Examining Block Grant Funded Programs in the State of Texas: The Role of Outcome Measures

BY

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AN APPLIED RESEARCH PROJECT (POLITICAL SCIENCE 5397) SUBMITTED TO THE DEPARTMENT OF POLITICAL SCIENCE SOUTHWEST TEXAS STATE UNIVERSITY IN PARTIAL FULFILLMENT FOR THE REQUIREMENT FOR THE DEGREE OF MASTERS OF PUBLIC ADMINISTRATION (Fall 1996)

FACULTY APPROVAL:

[Signatures]
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CHAPTER I
INTRODUCTION

The 104th Congress and President Bill Clinton rediscovered block grants as an alternative to the more traditional type of federal spending known as categorical grant aid. Block grant aid became a cure-all cry for federal spending problems. Block grants also promoted a conservative ideology that transferred some federal power back to the states. The 104th Congress proposed consolidating 300 categorical grants into less than a dozen block grants (ACIR, Issue, 1995). The President proposed a consolidation plan of 271 categorical grants and proposed creating seven new block grants (ACIR, Issue, 1995).

Block grants became a hot political topic on the Hill. Politicians debated creating a block grant to handle the huge Medicaid program (The Economist, Sept, 2, 1995). Another area under block grant consideration was welfare reform. The Economist cites Peterson and Blank’s finding that “states with generous welfare systems attract the poor” (March 25, 1995, p. 30). Republican governors in California, Wisconsin, and Michigan wanted to “get tough” with the poor. Block grants were the political and practical way to cap spending and to allow states greater opportunity to innovate welfare programs, specifically AFDC, benefits.
By the end of the 104th Congressional session, the block grant cries slowly softened. Medicaid reform by way of block grants completely faded when states realized the problems involved with capped spending of a Medicaid block grant (The Economist, Sept, 1995). Only one new block grant, the Temporary Assistance to Needy Families (TANF), was actually created by the 104th Congress and President Clinton (National Governor's Association, 1996). Two of the existing block grants, the Social Services Block Grant (SSBG) and the Child Care and Development Block Grant (CCDBG), were modified.

While the excitement and confusion about block grants have diminished, issues surrounding existing block grants remain. An important issue concerning block grants is balancing federal accountability with state and local government flexibility (GAO, Issues, 1995, p. 6). GAO recommends a result oriented approach that uses outcome measures to assess how well block grant funded programs (BGFP) work.

Purpose of the Study

The purpose of this research is to explore and describe what types of outcome measurements are currently used in two BGFP in the State of Texas. By exploring and describing outcome measures, this research can offer suggestions for understanding and developing outcome measures for both current and future BGFP. Additionally, this research explores a general confusion about the differences between output and outcome measures.
Chapter II provides a summary of block grants. A historical emphasis gives the context for upcoming chapters. Additionally, this chapter discusses the political trends involved with block grants. Chapter II also examines current BGFP.

Chapter III examines the literature concerning outcome measures. Further, this chapter links outcome measures with block grant aid. Through this linkage, the research design and associated working hypotheses of this research is discussed.

Chapter IV examines block grants in Texas. More specifically, this chapter focuses on two BGFP in Texas, and the respective State of Texas agencies that administer these BGFP. In Chapter V, the research methodology is explained. Chapter V examines both document analysis and survey research related to this research.

The final two chapters tie together the literature and conceptual framework of this research. The results and analysis of the document analysis and survey research are discussed in Chapter VI. Each working hypothesis is examined. In the last chapter, Chapter VII, a research summary is provided. This summary includes both strengths and weaknesses of the research. Additionally, Chapter VII suggests improvements for BGFP.
CHAPTER II
BLOCK GRANT OVERVIEW

The purpose of this chapter is to discuss block grant funded programs (BGFP). This chapter provides general information concerning block grants. The primary points of this chapter are distinguishing between block and categorical grants, observing the history of block grants, discussing funding levels of block grants, and reviewing the most recent block grant programs.

Block Grant and Categorical Grant Differences

The federal government administers primarily two types of grant aid: categorical and block (ACIR, Characteristics, 1995). Categorical grants, the most common type of grant aid, target funds to specific programs and activities (ACIR, Characteristics, 1995, p. 11). Additionally, categorical grants require specific spending conditions for receiving and maintaining this type of assistance. ACIR further states that categorical grant aid is distributed in one of three ways: project, formula, and formula/project. The Medical Assistance Program (Medicaid), an example of a formula grant, was the largest categorical grant in FY 1995 at $88.4 billion (ACIR, Federal, 1995, p. E-11). Medicaid is a formula grant because the distribution is based upon legislative or administrative

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1 General Revenue Sharing will be discussed more fully in the history section. Currently, General Revenue Sharing aid accounts for approximately $1.8 billion of grant aid (ACIR, Characteristics, 1995).
formula. Additionally, Medicaid distribution uses an open-reimbursement method. Open reimbursement allows for federal government matching of approved expenses without limiting those expenses.

Block grants are a second type of federal grant aid that the federal government uses to distribute money to state and local governments. Block grants have six prevalent features (ACIR, 1995, 95-2). First, block grants are used for relatively broad purposes. Second, block grants permit some recipient spending discretion. Third, block grants promote administrative simplicity. Forth, block grant eligibility is written in statute. Fifth, block grant funding is distributed by formula. Sixth, block grants are appropriated for a specific amount. This is often called "capped spending." Because of the flexibility and fewer strings attached to BGFP, there is a growing concern about how to maintain accountability in BGFP (GAO, Feb, 1995, p. 3). Consequently, ensuring block grant accountability lends itself to studying outcome measures of current BGFP.

One similarity that block grant aid and categorical grant aid share is that both types of grant aid are distributed by formula (ACIR, Federal, 1995, p. 11). In contrast to categorical grant aid, block grant aid targets federal funds to broad programs associated with specific national goals (Stoffel, 1982). These national goals are functional in nature and allow the recipient greater spending discretion than does categorical grant aid. Recipients generally have greater flexibility and
simplicity in the administration of related programs than they would with categorical grants (ACIR, Issue Brief, 1995).

According to ACIR (1995, Issue Brief), there are a few advantages in administering BGFP over categorical funded programs. Proponents believe that block grants decrease administrative overhead. Block grants allow federal administrators and recipient administrators to engage in less stringent planning and fiscal reporting requirements. As a result, the federal government may be less responsible for the results of BGFP. Therefore, block grant recipients experience greater responsibility and control over specific programs. Block grants can also be advantageous to recipients because multiple categorical grants can be consolidated into a single block grant. Folding a number of small categorical grants into one block grant saves administrative dollars and helps to prevent categorical grants from terminating. GAO (Feb, 1995) also states that another advantage of block grants is that the design of block grants increases recipient innovation for programs and activities.

A Historical Overview

Block grants are a fairly recent phenomenon in grant aid history in the United States. The history of grant aid reflects a rising conservative political philosophy called new federalism (Conlan, 1988). Conlan asserts that a new

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2 New federalism is an academically popular term applied to the federal government giving power and responsibilities back to state and local governments. New federalism is also called decentralization. This paper will use these terms interchangeably.
federalism sprang from the idea that a centralized, or liberal, federal government spending policy had failed in the past. The way in which federal government distributed grant aid reflects, in part, a centralized government philosophy. The tendency to centralize federal government spending during the 1940s, 1950s, and 1960s emphasized categorical grant aid spending giving the federal government control over federally funded programs. In contrast, the tendency of the federal government to decentralize spending, or increase state and local governments' spending discretion, is associated with block grant aid.

Block grant aid emerged almost fifty years ago. The first block grant, proposed by the Hoover Commission in 1949, consolidated a number of categorical grants into one block grant (ACIR, 1977). The idea of grouping the specific activities and programs into a broader program may have emerged from the Hoover Commission. In 1950, legislation that would create more block grants failed to be enacted into law. Seventeen years later, the first block grant legislation, the Partnership for Health Act of 1966 (PHA), became law. Figure 2.1 displays a timeline of the federal fiscal year of effective dates of block grant aid. Block grant aid spans approximately a thirty year period in the United States beginning with the Partnership Health (PH) block grant.
Presidential Administrations and Block Grants

From 1966 until the Nixon administration in the 1970s, except for the Safe Streets block grant, no block grants were created. During the Nixon administration, Congress passed legislation that created three block grants (GAO, Characteristics, 1995). Conlan maintains that the Nixon administration used block grants as a tool to formulate a better intergovernmental system. The Nixon philosophy emphasized decentralizing the federal government by expanding the authority of local governmental officials (The Brookings Institute, 1977).

The decentralized nature of the Nixon philosophy depicts Nixon's endorsement of revenue sharing grants, a less restrictive type of grant aid that allocated federal funds directly to local governments. According to the Florida Advisory Commission on Intergovernmental Relations (FLACIR, 1981), general revenue sharing grant aid is the least restrictive type of grant aid. General revenue sharing, distributed by formula, has few or no limitations attached to the funds. Additionally, general revenue sharing grant aid requires no state matching funds (ACIR, 1976). Although Nixon's revenue sharing idea failed to be popular with Congress, the decentralized fiscal philosophy spurred support for a compromise. Block grant aid was the compromise between categorical
Figure 2.1

Timeline for Fiscal Year Effective Dates of Block Grants

<table>
<thead>
<tr>
<th>ADMS</th>
<th>LIHEAP</th>
<th>MCHS</th>
<th>PHHS</th>
<th>FTCOA</th>
<th>PC</th>
<th>SSA</th>
<th>CDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>PH</td>
<td>SS</td>
<td>CETA</td>
<td>LEA</td>
<td>CSBG</td>
<td>CDG</td>
<td>FSLPE</td>
<td>PATH</td>
</tr>
</tbody>
</table>

Information compiled from ACIR (Characteristics, 1995) and GAO (Feb., 1995)

Abbreviations of Block Grants

- **ADMS**: Alcohol, Drug Abuse, and Mental Health Services Block Grant
- **CCDBG**: Child Care and Development Block Grant
- **CDBG**: Community Development Block Grant
- **CETA**: Comprehensive Employment & Training Act
- **CJA**: Criminal Justice Assistance
- **CMHS**: Community Mental Health Services
- **CSBG**: Community Services Block Grant
- **CYA**: Community Youth Activity
- **FTCOA**: Federal, State, and Local Partnership for Educational Improvement
- **FSLPEI**: Federal, State, and Local Partnership for Educational Improvement
- **JTPA**: Job Training Partnership Act
- **LEA**: Law Enforcement Assistance
- **LIHEAP**: Low-Income Home Energy Assistance
- **MCNS**: Maternal & Child Health Services
- **PATH**: Projects for Assistance in Transition from Homelessness
- **PH**: Partnership for Health
- **PHHS**: Preventative Health & Health Services
- **PC**: Primary Care
- **PTSA**: Prevention and Treatment of Substance Abuse
- **SS**: Safe Streets
- **STP**: Surface Transportation Program
- **SSBG**: Social Services Block Grant
- **TANF**: Temporary Assistance for Needy Families

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3 Cities Program
4 State Program
5 Also known as Payments to States for Day Care Assistance.
6 Information from the National Governor's Association (1996)
grant aid and revenue sharing grant aid.

