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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION

APR 16 1971



Dear Mr. Hyde:

The General Accounting Office, during a review of Federal agency coordination and participation in the Model Cities Program, noted certain matters relative to the city demonstration agencies' (CDAs) practices and procedures for collecting and reporting data on model neighborhood and/or model neighborhood related projects and activities which, in our opinion, warrant your attention.

We noted that although CDAs were reporting to the Department of Housing and Urban Development (HUD) on most projects or activities funded totally, or in part, with supplemental funds, they did not report on projects funded from other Federal, State and/or local sources.

Our work was performed at the headquarters of the Department of Housing and Urban Development, at HUD regional offices in Atlanta, Georgia; Chicago, Illinois; and San Francisco, California; and at the following model cities: Atlanta, Georgia; Chicago, Illinois; Huntsville, Alabama; and Seattle, Washington.

Because the overall model cities' reporting system is being revised by HUD, we are providing the results of our review and our views for your consideration prior to approving final revisions in the reporting guidelines and requirements.

CDA Letter Number 9, dated April 1969, which instructed cities on the collection and reporting of project data, required, among other things, that cities provide to HUD--on a quarterly basis--work program and accrued cost data for model city projects and activities that were totally or partially funded with HUD supplemental funds. In addition, cities were strongly encouraged by the Department to collect data and report on the other model neighborhood projects included in the cities' comprehensive demonstration plans. According to HUD, this information was to be used in its monitoring of the Model Cities Program for such purposes as helping the Department identify actions which might be needed to ensure that an adequate level of Federal support is provided to the individual cities' programs and in order to measure the operating performance of projects in each city's program against planned output.

We noted that the quarterly reports submitted to HUD by CDAs in Atlanta, Chicago, Huntsville, and Seattle for the period ending

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December 31, 1969, and for Atlanta, Chicago, and Huntsville for the period ending September 30, 1970, included project information (work progress and accrued costs) only on supplementally funded projects and did not include information on projects funded from other sources. HUD officials advised us that the Seattle CDA had not submitted a quarterly report for the period ended September 30, 1970.

To determine the extent to which cities were providing information to HUD relative to the number of projects that were included in their approved comprehensive demonstration plans, we also reviewed the city demonstration plan for one of the cities included in our review which was approved by HUD and compared the number of projects included in the plan with the projects which the CDA included in its quarterly reports to HUD. Although the CDA reported on certain supplementally funded projects, it had not reported on all projects which were included in the plan and funded totally, or in part, with HUD supplemental funds.

Our analysis further showed that many projects included by the CDA in the HUD approved demonstration plan were ongoing categorical grant projects, such as mental health, police training, and school construction and rehabilitation projects, for which certain work progress and expenditure data apparently would be available at the operating agency level. The approved plan included also a number of "new start" categorical grant projects which were to be funded by several Federal agencies, such as the Departments of Agriculture; Health, Education, and Welfare; Housing and Urban Development; Labor; and Transportation, and State sources.

HUD officials advised us that they were aware that many CDAs were not reporting work progress information and expenditure data on projects funded with HUD supplemental funds as was required under HUD regulations. These officials added that action had not been taken to help ensure that the CDAs reported this information primarily because, in their opinion, the CDAs did not have the ability to obtain this type of information. HUD officials added that procedures to ensure that CDAs will provide this information will not be established until the revised reporting system has been fully tested and properly evaluated.

On the basis of our review and discussions with CDA officials, it appeared that, for the most part, the CDA information systems and procedures did not provide for the collection of work progress information and expenditure data on programs which were included in the HUD approved comprehensive plans and which were being funded or were expected to be totally funded from sources other than HUD supplemental funds.

We noted that officials of the Regional Interagency Coordinating Committee--as early as October 1969--emphasized in a discussion with certain CDA officials the need for the CDA to obtain and report on model neighborhood related projects which were funded from Federal categorical

program sources. In response, CDA officials stated that they had made an effort to obtain this data from the responsible operating agencies and that this information would be included in the next quarterly report submitted to HUD. Our review showed, however, that the CDA reported only on those projects that were either totally or partially funded with HUD supplemental funds.

