through the Continuum of Care model.

In the Continuum of Care (CoC) system, multiple community organizations that operate within a given region come together to provide those in need in that region with coordinated, comprehensive services. These CoC systems go beyond service provision; they are also tasked with identifying and addressing local factors that contribute to homelessness.

The very creation of the CoC system in 1995 represented a substantial shift towards

---

4 Important pieces of the Homeless Eligibility Clarification Act and of McKinney-Vento came from the Homeless Persons’ Survival Act, introduced in 1986 but never passed.
5 The federal agencies tasked with administering programs in the 1987 legislation: HUD, DHHS, ED, DOL and USDA.
Emergency Solutions Grants (ESG)

The Emergency Shelter Grant program established by McKinney-Vento is reauthorized in HEARTH as the Emergency Solutions Grant program. Recipients of this new ESG funding will be required to coordinate with CoCs, to collect and report their data via an HMIS, and prioritize service provision for disabled individuals and individuals with families. Additionally, participation in the grant program is now competitive rather than formula-based. While this is new for the ESG program, none of it is new for CoCs.

MCKinney-Vento Timeline

1987  Urgent Relief for the Homeless Act signed into law (McKinney-Vento)

1995  Continuum of Care (CoC) model implemented nationwide - federal funding broken down by local geography rather than by direct service provider

2004  HMIS data collection and reporting mandated; Homeless Assistance Grant programs bundled together

2009  HEARTH Act signed into law, increasing focus, accountability and performance-based grant-making in the homelessness services sector

2012  Service providers receive funding contingent upon compliance, data quality and client outcomes; exceptional service results in greater levels of funding
intentionality, as Homeless Assistance Grant funding thereby became geographically-based, rather than organization-based.

A second major shift occurred in 2004 when all three Homeless Assistance Grant programs—programs designed specifically for CoCs—were consolidated into a bundled funding stream. In 2004, CoC-based providers were also required to use a Homeless Management Information System (HMIS) for collection and reporting of participation and outcomes data—a significant shift towards transparency. Until recently (2009), this new level of transparency into the results of services (via HMIS) represented the most significant change in federal homelessness regulations since the establishment of CoCs themselves almost 10 years earlier. You can read more about HMIS and its implications in the next section.

In 2009, McKinney-Vento was reauthorized as the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. While few changes from this legislation represent new trends, the changes in the direction of existing trends are arguably the most significant shifts of their kind. These shifts are particularly visible in the new Emergency Solutions Grant program (see sidebar on previous page) and the new Continuum of Care Grant program discussed below. It is also evident in the expanded definition of homelessness allowed by HEARTH, which facilitates coordination with other federal agencies providing services to homeless persons and families (recall: intentionality has an inter-agency component as well as a focused geography/target population component).

The HEARTH Act indicates that communities (i.e. CoCs) will be evaluated based on the quality of their outcomes and on their responsiveness to local need. Bonuses will be available for CoCs that can demonstrate that their activities have been effective at reducing homelessness, especially as per certain priorities. Moreover, every year, up to 10 CoCs will be designated as “high-performing.” This designation will be based on clients’ lengths of stay, repeat instances of homelessness, inclusion of homeless population in services and in HMIS, and effectiveness at reaching pre-determined performance goals.

Though CoC funding was already competitive, this takes the competitive approach to another level, by not only selecting CoCs based on their ability to manage their performance but also by rewarding CoCs for consistent, exceptional performance. A successful CoC will be able to demonstrate that it is addressing federal priorities, to provide transparency in a manner compliant with federal standards and to prove its social value and the importance of continued—or even increased—funding by relating its efforts to its outcomes.

---


7 In terms of services, these priorities are: preventive, rapid re-housing, transition to permanent housing; in terms of subpopulations, these priorities are: disabled individuals and families with children.
Over the last twenty-five years, the federal government’s approach to homelessness has become increasingly intentional, transparent and competitive. With the reauthorization of the McKinney-Vento Act via the HEARTH Act, providers of housing and support services will need to be even more diligent than before about report compliance, program effectiveness and organizational efficiency if they are to retain the federal funding they need to serve the individuals and families in their communities.