After the Nixon administration, legislation creating block grants remained relatively dormant until the Reagan administration. In between the Republican administrations, only one block grant, the Law Enforcement Assistance (LEA) block grant, was created. The conservative Reagan administration of the early 1980s supported decentralizing the federal government, but for a different reason than the Nixon administration. Nixon had wanted to increase the power base of local government. However, the Reagan administration wanted to use block grants for eliminating the perceived over-extended involvement of the federal government (Conlan, 1988). Perhaps what is more important, the Reagan administration supported block grant aid as an alternative to limiting federal spending for domestic programs (Bahl, 1984).

The Politics of Block Grant Aid

Both the Nixon and Reagan administrations found that supporting block grants could be politically advantageous (Block Grants, 1977). Block grants reduce the power and influence of special interest groups at the national level because block grant aid is administered by different jurisdictions. Presidential power is thus enhanced. Another political advantage in supporting block grant aid is that block grant aid appears to decentralize or limit bureaucracy
associated with big government, a theme that conservative politicians often embrace.

Another political advantage of block grants is that Congress retains control over program goals. Congress retains the power to redirect the funding or change the intent of a block grant. While Congress continues to maintain some influence with block grants, communities have more control over spending. Theoretically, block grants are more democratic because local governmental control increases.

Mandates are one concern that local governments have with Congressional control over program goals. Massey and Straussman (1985) studied block grants, specifically Community Development Block Grants, to determine the extent that federal mandates are imposed upon local administrators. Massey and Straussman concluded that the congressional strings attached to block grants fail to severely limit the recipients of block grant aid.

The Omnibus Reconciliation Act of 1981

During the early part of the Reagan administration, the 1981 Omnibus Reconciliation Act (OBRA) was enacted (ACIR, Characteristics, 1995). OBRA created the largest cluster of new block grants in block grant aid history (GAO, Feb, 1995). Figure 2.1 shows the names of block grants created by OBRA in
1981. The General Accounting Office (GAO) indicates that three previously existing block grants, Partnership for Health, Law Enforcement Act, and Comprehensive Employment & Training Act, and 50 categorical grants were consolidated into the nine block grants under OBRA.

The Effects of OBRA

In retrospect, the OBRA block grants met only a few of the goals of OBRA. Givel (1991) asserts that state and local governments acquired greater fiscal discretion with federal dollars and related federal programs. GAO (Feb, 1995) confirms that state and local governments were given greater flexibility in determining how federal dollars were spent under OBRA. GAO (Feb 1995, p. 27) discusses another effect of OBRA block grants. OBRA legislation reduced federal funding and data collection and reporting requirements as compared to the previous categorical programs.

Another legislative intent of OBRA was to reduce the administrative costs of federally funded programs. Givel’s (1991, p. 177) study indicates that changes in the administrative roles of block grant funded program did indeed occur. Federal government administrators’ responsibilities decreased while local administrators’ responsibilities increased. For example, rule-making trends for the Community Services Block Grant (CSBG) in Arizona, California, and Oregon resulted in decreasing the complexity of procedures and rules while increasing
community action and autonomy. Givel's case studies demonstrate a new trend. States decreased complex procedures and rules and increased local autonomy, especially in comparison to previous categorical grant rules. Given Givel's study, administrative responsibility was shifted to state and local governments. Hence, the Reagan administration increased decentralization of the federal government.

However, block grants created under OBRA failed to meet some of the goals of the legislation. One goal of block grant aid is to increase state and local government flexibility. According to Hayes and Danegger (1995) block grant funded program flexibility actually decreased. Greeves (GTC, 1996), for example, confirms that block grants created under OBRA over time have more "strings" attached. Consequently, the more strings attached to block grants the less flexible the block grant. GAO (Feb, 1995) asserts the reason for the decreasing flexibility of block grants was due to two predominate constraints, set-asides and cost ceilings. GAO (1992) research indicates that a total of 13 set-aside and cost-ceiling requirements were added in FY 1982-1991, and only 9 set aside and cost-ceiling requirements were abolished.

A theoretical goal of OBRA was to promote greater fiscal discretion for states. The states needed greater fiscal discretion to cope with an overall 12 percent reduction of funding from the categorical grants existing before OBRA (GAO, Feb, 1995). States coped with the loss of federal funds by shifting dollars
between block grant programs (Hayes & Danegger, 1995). Additionally, Hayes and Danegger assert that states managed block grant aid with greater fiscal discretion by using previous categorical payments for the new BGFP. States also used their own financial resources to adjust to block grant aid. Block grants requiring a federal match failed to substantially affect state spending. Except for the Social Services Block Grant and health related block grants, states failed to use their dollars to compensate for the loss of federal dollars (GAO, Feb, 1995). Furthermore, states handled fund losses by increasing taxes and fees. A financial method that states used to manage block grant aid was an intentional reassessment of financial priorities to handle fewer federal dollars.

One problem with the BGFP passed in OBRA is that maintaining accountability became more difficult for states (Hayes & Danegger, 1995). In the early 1980s, states failed to have a standard for reporting BGFP to the federal government. The 1984 Single Audit Act (SAA) was passed, at least in part, to remedy block grant aid reporting deficiencies. However, even after the SAA legislation, the federal government failed to monitor the relationship between program dollars and program results (GAO, Issues, 1995). This failure to adequately oversee the consequences of BGFP implies that accountability problems may have existed with BGFP.

Finally, an interesting side effect of the block grants created by OBRA is what Hayes and Danegger (1995, p.16) call the categorical creep. Essentially,
both the numbers of and the dollars of new categorical grants increased much more rapidly in the 1980s than did new block grants. Hayes and Danegger suggest that the new categorical grants of the 1980s were created to offset what the block grants failed to handle. The 1980s block grants failed to address particular needs of a vocal minority, to provide ample federal dollars to alleviate economic and social problems, and to maintain fiscal accountability.

Block Grant Aid After 1981

After OBRA, seven more block grants were created. Four block grants, including the largest block grant called the Surface Transportation Program (STP), were created in 1991. Different legislation, such as ISTEA, created these block grants. By 1995, 15 block grants existed. An interesting observation about BGFP is that these programs are often very different from each other. In other words, no two BGFP are exactly alike. Because of the diversity of BGFP, all BGFP need to be separate and distinct from each other. For example, some block grants such as Community Development Block Grant (CDBG) and the Surface Transportation Program (STP), focus on economic development. Even though these block grants focus on economic development, they both have different roles. CDBG focuses, in part, on providing affordable housing, whereas STP focuses, in part, on providing highways and bridges. Other block grants, such as the Social Services Block Grant (SSBG) and the Maternal and Child
Health Services block grant (MCH), provide human services to individuals and communities in need. However, MCH emphasizes health, but the SSBG does not. Table 2.1 shows the block grants grouped by the federal budget subfuctional classification system.

**Block Grant Funding Levels**

Along with the general history of block grant aid, an ongoing interest centers on whether block grant aid provides stable and adequate funding levels for recipients. Greeves (1996) stated that one of the purposes of block grant aid is to cap federal spending. This begs the question: has funding for block grant aid decreased over time? The research evidence is mixed.

From a broad perspective, that is, looking at all block grant funding over a thirty year period, block grant aid increased. ACIR (Characteristics; 1995) data examines block grant aid in a thirty year period. According to ACIR, federal block grant expenditures in 1975 totaled $4.6 billion. In 1995, block grant expenditures totaled $22.8 billion. This is a sizable increase of $18.2 billion. However, to account for inflation, ACIR also shows block grant expenditures in constant, or 1987, dollars. In constant dollars, the 1975 block grant outlays total approximately $9 billion and increased to about $18 billion by 1995. The difference between current and constant dollars in 1995 outlays is
Table 2.1
Federal Block Grants Funding Levels as of 1993

<table>
<thead>
<tr>
<th>Block Grant</th>
<th>Federal Budget Categories</th>
<th>Funding level (In Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface Transportation</td>
<td>Ground Transportation</td>
<td>17,548,164</td>
</tr>
<tr>
<td>Temporary Assistance for Needy Families</td>
<td></td>
<td>$16,800,000</td>
</tr>
<tr>
<td>Social Services</td>
<td>Social Services</td>
<td>$2,800,000</td>
</tr>
<tr>
<td>Community Development (Cities)</td>
<td>Community Development</td>
<td>2,725,450</td>
</tr>
<tr>
<td>Federal Transit Capital and Operating Assistance</td>
<td>(Car and) Transportation</td>
<td>1,773,162</td>
</tr>
<tr>
<td>Low-Income Home Energy Assistance</td>
<td>Other Income Security</td>
<td>1,346,030</td>
</tr>
<tr>
<td>Prevention and Treatment of Substance Abuse</td>
<td>Health</td>
<td>1,130,409</td>
</tr>
<tr>
<td>Community Development (States)</td>
<td>Community Development</td>
<td>1,118,300</td>
</tr>
<tr>
<td>Job Training Partnership Act</td>
<td>Training &amp; Employment</td>
<td>1,045,021</td>
</tr>
<tr>
<td>Payments to States for Day Care Assistance</td>
<td>Other Income Security</td>
<td>$892,711</td>
</tr>
<tr>
<td>Maternal &amp; Child Health Services</td>
<td>Health Care Services</td>
<td>557,939</td>
</tr>
<tr>
<td>Federal, State, and Local Partnership for</td>
<td>Elementary, Secondary, &amp;</td>
<td>439,954</td>
</tr>
<tr>
<td>Educational Improvement</td>
<td>Vocational Education</td>
<td></td>
</tr>
<tr>
<td>Community Services</td>
<td>Social Services</td>
<td>372,000</td>
</tr>
<tr>
<td>Community Mental Health Services</td>
<td>Health</td>
<td>277,919</td>
</tr>
<tr>
<td>Preventive Health &amp; Health Services</td>
<td>Health</td>
<td>143,306</td>
</tr>
<tr>
<td>Projects for Assistance in Transition from</td>
<td>Health</td>
<td>29,462</td>
</tr>
<tr>
<td>Homelessness (PATH)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total block grant federal funding</td>
<td></td>
<td>$ 48,999,827</td>
</tr>
</tbody>
</table>

(GAO, Feb, 1995)\textsuperscript{11}

approximately $9 billion. Despite this difference, block grant outlays have almost doubled.

Although block grant aid as a whole indicates funding increases, there are exceptions to specific programs. For example, GAO (Increases, 1995) research compared 1981 to 1982 block grant funding levels and found that BGFP, when totaled together, experienced a drop in funding by approximately $1 billion.

\textsuperscript{7} Data is unavailable.
\textsuperscript{8} Information provided by the National Governor’s Association, 1996.
\textsuperscript{9} Figures do not reflect changes in funding due to the Personal Responsibility Act of 1996.
\textsuperscript{10} Figures do not reflect changes in funding due to the Personal Responsibility Act of 1996.
\textsuperscript{11} GAO sites: Catalogue of Federal Domestic Assistance, Office of Management and Budget (1994).
Interestingly, GAO data indicates that some BGFP increased. For example, the Low-Income Home Energy Assistance Block Grant (LIHEAP) and CDBG (for small cities) experienced an increase in funding between 1981 and 1982. However, the remainder of BGFP in the 1980s lost funds anywhere from 30 to 12 percent due to a decrease in BGFP federal dollars.