A CDA official in one of the cities included in our review advised us that the CDA would like to obtain and provide HUD with project data on activities funded from categorical grant program sources, but added, that the CDA did not know the best method of obtaining this information. In addition, HUD officials expressed the view that Federal agencies are not willing to require their individual operating agencies to furnish this information to the CDAs.

It appears that some CDAs included ongoing federally supported projects and activities in their comprehensive plans primarily in an attempt to demonstrate that "linkages" exist between previously established Federal grant-in-aid programs and programs currently planned or recently initiated under the Model Cities Program. It does not appear, however, that CDAs have been very successful in collecting pertinent information on the progress and expenditures made under these programs. As a result, it appears also that CDAs have not had the opportunity to properly analyze these other program efforts for the purpose of ascertaining, among other things, whether any new and additional projects and activities--not assisted under an ongoing Federal grant-in-aid program--should be established under the Model Cities Program to attack the social, economic, and physical problems that confront the model neighborhoods.

In addition, although this information would be of assistance to HUD in its monitoring efforts, we believe that the project data which HUD had strongly encouraged the CDAs to collect and report is essential to the local decision making process and would be of assistance in the formulation and implementation of a truly comprehensive demonstration type program, as required under the basic model cities' legislation.

We recognize that the Department and CDAs have experienced problems relative to the reporting specified in CDA Letter Number 9 and that ultimately these problems led to the establishment of special task force reviews of the model cities' reporting practices and procedures. Further, we understand that because the overall reporting requirements under this CDA letter appeared inadequate from the standpoint of Federal monitoring of the program, a new quarterly report--as an interim measure--was substituted.

Under the interim reporting requirements established by HUD in December 1970 (MC 3180.5), CDAs were no longer specifically encouraged to collect information from the individual operating agencies and their

State counterparts on progress and costs incurred on model neighborhood related projects and programs that may be financed from other than HUD supplemental funds.

During our review we were unable to fully evaluate the extent to which CDAs had attempted, in line with the suggestions of the Department in CDA Letter Number 9, to gather data from agencies and/or operating groups conducting these projects or programs. However, because of the obvious need for the CDAs to use this data in their planning of current and future projects--pursuant to the development of a responsive comprehensive demonstration program--we believe that the CDAs should be requested to collect and utilize this type of information. The need for this information has been further demonstrated by the views and comments of certain Federal officials who have stated, in assisting Regional Inter-agency Coordinating Committee officials in their review of city demonstration programs, that care should be taken to ensure that projects planned by CDAs and funded with HUD supplemental funds were not duplicative of projects that were already being undertaken in the model neighborhoods.

We recognize that the lack of guidance to CDAs in obtaining model neighborhood program data and the Federal agencies reluctance to require their individual operating agencies to furnish this data may have impeded the CDAs' ability to obtain and report project information. It appears, therefore, that measures can be taken by the Department--at both the headquarters and regional levels--in order to help ensure that CDAs obtain essential project information on model neighborhood related programs funded from Federal and other sources. In this regard, we recommend that you:

- encourage the CDAs to collect and use, in the development of their comprehensive demonstration programs, data on all projects related to the model neighborhoods,
- provide additional guidance and assistance to CDAs relative to the most appropriate methods and procedures which should be followed in collecting data from operating agencies on projects that are related to the model neighborhood programs but which are funded from sources other than HUD supplemental funds, and
- establish, at the Federal agencies headquarters level, an interagency working group for the purpose of developing and suggesting methods and procedures to expand and improve the CDAs' information and reporting system to include, at a minimum, all federally funded programs which relate to the model neighborhoods.

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We wish to express our appreciation for the cooperation and courtesies extended to our staff during this review. We shall be pleased to discuss with you or members of your staff any of the above matters and would also appreciate receiving your comments and views on any actions taken or planned with regard to the matters discussed in this report.

A copy of this report is being sent to the Assistant Secretary for Administration.

Sincerely yours,

~~B. E. Birkle~~

B. E. Birkle  
Assistant Director

The Honorable Floyd H. Hyde  
Assistant Secretary for  
Community Development  
Department of Housing and  
Urban Development

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