The number one determinant of whether or not an organization will remain compliant after HEARTH is that organization’s HMIS (Homeless Management Information System). An HMIS is a software system that allows member organizations of a CoC to conduct data collection and reporting on participant statuses, from client intake through program exit. A number of HUD reports are impacted by the quality of your HMIS (APR, QPR, PIT, AHAR, etc.), and issues such as improper formatting or duplicated participant counts resulting from a poor-quality HMIS can have disastrous results.

At the time of this writing, final HEARTH regulations have not been announced by HUD. Once finalized, these will represent the third set of HMIS Data Standards to be issued in the last 7 years. Homelessness service providers concerned with compliance—as it relates to both HEARTH and to any future policy changes the next 7 years may bring—will be best-served by using an HMIS that automatically updates its reports to meet updated federal standards. Many software providers update their products on a pre-determined release schedule and may even demand additional fees from homelessness service providers to replace their previous generation reporting systems. Especially as HUD holds the CoC and not the HMIS vendor accountable for compliance, it behooves organizations to work with HMIS vendors who can be trusted to maintain timely compliance and who can prove their expertise in data collection and reporting.

A high-quality HMIS system will not only allow you to demonstrate that you are providing services and that those services are having a positive impact—and do so in compliance with federal standards and regulations—but it will also help you identify areas in which your programs could be even more effective. While this kind of performance management may previously have been viewed as a luxury, with the bonuses and incentives authorized by HEARTH to the highest-performing CoCs, and the more rigorous competition expected for initial selection of grantees, being able to continuously improve has become an increasingly

“The systems we were using before ETO was literally jeopardizing funding for the entire Continuum. With ETO software, we are able to score well above average and continually secure funding for all our programs.”

-Patrick Mahoney
HMIS Coordinator, Central Massachusetts Housing Alliance
ETO HMIS: HEARTH Software That Does More Than Count

The primary selection criteria for future HUD funding will be based on performance. Although the performance measures will not be finalized until the regulations are issued, they are expected to include:

- Reductions in the length of time people are homeless
- Reductions in homelessness recidivism
- Thoroughness in reaching homeless people
- Reductions in the number of homeless people
- Increases in jobs and income
- Reductions in the number of people who become homeless
indispensable capability for a CoC to possess. Report compliance cannot be ignored, but neither can program effectiveness.

To be truly successful, you need to be able to accurately capture performance data on your programs, understand what that data means, and understand how to translate that data into action items to improve program quality and participant outcomes in order to yield better results across your organization (or even your entire Continuum). This is performance management and this is the very purpose for which Efforts to Outcomes (ETO™) software was created. Demonstrating results is great, and can be especially valuable when speaking with your board or funders, but your staff needs to know what practices are working and which are not, in order to deliver even better results next time.

ETO software was designed by a case manager who was looking to get at this very information in his own work. Word got around and the demand for his solution grew over the years to such a tremendous degree that the infrastructure of a national organization became necessary to accommodate the need. As a result, for more than ten years, Social Solutions has been the leader in performance management software and is the HMIS vendor of choice for the State of Massachusetts, Tarrant County, TX and the City and County of San Francisco, CA, among others.

Our HMIS solution, ETO HMIS, can increase your organization’s efficiency by streamlining program operations, by offering best practice solutions to data collection and reporting challenges and by providing compatibility with some of the most advanced technologies being used by homelessness service providers today. By allowing for data-collection at the point of service, rather than at the end of the performance period, reporting becomes a process that takes hours, not days or weeks, and yields substantially better data quality. This allows frontline staff to spend more time providing valuable services to clients and less time documenting those services.

ETO HMIS expertly handles such critical HMIS functions as client check-in/out, bed assignment and referrals. Additionally, our data migration process is easy and efficient, a valuable asset to many service providers who need to import/export data between various systems—due to state or local funder requirements on top of HUD’s federal standards, for instance. In an era of budget belt-tightening at all levels of government, being able to save time and streamline operations amounts to saving money and to being a more attractive grantee. In terms of cutting edge technology, ETO HMIS provides mobile functionality that allows for data to be captured by staff while they’re in the field. In the future, we expect to utilize mapping technology to assist customers in identifying visually the communities in which they experience the highest demand for services, or show exceptionally high or low program effectiveness to better-inform practice and program strategy.