Research conducted by Stoffel (1982) confirms GAO findings. Stoffel found a similar trend of decreased block grant aid occurred with the Elementary and Secondary Education block grant. Stoffel's research showed that the education block grant lost 20% of the original appropriations in 1981 due to a change in reconciliation levels. Stoffel's research further concludes that the economic consequences and realities of block grants may be damaging to certain programs.

Hayes and Danegger (1995) reach a similar conclusion that block grant aid decreases over time, especially with social services spending categories. BGFP, according to Hayes and Danegger, have fewer amounts of available dollars to recipients over time because appropriation amounts for BGFP fail to account for inflation and cost of living adjustments. Additional factors that contribute to declining funding levels for block grant aid include: an unclear sense of national purpose, ambiguous reporting systems, increased federal controls, and difficulty in identifying the results of block grants.
Personal Responsibility and Work Opportunity Reconciliation Act of 1996

The 104th Congress viewed BGFP as a popular political alternative to categorical grant aid (ACIR, Characteristics, 1995). A recent U.S. statute, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, was enacted August 1, 1996 (National Governors' Association, 1996). In this legislation, the Temporary Assistance to Needy Families (TANF) block grant was created. This block grant is soon to be the second largest block grant in existence. TANF provides $16.38 billion to states for the fiscal years of 1997-2002. Interestingly, the creation of TANF restructured the distribution of funds for the Social Services Block Grant (SSBG) and the Child Care and Development Block Grant (CCDBG). For example, the SSBG has incurred a loss of funding by up to 30 percent (National Governor's Association, 1996). However, the Child Care and Development Block Grant has increased funding with TANF.

Conclusion

Block grant aid emerged as an alternative to categorical grant aid during the mid 1970s and the early 1980s. Block grants encompass a wide spectrum of programs that include health, employment, crime, social services, and economic development. Most of the block grants of the mid 1970s failed to survive the 1981 Omnibus Reconciliation Act. OBRA reflected a trend of decentralizing the
federal government and conversely increasing fiscal and management responsibilities of state and local governments for federal programs. One concern about block grant aid is whether federal funding levels decrease over time. Aggregated funding levels block for grant aid has increased during the last thirty years, however a specific number of block grant programs have experienced decreases in federal dollars.

There are a number of issues associated with block grant aid. One of the concerns addressed by Hayes and Danegger (1995) is the issue that maintaining accountability with block grant aid became more difficult for state and local governments. With increased fiscal and administrative flexibility and responsibility, state and local governments have had to become accountable for their actions.

The next chapter, Chapter III, introduces and addresses accountability and BGFP. Specifically, Chapter III proposes how outcome measures can help analyze BGFP.
CHAPTER III
LITERATURE REVIEW

The purpose of this chapter is to discuss the literature concerning outcome measures and block grant aid. This chapter introduces outcome measures and block grant aid by first discussing accountability related to outcome measures. Next, this chapter discusses what outcome measures are. Finally, this chapter establishes categories of outcome measures for block grant aid that are useful in examining block grant funded programs (BGFP).

Accountability and Outcome Measurements

Why is accountability important in government? Accountability, a frequently used term, describes and identifies how public officials use money to improve society or implement programs (McKinney, 1994). However, accountability goes beyond who is responsible. Accountability includes governmental procedures as well as the actions of governmental officials responsible for those procedures. McKinney advocates that public officials should consider their actions according to the peoples' will. Kettl (1994) further expands upon accountability in government. According to Kettl, notions of accountability should include governmental boundaries. These boundaries are boundaries of governmental organizations, specifically the borders between
agencies, between levels of an agency, and between programs. Thus the scope of accountability includes who is responsible, what processes are identifiable, and which organizational areas are responsible for certain actions.

**Performance Measures Lead to Accountability**

Although complete governmental accountability is an admirable goal, both scholars and practitioners understand that the likelihood of obtaining accountability for all processes (individuals, organizations, and programs) is quite challenging. One attempt to increase accountability in government is to use a mathematical approach that quantifies specific governmental actions or products.

Performance measurements do just this. Performance measurements are mathematical tools that report numerical values associated with certain actions. Another way of viewing performance measures is that performance measures help determine whether a governmental entity is able to do what the governmental entity is trying to do. Performance measurements are frequently stated in terms of goals and objectives. Kravchuk and Schack (1996) assert that in designing effective performance measures it is necessary to articulate a mission, strategies, and objectives.

Using performance measures offers a few advantages to organizations. Alwin (1994) believes performance measures in and of themselves can be used
as a means to an end in analyzing governmental actions. Another advantage of using performance measurements is to pin point the accomplishments and activities of programs (McKinney, 1994). Additionally, using performance measurements and related information helps to explore problems in government (Hatry et al., 1990). The benefits of performance measures are that they generate early success or failure warnings, give incentives to workers, relay work quality, and decentralize decisions making (Campbell, 1994).

Beyond the scholarly literature that supports using performance measures, the federal government has sent a clear message about using performance measurements by passing the Government Performance and Results Act of 1993 (GPRA) (CBO, 1993). GPRA will require, by the end of September of 1997, that every federal agency and department develop a five year strategic plan that is tied to measurable outcomes beginning with Fiscal Year 1999. It remains to be seen how GPRA will effect state and local governments.

State Governments and Performance Measures

Because the federal government seems to be slowly decentralizing, state and local governments have gradually taken on more responsibilities (Cigler, 1990). As a result, not only are performance measures becoming more widespread in federal agencies and departments, but state and local
governments frequently use performance measures (ACIR, Intergovernmental, 1996). Performance measurements, which include outcome measurements, have become increasingly popular in a number of state governments, including Texas, during the last five years (Cobb, 1996). Individual states seem to have had varying degrees of failures and successes with performance measures.

The Congressional Budget Office (CBO) (1993) found that state governments with both a strong legislature and a strong governor that use performance measures often have problems agreeing upon which performance measures to use. A power struggle between these two branches of government can be counter productive in creating usable performance measures. Another problem that states have in using performance measures is that performance measures fail to be used to distribute state resources. For example, the General Accounting Office (GAO) (Characteristics, 1995) studied performance budgeting and related performance measurements in the states of Connecticut, Hawaii, Iowa, Louisiana, and North Carolina. GAO concluded that these states failed to use performance measures in allocating resources during the budgetary process.

Although a number of states have found performance measurements difficult to use, CBO (1993) research indicates that Oregon has increased the use of performance measures in their budgeting process. For example, Oregon educates both employees and citizens about performance measures. State
agencies and employees are encouraged to develop and use performance measures. Oregon citizens are educated about how performance measurements can be used to help determine the public services that Oregon provides.

Outcome Measures

What are outcome measures? Outcome measures are a type of performance measure that reflect the results of stated goals and objectives in terms of the consequences of specific actions (Hatry et al. 1990). Campbell (1994) believes that the best outcome statements include the following characteristics. First, who will be affected. Second, what the change will be. Third, how much change is expected. Fourth, when the change begins.

To create meaningful outcome statements, they should be linked to outcome indicators (Hatry et al., 1981). It is the outcome indicators that provide the actual numbers that measure the results of the work (McKinney, 1994). Outcome indicators are quantifiable measures that attempt to measure how well a program is able to meet the mission and goals of a program or an organization. Infant mortality is an example of an outcome indicator. The infant mortality rate measures how many babies die, before age one, out of the total number of babies born to a specific population. The infant mortality rate is one outcome indicator that could be used to measure the effectiveness, or results, of
a prenatal health care program. According to Campbell (1994), outcome indicators should be evaluated according to predetermined standards. Thus the numbers from the outcome indicator are compared to a previously defined outcome indicator number to determine if the new outcome indicators fall within an acceptable range.

Output Measures Versus Outcome Measures

Often, it is difficult to distinguish between output and outcome measures (McKinney, 1994). Output measures quantify the services produced for a specific population (McKinney, 1994). Examples of output and outcome measures are shown in Table 3.1. Output measures can be thought of as the work of an organization, whereas outcome measures are the result of the work of an organization (Wilson, 1989, p. 158). CBO (1993) studies indicate that performance measures are used at all levels of government; however, the main thrust of performance measurements is on activities or outputs (1993).

In contrast to output measures, outcome measures can be thought of as the results of the work that an organization does (Wilson, 1989). CBO research indicates that states fail to use outcome measurements because public programs are difficult to evaluate. To prevent the output and outcome confusion, McKinney suggests that outcome measures should be used cautiously.
Table 3.1.
Examples of Programs Goals and Outputs and Outcomes

<table>
<thead>
<tr>
<th>Program and Goals</th>
<th>Typical Output Measure</th>
<th>Typical Outcome Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing the literacy rate for high risk students.*</td>
<td>Dropout rate</td>
<td>Test score results</td>
</tr>
<tr>
<td></td>
<td>Number of students who graduated.</td>
<td>High risk students enrolled in college</td>
</tr>
<tr>
<td>Providing quality health care at Smith Hospital*</td>
<td>Number of patients per nurse.</td>
<td>Readmission rates.</td>
</tr>
<tr>
<td></td>
<td>Number of patient-days.</td>
<td>Patient satisfaction.</td>
</tr>
<tr>
<td>Providing better police protection*</td>
<td>Hours of patrol</td>
<td>Response rate</td>
</tr>
<tr>
<td></td>
<td>Number of arrests</td>
<td>Citizen satisfaction</td>
</tr>
<tr>
<td></td>
<td>Crimes investigated</td>
<td>Solved cases</td>
</tr>
<tr>
<td>Providing assistance to the poor.*</td>
<td>Number of requests</td>
<td>Applications processed in 45 days.</td>
</tr>
<tr>
<td></td>
<td>Amount of assistance</td>
<td>Payment error rates</td>
</tr>
<tr>
<td>Maintaining Roads*</td>
<td>Number of miles resurfaced</td>
<td>No car repairs due to poorly maintained roads.</td>
</tr>
<tr>
<td>Providing adequate wastewater treatment to underdeveloped communities</td>
<td>Number of new sewage pipes.</td>
<td>No sick family members due to unsanitary conditions.</td>
</tr>
</tbody>
</table>

* Indicates that these programs, outputs, and outcomes are either directly derived or modified from CBO (1993).

Perhaps one problem with distinguishing between output and outcome measures is that scholars and practitioners view these measurements as completely separate, but output and outcome measures may not be that easily distinguishable. Output and outcome measures may overlap into a gray area. Goals and objectives of an organization determine whether a measurement is an output or an outcome measurement. For example, if an organization wants to educate the public about the programs of an organization, the organization could distribute information to the public. If the goal is to distribute massive amounts of information, then output and outcome are the same: the number of pamphlets, for example, distributed to the public. However, if the goal is to
educate the public, then numbers of pamphlets are the output, and number of informed citizens are the results. (An instrument that could be used as an indicator, such as a survey, would have to be created to measure whether the citizens are informed.) When the goal is to educate, merely distributing pamphlets does not ensure that the public is educated. First, there is no guarantee the information will be read. Second there is no guarantee that individuals will understand what is read. Therefore, the outcome measure is preferred over the output measurement because the outcome measurement addresses whether the individual understands the information.

An alternative way of viewing output and outcome is with a continuum. Figure 3.1 depicts such a continuum. At one end is output, the other outcome. The characteristics of each type of measurement are listed under the appropriate measurement. The beauty of a continuum is that it allows for gray areas. Thus it is possible for an outcome measure to also be an output measure depending upon the goals and objectives that are linked to the measurement.

Accountability and Block Grant Funded Programs

Hayes and Danegger (p. 24, 1995) predict that in order for BGFP to survive, such programs will need well-defined purposes, program goals, and objectives. The authors stress that accountability for BGFP should be determined from measurable results. GAO (Block Grants, 1995) research
Figure 3.1

Output and Outcome Continuum with Associated Characteristics

Output Characteristics
- Tangible
- Quantity
- The final product
- The work
- One dimensional

Outcome Characteristics
- Intangible
- Quality
- What the product does
- The end results
- Two dimensional

further discusses accountability issues and BGFP. The GAO conclusions emphasize reporting program outputs, outcomes, or other performance measures to maintain levels of accountability and credibility. Additionally, GAO asserts that federal policy makers have a responsibility to specify national goals and objectives. However, GAO cautions against only using financial incentives, or budget-based measurements, to ensure good program and agency performance.

Before passing the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, researchers addressed accountability and block grant aid in the anticipation that welfare reform would involve block grant aid. According to Gardner (1995), state and local governments need to prepare for greater discretion and accountability for results in dealing with block grant
funding (p. 15, 1995). Gardner believes that providers need to establish their outcome measures since Congress has failed to focus on outcome measures. Furthermore, Gardner contends that unless providers establish their outcome measures, budget offices and legislators will feel compelled to establish outcome measures for the providers. Additionally, Gardner predicts budget offices and legislators will fail to establish correct outcome measurement for client specific programs.

The Theory of the Ideal Type

The literature provides a piecemeal approach in identifying the outcome measures most useful in assessing BGFP. Since formal categories of outcome measures fail to exist, it seems appropriate to create categories of outcome measures. Using Weberian theory, called the ideal type, a classification system for outcome measures is created (Weber, Max Weber, 1949).

According to Weber, the ideal type involves creating utopian categories from a theoretical perspective. The ideal type, in the pure form, has no empirical basis or link to reality and is therefore considered a utopian classification system (Weber, The Methodology, 1949). However, this research does not create or classify outcome measures based upon utopian, or theoretical, categories. The literature indicates that different types of outcome measures do exist.
An important consideration of Weber's ideal type is whether the utopian categories make sense. Implicit within Weber's ideal typology is that the ideal type does indeed make practical sense (Weber, The Methodology, 1949). While there may fail to be an ideal type of outcome measures in the purest sense, a useable or practical ideal type can be derived from the literature. The literature helps to identify the most common outcome measurements used with BGFP.

After identifying the categories for the practical ideal type, the typology can be compared to what Weber calls reality. Reality within the context of BGFP in Texas is the actual types of outcome measures that Texas agencies use to assess their respective programs. Using the ideal typology of outcome measures will help to provide a gauge with which to examine the reality of using outcome measures in BGFP.

Types of Outcome Measures

The literature indicates that three types of outcome measures, agency, budgetary, and client, are the most prevalent types of outcome measures. Agency outcome measures assess the result of the work that an organization or an agency performs. (CBO, 1993). Budgetary outcome measures examine the results of the work in terms of dollars. Client outcome measures examine the results of the work based upon the needs of the client. Table 3.2 shows the
three types of outcome measures as these outcome measures relate to the examples in Table 3.1.

**Agency-based Outcome Measures**

Agency-based outcome measures focus on how well an organization or program's objectives are met. CBO (1993) research found that using performance measurements worked best at an agency level. Agency-based outcome measurements have at least two primary benefits. First, agency-based outcome measurements motivate personnel (Hatry et al., 1990).

<table>
<thead>
<tr>
<th>Program Goals and Objectives</th>
<th>Outcome Measure Example</th>
<th>Type of Outcome Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing the literacy rate for high risk students.*</td>
<td>Test score results</td>
<td>Client</td>
</tr>
<tr>
<td></td>
<td>High risk students enrolled in college</td>
<td>Agency</td>
</tr>
<tr>
<td>Providing low cost quality health care at Smith Hospital</td>
<td>Readmission rates. Patient satisfaction. 15% reduction of hospital bills</td>
<td>Agency</td>
</tr>
<tr>
<td>Providing better police protection*</td>
<td>Response rate Citizen satisfaction Solved cases</td>
<td>Agency/Citizen</td>
</tr>
<tr>
<td>Providing assistance to the poor.*</td>
<td>Applications processed in 45 days Payment error rates Increase in private donations</td>
<td>Agency</td>
</tr>
<tr>
<td>Maintaining Roads*</td>
<td>No car damage due to poorly maintained roads.</td>
<td>Client</td>
</tr>
<tr>
<td>Providing adequate wastewater treatment to underdeveloped communities</td>
<td>No sick family members because of unsanitary conditions.</td>
<td>Client</td>
</tr>
</tbody>
</table>

* Indicates that these programs, outputs, and outcomes are either directly derived or modified from CBO (1993).
Second, Hatry et al. assert that agency-based outcome measures help ensure the service quality that an agency provides by providing information on service quality. Millar et al. (1977) believe that looking at specific services of an agency is quite useful for program planning. However, only looking at specific services may be too narrow a view of a service to determine service effectiveness.

**Budget-based Outcome Measures**

Another type of outcome measurement is a budget-based outcome measure. Budget-based outcome measures focus on measuring results with dollars. Budget-based performance measures, such as program budgeting, performance budgeting, and target based budgeting are examples of governments' attempt to increase budget accountability (Khan & Hildreth, 1994, p. vii).

In general, performance measures are associated with the budget process of a governing body and/or an organization. This is because current budgetary and accountability techniques often work in congruence with each other (McKinney, 1994). McKinney contends that clearly defined measurements are indispensable to budgeting systems. Interestingly, CBO's (1993) research found that it is difficult to find examples of states with successful performance measures that are linked to the budgetary processes. Oregon, however, does link performance measures and benchmarks to their budget process. CBO
concludes that performance measures will be used more in government budgeting processes because the Government Accounting Standards Board (GASB) strongly advocates using performance measures.

Budget-based outcome measures offer at least two advantages. Hatry, et al. (1990) believe that upper managers of organizations can use budget-based outcome measurements and related indicators to help explain policies and budgets to the Governor and the Legislature. Another advantage of budgetary-based measures is that it is often easier to collect fiscal measurements than other types of outcome measures (Gardner, 1995).

**Client-based Outcome Measures**

The third type of outcome measurement present in the literature is client-based. For example, in Table 3.2, test score results and patient satisfaction emphasize the needs of clients (as opposed to the needs of an agency). Client-based outcome measures are most frequently used in social services programs and organizations (Gardner, 1995). However, for the most part, client-based outcome measures are the least common type of outcome measurement used in government. Kravchuk and Schack (1996) discuss the importance of designing performance measures that consider the customer(s) of a program (1996). This view is affirmed by Hatry et al. (1981) who believe it is crucial to identify the
beneficiary of a program. Millar et al. (1977) propose classifying clients according to demographics and the needs and goals of the client.

Governments may find it problematic to use client-based outcomes for several reasons. One complicating aspect of client outcomes is that clients may have multiple problems. Clients may also be included in more than one group of clients therefore making it difficult to identify the client (Millar et al., 1977, p. 4). Additionally, clients can be primary and/or secondary which can further complicate the process of identifying client outcome measures. Another difficulty with establishing and using client-based outcome measures is that it may be necessary to identify the citizens of an entire state (Hatry et al., 1981). Such a task could be challenging for a largely populated state and local governments. Finally, Hatry et al. recommend that, for some programs, it may be necessary to identify the future citizens as clients.

Even though establishing client-based outcome measures is difficult there are at least two advantages of using client-based outcome measures. First, client-based outcome measurements help to motivate employees by using client measurements to create goals (Hatry, et al., 1990). Second, client-based outcome measurements are useful to social service organizations. Client-based outcome measures rather than the budgetary-based outcome measures assess the ability of the client to leave the social services system (Gardner, 1995).
Working Hypotheses

Weber's theory regarding the ideal type is not intended to be used as a hypothesis (Fry, 1989, p 21). However, Fry further interprets Weber's text by stating that the ideal type can lead up to or generate or test a hypothesis. This ideal/reality comparison can be accomplished by using working rather than formal hypotheses.

Agency-based Outcome Measures

After examining the ideal types of agency-based outcome measures, it seemed likely that the State of Texas used agency-based outcome measures more frequently than other types of outcome measures. This assumption is the premise of the following working hypotheses.

WH 1a: The Texas appropriations process uses agency-based outcome measures.

WH 1b: Agencies in Texas that currently participate in block grant funded programs use agency-based outcome measurements to measure BGFP.

In order to explore the likelihood that agency-based outcome measures are used in agencies that administer BGFP (the reality), this research uses two sources of evidence. Working hypothesis 1a is linked to the formal Texas legislative outcome statements that are related to BGFP. These outcome statements are identified as agency-based outcome measures if they meet the
appropriate characteristics. The frequency of statements concerning agency-based outcome measures in BGFP in Texas agencies is measured. Working hypothesis 1b hypothesizes that agencies who administer BGFP in Texas use agency-based outcome measures to measure the results of BGFP work. A survey instrument measures whether individuals who administer block grants in Texas use agency-based outcome measures.

**Budget-based Outcome Measures**

The justification of the working hypotheses for budget-based outcome measures is derived mostly from information in the literature. The literature indicates that budget-based performance measures are used extensively at all levels of government, and that budget-based performance measures are the easiest of these three types of outcome measures to quantify. Because the appropriation process in Texas distributes money to state agencies, it seems reasonable to assert that budgetary-based outcome measures are a tool that helps determine how agencies and programs acquire dollars. This assumption yields working hypothesis 2a. Further, it is reasoned that once dollars are appropriated to an agency by the Texas Legislature, the agency as a whole is more concerned with agency and client measures rather than budget measures. Working hypothesis 2b takes this reasoning into account. These assumptions lead to the following working hypotheses.
WH 2a: The Texas appropriations process uses budget-based outcome measures.

WH 2b: Texas Agencies use fewer budgetary outcome measures than agency-based or client-based outcome measures.

Research explores the budgetary-based outcome measures as an ideal type. Working hypothesis 2a looks at the reality of whether formal budget-based outcome measures are used in the Texas Legislative process. The research further examines the reality of agency use of budget-based outcome measures for Texas BGFP by survey instrument.

**Client-based Outcomes Measures**

The literature overwhelmingly indicates that client-based outcome measures are not used frequently in government. It seems likely that Texas agencies who administer BGFP fail to be an exception to government and academic research. Therefore, the client-based working hypotheses 3a and 3b are stated as follows.

WH 3a: The Texas appropriations process does not use client-based outcome measures.

WH 3b: Agencies in Texas that currently participate in block grant funded programs do not use client-based outcome measurements.
This study explores client-based outcome measures as an ideal type. In addition, the research investigates the reality of BGFP by categorizing client-based outcome measures and the frequency that this type of outcome measure is used by BGFP in Texas agencies. Working hypothesis 3a examines the formal Texas Legislative appropriation statements to determine if client-based measures are used. Working hypothesis 3b investigates whether administrators of Texas agencies who administer BGFP use client-based outcome measures.

The Measurement Continuum

The literature indicates that both output and outcome measures are useful performance measurement tools. One problem with the literature is that it tends to label measurements as either an output or an outcome. Outputs and outcomes are often viewed as mutually exclusive. Such distinctions fail to acknowledge the similarities between outputs and outcomes. Further, this restrictive view of output and outcome measures fails to emphasize the potentially changing relationship between goals and objectives with types of relevant measurements. To account for the gray areas, and the potentially changing nature of an output to an outcome measurement, a continuum working hypothesis is stated as follows.

WH 4: In practice, output measures and outcome measures are not mutually exclusive categories and fall within a continuum.
This study examines output and outcome measures in the Texas appropriations process in terms of numbers and similarity of measurement statements. Other evidence to assess the mutual exclusiveness of output and outcome measures is derived from the survey instrument.

Conclusion

The literature indicates that there are three common types of outcome measurements that may be used to assess BGFP -- agency, budgetary, and client. Using a Weberian approach to understanding the ideal type, these three types of outcome measures are determined to be the best practical ideal types of outcome measures\(^\text{12}\). Additionally, the literature seems unclear if overlapping characteristics of output and outcome measures exist. The measurement continuum is constructed to allow for such similarities. This research uses four major categories of working hypotheses to explore block grant funded program outcome measurements in the State of Texas.

The next chapter, Chapter IV, discusses the Texas agencies and the associated BGFP that have been selected for this research.

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\(^{12}\) While it may seem antithetical to use the term and the associated concept of the practical ideal type, the reasoning behind it is based upon the concept of pragmatism by John Dewey. The goal is to find categories which can be used to solve problems. In this paper, the three types of outcome measures can be used to solve problems that the public administrator encounters. At some point it becomes important to assess which reasonable categories, in this case of outcome measures, could be used, but are not being used by public administrators.
CHAPTER IV

BLOCK GRANT FUNDED PROGRAMS IN TEXAS

The purpose of this chapter is to provide a summary of block grant funded programs (BGFP) in Texas. Additionally, this chapter provides insight into the diverse nature of BGFP. The two block grants that this research discusses are the Surface Transportation Program (STP) and the Community Development Block Grant (CDBG). The Texas Department of Transportation (TXDOT) administers the STP. The Texas Department of Housing and Community Affairs (TXDHCA) administers the CDBG program.

Overview of Block Grants in Texas

Texas currently administers fifteen of the federal BGFP listed in Table 2.1 of Chapter II. In 1997, Texas will begin administering its sixteenth block grant, the Temporary Needy Assistance for Families (TANF). TANF will then become the second highest dollar funded block grant program in Texas. Table 4.1 shows eight of the largest appropriated BGFP in Texas and the appropriation amounts for each. Of the eight federal BGFP shown in Table 4.1, all but two block grants are handled by more than one Texas agency. Furthermore, state universities often receive a portion of a block grant funded program such as in the Surface Transportation Program. Mapping the appropriation amounts to the different block grants and the different State agencies that administer these block grants can be an arduous task. For example, the funding of the Social Services Block Grant (SSBG) is distributed to the Texas Department of Health, Texas Department of Human Services, Texas Department of Protective and
Regulatory Services, and the Texas Workforce Commission (Texas Department of Human Services, 1996).

Table 4.1
Block Grant Programs Administered by State of Texas Agency and Appropriation Amount

<table>
<thead>
<tr>
<th>Block Grant Program</th>
<th>State Agency</th>
<th>Appropriation FY'94 (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface Transportation Program</td>
<td>Comptroller * Dept. of Transportation</td>
<td>**1,070.5</td>
</tr>
<tr>
<td>Temporary Assistance to Needy Families</td>
<td>Dept. of Human Services TX Workforce Comm</td>
<td>486.0</td>
</tr>
<tr>
<td>Social Services Block Grant</td>
<td>Dept Health Dept Human Services</td>
<td>**196.4</td>
</tr>
<tr>
<td>Community Development Block Grant</td>
<td>Dept. of Housing &amp; Community Affairs</td>
<td>90.3</td>
</tr>
<tr>
<td>Pmts to States for Child Care Asst. Develop</td>
<td>Protective &amp; Reg Service</td>
<td>74.8</td>
</tr>
<tr>
<td>Maternal &amp; Child Health Services</td>
<td>Dept. of Health Dept Human Services</td>
<td>**54.6</td>
</tr>
<tr>
<td>Low-Income Home Energy Assistance</td>
<td>Dept. of Human Services</td>
<td>33.9</td>
</tr>
<tr>
<td>Community Services Block Grant</td>
<td>Dept of Criminal Justice Youth Commission Comm on Drug &amp; Alcohol</td>
<td>**18.3</td>
</tr>
</tbody>
</table>

(Comptroller, 1994)

* Indicates that funds are also distributed within the Texas University System in addition to the agencies indicated. This research does not examine funds distributed in the University System.

** Indicates the dollar amount of the initial appropriated funds shown has not been itemized by all receiving agencies.

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13 Data provided by (Governor, 1996)
14 Since 1994, two additional agencies, the Texas Workforce Commission and the Department of Regulatory Services, also administer portions of the SSBG.
Block Grant Statutes

Primarily, two laws in Texas address block grants. One law authorizes and allocates CDBG funds to eligible recipients (Vernon's, Gov § 2306.098). A second law allows individuals who feel they have been denied services or benefits from the Social Services Block Grant to request an administrative hearing (Vernon's, Gov, D. § 2105.151). Both statutes were enacted for specific block grants. Interestingly, only two BGFP administered by Texas have statutes. Additionally, state law fails to confront the issue of using outcome measures in the administration of block grants.

The Surface Transportation Program

In 1991, the Intermodal Surface Transportation Efficiency Act (ISTEA) was enacted (U.S. Department of Transportation, 1991). Title I of ISTEA contains Section 1007 that addresses the establishment, project eligibility, project location, appropriated fund allocation, the administration, and the obligation authority allocation for the Surface Transportation Program (STP) (U.S. Code, 1991). Interestingly, Title I fails to explicitly label STP as a block grant.

The United States General Accounting Office (GAO, Block, 1995, p. 23) states that STP is the largest block grant program in the United States. ACIR (Federal, 1995) indicates that STP is a block grant determined by formula. Additionally, the U.S. Department of Transportation (USDOT, 1991) calls the STP a type of block grant program. Although both GAO and ACIR include the STP

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15 A third Texas statute with minor references to block grants exists. The statute indicates that the mayor's council can appoint a board member to administer any existing urban development block grant (Vernon's, § H&S, C. 772.208)
in aggregated block grant data, administrators in both USDOT and TXDOT argue that STP is not a block grant.

There are two reasons that transportation administrators believe that STP is not a block grant. First, administrators argue that states receive their funds through a reimbursement process that is not characteristic of a block grant. Second, transportation administrators argue that the complex budget process associated with the administration of the STP makes it not a block grant.

The debate whether STP is a block grant reflects the diversity and misperceptions about block grants. Because states receive actual dollars for STP after spending money, their flexibility is limited because states must have the revenues to pay for projects up front. If states fail to have sufficient dollars to invest initially in projects, the states can not use the flexibility of STP. Additionally, the STP reimbursement process is cumbersome and may limit states' administrative simplicity in administering the program.

Despite transportation administrators' argument that STP fails to be a block grant, GAO, ACIR, and the U.S. Department of Transportation have documents showing STP as a block grant. Furthermore, GAO (Block Grants, 1995) explains why STP is a block grant. Before ISTEA, the Federal Highway Administration determined federal funding by four road systems -- primary, secondary, urban, and rural. STP "allows states and localities to use funds for construction or rehabilitation of virtually any kind of road. A portion of the funds may also be used for transit projects or other nontraditional highway uses" (GAO, Block Grants, 1995, p. 23). USDOT (1991, p. 9) adds that STP flexibility funding levels "may be augmented by the transfer of funds from other programs and by the equity funds...which may be used as if they were STP
funds." Essentially, Title I of ISTEA created greater flexibility for states to use highway funds than previous types of federal aid. GAO (Transportation, 1993) indicates that in Fiscal Year 1992, states and localities failed to use STP funds flexibly which ISTEA did permit. GAO research found that only .9% of STP funds were used for mass transit, and .3% of funds were used in nontraditional ways such as high occupancy vehicle lanes. Another indication that STP is a block grant is based upon ISTEA's spending cap. States have a limitation on the amount of funds that they receive despite the fact that STP reimburses states' for their dollars.

Current STP funding is distributed based upon a formula share of national funding levels FY 1987-1991. States must meet certain funding requirements, according to the U.S. Department of Transportation (USDOT, 1991) data. Ten percent of state funding is set aside for safety construction. Another ten percent is set aside for transportation enhancements. Fifty percent of the funds must be divided into areas with over 200,000 population. Finally, 30 percent can be used anywhere in the state. Additionally, populations, with 5,000 or less, are guaranteed funding based upon previous secondary funding levels.

ISTEA funding expires after 1997. New legislation will have to be created in order to continue the STP. It remains to be seen whether the new legislation will be more or less flexible than the 1991 ISTEA.
The Texas Department of Transportation

The Texas Department of Transportation (TXDOT) and the State Comptroller's Office\textsuperscript{16} receive funding from the Surface Transportation Program (STP) (Comptroller, 1994). TXDOT handles the bulk of the Surface Transportation Program. STP is divided into six categories as specified by ISTEA shown in Table 4.2 (TXDOT, 1996). STP, the largest block grant funded program in Texas, is appropriated approximately $1 billion from the federal government. Interestingly, the total TXDOT budget for fiscal year 1996 was approximately $3.19 billion (LBB, 1994). STP comprised about one third of the total revenues for TXDOT.

The Community Development Block Grant

State governments became administering agents of CDBGs for small cities and counties in their respective states under the 1981 Omnibus Reconciliation Act. Federal to state CDBG aid relies on state administrators to administer grant aid for nonentitled small cities and counties (FLACIR, 1981). Typical state agencies administering CDBGs are the department of community affairs, the department of economic and community development, the department of commerce, the department of housing, or a state planning agency (National Governor's Association, 1984).

In addition to the formula funds, like local entitled governments, state CDBG administrators contribute to a discretionary fund (National Governor's Association). In 1984, 23 states reserved about five percent of total allocations

\textsuperscript{16} Based upon the available source, Comptroller's (1994), it is not possible to determine how much funding the Comptroller's Office receives from STP. TXDOT budget administrators indicate the Comptroller's Office receives minimal STP funds.
Table 4.2

Fund Categories of Texas Agencies Who Administer Block Grants

<table>
<thead>
<tr>
<th>Texas Department of Transportation (STP)</th>
<th>Texas Department of Housing and Community Affairs (CDBG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Safety</td>
<td>Community Development Fund</td>
</tr>
<tr>
<td>2 Transportation Enhancement</td>
<td>Texas Capital Fund</td>
</tr>
<tr>
<td>3 Metropolitan Mobility/Rehabilitation</td>
<td>Colonia Fund</td>
</tr>
<tr>
<td>4 Urban Mobility/Rehabilitation</td>
<td>Planning and Capacity Building fund</td>
</tr>
<tr>
<td>5 Rural Mobility/Rehabilitation</td>
<td>Disaster Relief/Urgent Need Fund</td>
</tr>
<tr>
<td>6 Rehabilitation in Urban and Rural Areas</td>
<td>Housing Demonstration Fund</td>
</tr>
<tr>
<td>7 Administration</td>
<td>Technical Assistance</td>
</tr>
<tr>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

Sources are from the Texas Department of Transportation (1996) and the Texas Department of Housing and Community Affairs, (1996).

The purposes of the CDBG discretionary funds are to provide relief for natural disasters, to alleviate public health/safety threats, and to serve as an equalizer for funding projects that may have been overlooked.

The Texas Department of Housing and Community Affairs

The Texas Department of Housing and Community Affairs (TXDHCA) administers the CDBG for small cities and counties. In 1994, Texas expenditures to small cities and counties were approximately $90.3 million (Comptroller, 1994). Texas CDBG is divided into eight categories as depicted in Table 4.2.
Texas calls the CDBG program the Texas Community Development Program (TCDP). The TCDP participants include small cities and counties with populations less than 50,000 who fail to qualify for funding in the CDBG entitlement program geared to large cities and counties (TXDHCA, 1996). The application for participation in the TCDP is more than 95 pages long, including lengthy appendices. Eligibility criteria for CDBG applicants reflect Texas CDBG priorities (TXDHCA, 1995). Applications are evaluated based on a community needs assessment point system. The total possible points are 700. There are five major scoring criteria. Community distress has a maximum possible score of 55 points. Benefit to low and moderate income persons can be scored zero or thirty points since it is an all or nothing category. Minority hiring as the percentage of the proportion of a community's population has a maximum score of 25 points. The project impact has a 165 point maximum. Matching funds has a total of 75 maximum points. Thus, the total possible state points are 350. The total possible regional points are 350.

One interesting aspect of the CDBG program is that federal legislation requires citizen participation. In other words, states must elicit citizen participation according to federal statute. The political thinking concerning decentralization of federal grant aid returns power, specifically decision making authority, to local communities. Evidence from the National Governor's Association (1984) indicates that the states went beyond legal requirements to work with local program designers to consider local needs. Certainly, the flexibility of the legislation allowing the states the freedom to design programs to meet the needs of the communities facilitated and encouraged local participation.
Conclusion

In conclusion, Texas administers all of the federal funded block grant programs. This research focuses on two large BGFP, the Surface Transportation Program and the Community Development Block Grant. Each of these block grants is administered by one agency, the Texas Department of Transportation and the Texas Department of Housing and Community Affairs. The appropriations are quite large, and the administration of each program is complex.

Figure 4.1 depicts the overall exploratory flavor of this research in examining two Block Grant Funded Programs in Texas. The practical ideal drives this research. The large end of the funnel shows the broad topics of outcome measures and block grants. As the research becomes more specific and includes, STP and CDBG, the reality of using outcome measures with Texas' BGFP is determined.

In the next chapter, Chapter V, the discussion focuses on the methodology, the document analysis and the survey instrument, of this research. Additionally, Chapter V states how the methodology will be used to gather information to examine the working hypotheses.
Figure 4.1
Research Design

The Practical Ideal

Accountability
Outcome Measures

Block Grants
Overview

What types of outcome measures exist for block grant funded programs in Texas?

The reality of using outcome measures in block grant funded programs in Texas.
CHAPTER V

METHODOLOGY

The purpose of this chapter is to discuss the methodology used in this research. The methodology includes both document analysis and survey research. This chapter examines the methodologies used to test the working hypotheses.

Because the research asks what should be, the ideal, and what is, the reality, it is necessary to first explore the ideal and then explore the reality of outcome measures of BGFP. The ideal types of outcome measures are derived from the literature review. The literature reviewed in Chapter III identified the three most frequently used outcome measures -- agency, budgetary, and client. Reading literature on this subject provides a method for discovering three types of outcome measures and formulating the measurement continuum. According to Babbie (1992, p. 47), observation, in this case through the literature, is necessary in science even if the observations are less structured than more formal scientific observations such as conducting experiments.

Document Analysis

The Texas Legislative Budget Board (LBB) publishes a document known as the General Appropriations Act. The General Appropriations Act is passed by each legislature, in this case, the seventy-fourth Texas Legislature (LBB, 1994).
The General Appropriations Act is divided by each Texas agency that receives state dollars. Within each Texas agency, a similar format exists throughout the General Appropriations Act. First, a goal is stated. Next, a list of outcomes follows a specific goal. After the outcome measurement statements, a strategy statement follows. Next to the strategy are dollar amounts funded for that strategy. Following the strategy, is a list of outputs. After all goals and associated outcomes, strategies, and outputs are stated, then the funding method indicates where the funding originates and the total amount of those dollars appropriated to each Texas agency. After the type of funding, a series of explanatory statements and other legislative requirements are provided. Appendices A.1 and A.2 show goals, outcomes, strategies, outputs, and funding methods for the Surface Transportation Program (STP) and the Community Development Block Grant (CDBG). Omitted from the appendices are the explanatory statements and requirements.

The General Appropriations Act provides an excellent channel to examine formal outcome and output statements in order to measure the extent to which outcome measures are used. Part of the task involved with examining the outcome measures in the General Appropriations Act involves matching the correct outcome and output with a particular block grant funded program. In order to mate the correct measure with a block grant funded program, the Catalog of Domestic Assistance (CDFA) number was found for each block grant
(ACIR, Characteristics, 1995). Next, CDFA numbers were matched to agencies and programs from the Texas '94 Comprehensive Annual Fiscal Report. The CDFA for the Surface Transportation Program is 20.507, and the CDFA for the Community Development Block Grant is 14.228.

The Instrument

Like the document analysis, the overall purpose of the survey research is to assess the reality of what types of outcome measures are used in BGFP. The survey examines the use of outcome measures in two ways. First, the survey research provides a means to cross check the document analysis. Second, the survey research addresses whether individuals who administer these BGFP believe they use outcome measures.

The survey research method was justified for the exploratory aspect of the overall research design because of the identifiable existence of the three categories of outcome measures. The instrument categorizes responses into "yes," "no," "don't know." The instrument fails to explore the attitudes that may exist among the three categories of responses (Babbie, 1992).
Response Rate

The survey was sent to two State of Texas agencies — the Texas Department of Transportation (TXDOT) and the Texas Department of Housing and Community Affairs (TXDHCA). Small population samples of each agency were obtained. The samples were intentionally small for three reasons. One, this research originally targeted three block grants. The overall approach was to aggregate the data from each block grant to derive a combined sample of 30. However, because of tracking problems related to the document analysis and a poor response rate of the Social Services Block Grant (SSBG), the SSBG was thrown out of the research. Two, based on the complexities of this research, the assumption was that a limited number of administrators would have sufficient understanding of outcome measures to contribute meaningful data. Finally, the time constraints hampered efforts to survey a large population.

At TXDOT the response to the survey was 60%. Originally, the survey was faxed to 14 District Engineers throughout Texas. The District Engineers were selected from a list provided by TXDOT (TXDOT, 1996). Because only eight individuals responded, more respondents were solicited. The survey was faxed to six additional individuals. Four of the individuals responded. These four respondents included program administrators and budget personnel.

17 The poor response rate is attributed to administrators flat refusal to respond. The refusal is probably due to overwork and a misunderstanding of the intent of this research. Additionally, the fact that SSBG was recently cut by as much as 30% by the Temporary Assistance to Needy Families block grant, may have soured administrators' willingness to participate. Additionally, the researcher failed to have the inside contacts which tends to facilitate survey research.
Overall, the job class of the respondents was high. Eight of the respondents were job grade 23+, two were job grade 19-22, 1 was job grade 15-18, and 1 respondent was 11-14.

Although the same instrument was submitted to TXDHCA, the survey was administered differently than at TXDOT. Fifteen surveys were sent to a contact person who handled distributing and collecting the surveys. The response rate was 86.8%. Eleven of the respondents fell into the job class of 15-18. One respondent was grouped into the 19-22 job classification. One respondent was grouped into the 23+ job classification. The respondents were personnel who administered the various districts of the CDBG.

The Questions

The instrument (See Appendix B) consists of 11 questions. Ten of the eleven questions are used in this research. Question 4 was thrown out because it reiterated question 2. Additionally, by tossing out question 4, this allowed for the same number of questions to test working hypotheses 1b, 2b, and 3b. Table 5.1 shows which instrument questions match the working hypotheses. Three questions are linked to a specific outcome measure — agency, budgetary, or client. Of these three questions, one question is associated with working hypothesis related to the Texas appropriations process. Two questions are
associated with working hypothesis related to the agency use of outcome measures. The first question tests working hypothesis 4.

Table 5.1

Survey Questions and Corresponding Working Hypotheses.

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Working Hypotheses</th>
<th>Keyword</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>1.a</td>
<td>agency-outcome</td>
</tr>
<tr>
<td>2</td>
<td>1.b</td>
<td>agency-outcome</td>
</tr>
<tr>
<td>7</td>
<td>1.b</td>
<td>agency-outcome</td>
</tr>
<tr>
<td>9</td>
<td>2.a</td>
<td>budgetary-outcome</td>
</tr>
<tr>
<td>3</td>
<td>2.b</td>
<td>budgetary-outcome</td>
</tr>
<tr>
<td>6</td>
<td>2.b</td>
<td>budgetary-outcome</td>
</tr>
<tr>
<td>11</td>
<td>3.a</td>
<td>client-outcome</td>
</tr>
<tr>
<td>5</td>
<td>3.b</td>
<td>client-outcome</td>
</tr>
<tr>
<td>8</td>
<td>3.b</td>
<td>client-outcome</td>
</tr>
<tr>
<td>1</td>
<td>4</td>
<td>continuum</td>
</tr>
</tbody>
</table>

Along with the questions that are directly related to a working hypothesis indicated in Table 5.1, more information is either supplied or requested in the instrument. A definition of outcome and output was provided. The definitions are based upon Wilson's definitions of outcome and output measurements (1989). The instrument also asked the respondent if the respondent was interested in obtaining the results of the survey. Finally, respondents were asked to indicate their job classification level.
Evidence Linked to Working Hypotheses

Below are the sources of evidence linked to previously discussed working hypotheses. Each working hypothesis matches a source if evidence.

Additionally, there are four clusters of sources of evidence. Three of the four clusters of evidence focus on agency, budgetary, and client outcome measures. The fourth cluster of evidence examines the measurement continuum.

Evidence for Agency-based Outcome Measures

WH 1a: Document analysis for Texas agencies that participate in BGFP. Look for and categorize types of outcome measures with agency-based outcome measures. Outcome measures are classified as agency-based if the outcome statement focus primarily on the needs of the agency. The second source of evidence is the survey instrument. If administrators answer yes to question 10 then they perceive that agency outcome measures are used in the Texas appropriation process.

WH 1b: The survey instrument is evidence to determine if administrators of BGFP believe they use agency-based outcome measures. If respondents answer yes to questions 2 and 7 then respondents believe that the agency-based outcome measures are used in their respective agencies.
**Evidence for Budget-based Outcome Measures**

**WH 2a:** Document analysis for Texas agencies that participate in BGFP. Look for and categorize types of outcome measures with budgetary-based outcome measurements. If outcome measures emphasize primarily budget needs, then the outcome measure is classified as a budget-based outcome measure. The survey instrument, for Texas agencies who administer BGFP, is the second source of evidence. If respondents answer yes to question 9, then administrators believe that the Texas appropriations process includes budgetary-based outcome measures.

**WH 2b:** Survey instrument is the source of evidence to see if administrators of Texas agencies that participate in BGFP use budget-based outcome measures. If respondents answer yes to questions 3 and 6, then the respondents believe that the agency uses budget-based outcome measures.

**Evidence for Client-based Outcome Measures**

**WH 3a:** Document analysis is a source of evidence for Texas agencies that participate in BGFP. If the outcome measure primarily benefits the client’s needs, then the outcome measure is classified as a client-based outcome measure. The survey instrument provides a second source of evidence. If the respondent answers yes to question 11, then the respondent believes that the Texas appropriation process includes client-based outcome measures.
WH 3b: Survey instrument for Texas agencies and respective personnel that participate in BGFP. If respondents answer yes to questions 5 and 8, then respondents believe that their agencies use client-based outcome measures.

Evidence for the Measurement Continuum

WH 4: The document analysis provides evidence that output and outcome measures are not mutually exclusive. The General Appropriations Act (LBB, 1994) provides the actual output and outcome statements for two BGFP, STP and CDBG. A set of rules associated with ten measurement characteristics are used to determine if output and outcome statements are not mutually exclusive. The rules used to identify the characteristics of either an output or outcome measurement statements are the same. Table 5.2 shows the characteristic and the rule for each measurement statement. A measurement statement that includes any of the five output characteristics such as tangible, quantity, the final product, the work, or one dimensional, is assigned a value of -1 to a specific measurement characteristic. The total value for a "pure" output measurement is -5. If the measurement statement includes any of the five outcome characteristics, intangible, quality, what the product does, the end results, two dimensional, assign a value of 1 to each measurement characteristic for a particular measurement statement. The total value for a "pure" outcome statement is 5. After each measurement statement is matched to any pertinent
measurement characteristics, the characteristic values associated with each statement are added to derive the measurement statement value. The

Table 5.2

Rules Used to Identify Measurement Statements for WH 4

<table>
<thead>
<tr>
<th>Measurement Characteristic</th>
<th>Rule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible</td>
<td>The object(s) or indirect object(s) of the statement that can be touched.</td>
</tr>
<tr>
<td>Quantity</td>
<td>The statement refers to numbers in some way.</td>
</tr>
<tr>
<td>The final product</td>
<td>Find the product in the statement. Determine if the statement refers to the final product.</td>
</tr>
<tr>
<td>The work</td>
<td>The statement directly relates to the job/task.</td>
</tr>
<tr>
<td>One dimension</td>
<td>The quantifiable aspect of the statement uses simple addition.</td>
</tr>
<tr>
<td>Intangible</td>
<td>The object(s) or indirect object(s) of the statement that can not be touched.</td>
</tr>
<tr>
<td>Quality</td>
<td>Statements that include either implicit or explicit references to quality. IE rehabilitation, training.</td>
</tr>
<tr>
<td>What the product does</td>
<td>The function and purpose of a product.</td>
</tr>
<tr>
<td>The end result</td>
<td>Refers to completion. Does not include a subset of a process, ie &quot;contracted.&quot;</td>
</tr>
<tr>
<td>Two dimension</td>
<td>The quantifiable aspect of the statement uses a formula, is percent or average.</td>
</tr>
</tbody>
</table>

measurement statement value is plotted on the measurement continuum. Once all measurement statement values are plotted on the continuum, it will be determined how mutually exclusive the output and outcome statements are.

The survey instrument also provides evidence for WH4. If respondents of Texas agencies who administer BGFP answer yes to question 1, then respondents believe that they can distinguish between output and outcome measures. "No" and "don't know" responses to question 1 indicate possible or
absolute confusion in respondents' ability to distinguish between output and outcome measures.

Pretesting the Instrument.

This instrument was pretested using one Director and two Associate Directors at The Texas Higher Education Coordinating Board (THECB). Although THECB does not participate in BGFP, THECB does use outcome and output measures for other programs. The respondents' comments were highly valued, and their suggestions were included in the final survey. Additionally, the post survey discussion with a few respondents indicated that confusion exists in understanding the differences between outcome and output statements. Upon further consideration of the pretest respondents and the literature, the final survey was modified to include a definition of outcome and output measures.

In the next chapter, Chapter VI, the discussion focuses on the results of the document analysis and survey. Additionally, the results are analyzed in conjunction with the working hypothesis and the available evidence.
CHAPTER VI
RESULTS AND ANALYSIS

The purpose of this chapter is to discuss the results from the document analysis and the survey. The three types of outcome measures, agency, budgetary, and client, and the three associated groups of working hypotheses, are the basis for interpreting the empirical portion of this research. Additionally, these results present information concerning the document analysis related to the measurement continuum. The final section of this chapter provides an analysis of the four groups of working hypotheses.

Results

The document analysis allows for a systematic review of the output and outcome measures in use by the Texas agencies that administer the Surface Transportation (STP) and the Community Development Block Grant (CDBG). Furthermore, the document analysis contributes to an understanding of which output and outcome statements are mutually exclusive with each other. The survey discussion adds insight as to which types measurement statements administrators may use, or perceive they use, while administering these block grant funded programs (BGFP).
Document Results

The General Appropriations Act (LBB, 1994) is divided into one or more goals per Texas agency. For example, the Texas Department of Transportation (TXDOT) has two goals, A and B. Each goal uses a specific label such as Transportation Services and Systems in the case of TXDOT or Affordable Housing in the case of Texas Department of Housing and Community Affairs (TXDHCA). The label for the last goal of each agency is identified as "Indirect Administration."

TXDOT has one primary goal that is very broad. Because only one goal, Goal A, has outcome statements, Goal A is linked to the Surface Transportation Program (STP). Goal A reads: "to provide the State of Texas with transportation services and systems that: - work together; - are safe, comfortable, durable, and affordable; - are environmentally sensitive; and - support economic and social prosperity" (LBB, 1994). Goal B, indirect administration, has no sentence as does Goal A. Goal B includes a series of strategy labels such as "central administration" and "information resources." There are no outcome or output statements associated with indirect administration. Immediately following Goal B is "Method of Financing." This includes funding appropriations and a funding classification scheme identifying where dollars originate.

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18 Appendices A.1 and A.2 are the actual document download from the Legislative Budget Board (LBB) internet site.
In contrast, the (TXDHCA) has four goals, A, B, C, and D. The Community Development Block Grant (CDBG) is connected to goal B. Specifically, goal B addresses community/economic development. The goal is: "To better Texas communities by supporting community and economic development and by helping local governments to become more effective" (LBB, 1994). Because goal B is associated with CDBG, the outcome measures associated with goal B are the only outcome measures examined in this research. Goal D, indirect administration, is exactly like goal B of TXDOT. TXDHCA also includes strategies such as "central administration" and "information resources." There are no outcome or output statements associated with goal D. Immediately following goal D is "Method of Financing." This includes funding appropriations and the names of the funds where dollars originate.

Except for the last goal for both TXDOT and TXDHCA, outcome measures immediately precede each goal in the General Appropriations Act. Like most of the goals, each outcome statement is a complete English sentence. Tables 6.1 and 6.2 present modified wording of each outcome measure associated with each agency's block grant. Every type of outcome measure has general attributes as discussed in the Methodology chapter. Next to each outcome measure in Tables 6.1 and 6.2 is the type of outcome measure based upon the

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19 An agency-based outcome measure focuses on the services that the agency provides. A budget-based outcome measure examines results in terms of dollars. Client-based outcome measures emphasize the needs of the group or groups that the agencies service.
outcome measure attributes. In both the STP and CDBG, all the types of outcome measures have been classified as agency. These outcome measures focus on the service that the agency provides. The combined numbers of outcome measurements for both agencies related to BGFP, depicted in Table 6.3, totals eight. One observation about the syntax of the outcome statements is that all outcome statements, for both TXDOT and TXDHCA, begin with “percent.” Next to each outcome statement are two numbers. The percentages are either reported as numbers or change in numbers. The first number is for fiscal year 1996 and the second number is for fiscal year 1997.

Table 6.1

<table>
<thead>
<tr>
<th>Goal</th>
<th>Outcome Measure</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Transportation Services &amp; Systems</td>
<td>1. Percent of highways with satisfactory service level according to guidelines</td>
<td>Agency</td>
</tr>
<tr>
<td>A: Transportation Services &amp; Systems</td>
<td>2. Percent change in highway emission for areas failing air quality standards.</td>
<td>Agency</td>
</tr>
<tr>
<td>A: Transportation Services &amp; Systems</td>
<td>3. Percent change in urban highway service levels via Highway Performance Monitoring System (HPMS) Ratings</td>
<td>Agency</td>
</tr>
<tr>
<td>A: Transportation Services &amp; Systems</td>
<td>4. Percent of regular highway maintenance contracts.</td>
<td>Agency</td>
</tr>
<tr>
<td>A: Transportation Services &amp; Systems</td>
<td>5. Percent change in public transportation trips.</td>
<td></td>
</tr>
<tr>
<td>A: Transportation Services &amp; Systems</td>
<td>6. Percent of change in traffic fatality rates in Texas</td>
<td>Agency</td>
</tr>
<tr>
<td>B: Indirect Administration</td>
<td>No measures</td>
<td>None</td>
</tr>
</tbody>
</table>

(LBB, 1994)
Table 6.2

Goals, Outcome Measures, and Outcome Types for the CDBG Administered by TXDHCA

<table>
<thead>
<tr>
<th>Goal</th>
<th>Outcome Measure</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>B: Community and Economic Development</td>
<td>1. Percent of people in small communities who benefit from: public facility, economic development, housing, and planning projects.</td>
<td>Agency</td>
</tr>
<tr>
<td>B: Community and Economic Development</td>
<td>2. Percent of CDBG-eligible Colonia areas who receive technical help.</td>
<td>Agency</td>
</tr>
<tr>
<td>D: Indirect Administration</td>
<td>No measures</td>
<td>None</td>
</tr>
</tbody>
</table>

(LBB, 1994)

After the outcome statements, a strategy label follows. A strategy such as Highway Design, for TXDOT, or Geographical Analysis, for TXDHCA, is identified with the beginning letter of the goal, then the first number of the strategy level, and finally the second level of the strategy. For example, Highway Design is A.1.1 and Geographical Analysis is A.1.1. The strategy is typically a brief sentence.

Following the strategy statements are output statements. The output statements are typically very simple sentences. Between two and four output statements follow each strategy statement. Often efficiency statements are included either as or with the output statements. The efficiencies are stated in terms of averages.
Another interesting observation about the General Appropriations Act is the difference between the number of outcome and output statements. Of the 9 total TXDOT outcome measures, seven could be related to the STP. Of the total 27 TXDOT output measures, 20 could be related to the STP. Consequently, the ratio of STP outcome to output measurements is 1 to 2.9. Compared to all outcome and output measurements, TXDOT ratio of all outcome measures to all output measures is 1 to 3. In contrast, TXDHCA has a total of 6 outcome statements for the entire agency. Of these 6, 2 outcome measures are specific CDBG outcome measures. Of the total 30 output statements, 8 output statements are directly related to the CDBG. Therefore, the ratio of CDBG outcome to output measurements is 1 to 4. For comparison purposes, all the TXDHCA outcome and output measures have a ratio of 1 outcome measure to 5 output measures.

The results of the document analysis for the STP output and outcome measurement statements with related characteristics are shown in Table 6.4.
<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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<td>22.92 in x 1.92 in x 6.10 m</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Matrix of Output and Outcome Statements and Associated Characteristics for the Surface Transportation Program

Table E.4

Page 67
Matrix of Output and Outcome Statements and Associated Characteristics for the Community Development Block Grant

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Dimension</th>
<th>School End</th>
<th>View</th>
<th>Function</th>
<th>Project</th>
<th>Image</th>
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</tbody>
</table>

Table 6.5

Page 68
Similarly, the results of the document analysis for the CDBG output and outcome measurement statements with characteristics are represented in Table 6.5. In both Tables 6.4 and 6.5, an "X" in a specific column indicates that a measurement statement is either an output or an outcome statement. If a measurement statement has a characteristic that is an output characteristic, the assigned value is -1. If a measurement statement has a characteristic that is an outcome characteristic, the assigned value is 1. If a measurement statement fails to have a particular characteristic, then the assigned value is 0. A total of 26 output and outcome statements are included from the document pertaining to the STP. A total of 10 output and outcome statements are included from the CDBG.

Survey Results

The survey was administered to the TXDOT and the TXDHCA who administer BGFP. The discussions that follow group the explanations of the results according to BGFP. A discussion of aggregated survey results follows.

Surface Transportation Program

Table 6.6 shows survey responses to the questions about agency-based outcome measures for TXDOT administrators. The survey results indicate that 10 out of 12 respondents believe that agency-based outcome measures are
used. One half of the respondents who administer STP believe that TXDOT uses agency-based outcome measures to help determine an in-house budget.

Table 6.6
Perceptions of Agency-based Outcome Measures by STP Administrators

<table>
<thead>
<tr>
<th>Type of outcome</th>
<th>Yes</th>
<th>No</th>
<th>Don't Know</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency’s outcome measures are useful to the administrator.</td>
<td>10</td>
<td>2</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td>Agency considers agency outcome measures to set an in-house budget.</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Legislature considers agency’s outcome measures during the appropriation process</td>
<td>4</td>
<td>6</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20</td>
<td>12</td>
<td>4</td>
<td>36</td>
</tr>
</tbody>
</table>

The question concerning the legislative appropriation process and agency-based outcome measures yielded a different perception. One half of respondents believe that agency-based outcome measures are not used by the legislature during the appropriations process.

In Table 6.7, the survey responses overwhelmingly indicate that administrators of the STP believe that budgetary-based measures are useful to them. More than one half of respondents believe that TXDOT uses budgetary-based outcome measures to determine in-house budgets. Additionally, Table 6.7 indicates that the majority of respondents believe that the legislature uses budgetary-based outcome measures during the appropriations process.
Table 6.7
Perceptions of Budgetary-based Outcome Measures by STP Administrators

<table>
<thead>
<tr>
<th>Type of outcome</th>
<th>Yes</th>
<th>No</th>
<th>Don't Know</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgetary outcome measures are useful to the administrator.</td>
<td>10</td>
<td>1</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Agency considers budgetary outcome measures to set an in-house budget.</td>
<td>7</td>
<td>3</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Legislature considers budgetary outcome measures during the appropriation process.</td>
<td>7</td>
<td>4</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24</strong></td>
<td><strong>8</strong></td>
<td><strong>4</strong></td>
<td><strong>36</strong></td>
</tr>
</tbody>
</table>

Responses to client-based outcome measurement questions are reported in Table 6.8. One half of the respondents believe that client-based outcome measures are useful tools. However, one fourth of the respondents describe client-based outcome measures as not useful to them. The remaining respondents did not know whether client-based outcome measures were useful to them. The results in Table 6.8 indicate that only one respondent believes that client-based outcome measures are used within the agency to determine an in-house budget. Interestingly, one half of the respondents do not know if TXDOT uses client-based outcome measures to help determine an in-house budget. Finally, more than a majority of respondents believe that client-based outcome measures are not used by the legislature during the appropriations process.
Table 6.8
Perceptions of Client-based Outcome Measures by STP Administrators

<table>
<thead>
<tr>
<th>Type of outcome</th>
<th>Yes</th>
<th>No</th>
<th>Don't Know</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client outcome measures are useful to the administrator.</td>
<td>6</td>
<td>3</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Agency considers Client outcome measures to set an in-house budget.</td>
<td>1</td>
<td>5</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Legislature considers Client outcome measures during the appropriation process.</td>
<td>2</td>
<td>8</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9</td>
<td>16</td>
<td>11</td>
<td>36</td>
</tr>
</tbody>
</table>

Responses to the question about whether output and outcome statements are distinguishable are indicated in Table 8.9. More than three fourths of the survey participants feel confident in distinguishing between output and outcome measures. Only two respondents indicate confusion in differentiating between output and outcome measures.

Table 6.9
Perceptions of clarity regarding Output and Outcome Measures by STP Administrators

<table>
<thead>
<tr>
<th>Measurement clarity</th>
<th>Yes</th>
<th>No</th>
<th>Don't Know</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrators feel confident in distinguishing between output and outcome measures.</td>
<td>10</td>
<td>2</td>
<td>0</td>
<td>12</td>
</tr>
</tbody>
</table>
Community Development Block Grant

Table 6.10 shows the results of the instrument for administrators of the CDBG. A narrow majority of survey participants believe that agency-based outcome measures are useful to them. Slightly more than one third of respondents "don't know" whether agency-based outcome measures are useful to them. When participants were asked if their agency, TXDHCA, uses agency-based outcome measures to determine an in-house budget, a majority of the respondents did not know if their agency used agency-based outcome measures. Additionally, a large majority of respondents believe that the legislature uses agency-based outcome measures.

Table 6.10

Perceptions of Agency-based Outcome Measures by CDBG Administrators

<table>
<thead>
<tr>
<th>Type of outcome</th>
<th>Yes</th>
<th>No</th>
<th>Don't Know</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency's outcome measures are useful to the administrator.</td>
<td>7</td>
<td>1</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Agency considers outcome measures to set an in-house budget.</td>
<td>3</td>
<td>2</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>Legislature considers agency's outcome measures during the appropriation process.</td>
<td>11</td>
<td>0</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>3</td>
<td>15</td>
<td>39</td>
</tr>
</tbody>
</table>
Table 6.11
Perceptions of Budgetary-based Outcome Measures by CDBG Administrators

<table>
<thead>
<tr>
<th>Type of outcome</th>
<th>Yes</th>
<th>No</th>
<th>Don't Know</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgetary outcome measures are useful to the administrator.</td>
<td>9</td>
<td>0</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Agency considers budgetary outcome measures to set an in-house budget.</td>
<td>4</td>
<td>1</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>Legislature considers budgetary outcome measures during the appropriation process.</td>
<td>9</td>
<td>1</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22</strong></td>
<td><strong>2</strong></td>
<td><strong>15</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>

When respondents were asked if budget-based outcome measures are useful to them, a strong majority indicated yes. However, a clear majority of TXDHCA survey participants did not know if their agency used budget-based outcome measures as a tool to determine an in-house budget. Still, a majority of respondents believed that the legislature uses budget-based outcome measures during the appropriation process.

Respondents were asked to answer questions regarding client-based outcome measures. The responses are shown in Table 6.12. Slightly more than three-fourths of survey participants believed that client-based outcome measures are useful to them. However, a majority of respondents did not know if their agency used client-based outcome measures to help determine an in-house budget. The participants' responses concerning legislative use of client-based outcome measures produced a fairly even distribution of responses.
Participants' have mixed perceptions about the legislative appropriation process and client-based outcome measures.

Table 6.13 shows participants’ responses about their level of confidence in their ability to discern output and outcome measures. An extremely large majority of participants feel confident in distinguishing between output and outcome measures. Only two of the respondents indicate their confusion between output and outcome measures.

<table>
<thead>
<tr>
<th>Type of outcome</th>
<th>Yes</th>
<th>No</th>
<th>Don't Know</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client outcome measures are useful to the administrator.</td>
<td>10</td>
<td>0</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Agency considers Client outcome measures to set an in-house budget.</td>
<td>3</td>
<td>3</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>Legislature considers Client outcome measures during the appropriation process.</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>7</td>
<td>15</td>
<td>39</td>
</tr>
</tbody>
</table>

Table 6.13

Perceptions of Clarity Regarding Output and Outcome Measures by CDBG Administrators

<table>
<thead>
<tr>
<th>Measurement clarity</th>
<th>Yes</th>
<th>No</th>
<th>Don't Know</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrators feel confident in distinguishing between output and outcome measures.</td>
<td>11</td>
<td>2</td>
<td>0</td>
<td>13</td>
</tr>
</tbody>
</table>
**Aggregated Data**

The aggregation of administrators' responses to the survey is shown in Table 6.14. Two of the highest positive responses involve the respondents' perception that outcome measures are useful to them. At least three-fourths of administrators of STP and CDBG believe that budgetary outcome measures are useful to the administrator. An overwhelming majority of survey participants

Table 6.14

Aggregated Survey Responses for the STP and CDBG Types of Outcome Measures.

<table>
<thead>
<tr>
<th>Type of outcome</th>
<th>Yes</th>
<th>No</th>
<th>Don't Know</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency's outcome measures are useful to the administrator.</td>
<td>17</td>
<td>3</td>
<td>5</td>
<td>25</td>
</tr>
<tr>
<td>Agency considers agency outcome measures to set an in-house budget.</td>
<td>9</td>
<td>6</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>Legislature considers agency's outcome measures during the appropriation process.</td>
<td>15</td>
<td>6</td>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>Budgetary outcome measures are useful to the administrator.</td>
<td>19</td>
<td>1</td>
<td>5</td>
<td>25</td>
</tr>
<tr>
<td>Agency considers budgetary outcome measures to set an in-house budget.</td>
<td>11</td>
<td>4</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>Legislature considers budgetary outcome measures during the appropriation process.</td>
<td>16</td>
<td>5</td>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>Client outcome measures are useful to the administrator.</td>
<td>16</td>
<td>3</td>
<td>6</td>
<td>25</td>
</tr>
<tr>
<td>Agency considers Client outcome measures to set an in-house budget.</td>
<td>4</td>
<td>8</td>
<td>13</td>
<td>25</td>
</tr>
<tr>
<td>Legislature considers Client outcome measures during the appropriation process.</td>
<td>6</td>
<td>12</td>
<td>7</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>113</td>
<td>48</td>
<td>64</td>
<td>225</td>
</tr>
</tbody>
</table>
believe that the agency's outcome measures are useful to them. However, very few administrators answered yes to their belief that their agency considers client-based outcome measures in determining an in-house budget. More survey participants answered no when asked if the legislature considers client-based outcome measures during the legislative process. The "don't know" category was used by less than half of all responses. The question evoking a "don't know" response most frequently asked respondents if their agency considered client-based outcome measures to set an in-house budget. Participants answered "don't know" the least often for two questions. One question focused on the legislature considering an agency's outcome measures during the appropriation process. The next question focused on the legislature using budgetary-based outcome measures during the appropriations process.

The aggregated responses concerning the confidence of respondents to distinguish between output and outcome measures are shown in Table 6.15. Very little difference exists between STP survey responses and CDBG survey responses. Overall, respondents feel comfortable distinguishing between output and outcome measures.

Analysis

The analysis of this research involves examining the groups of working hypotheses based upon the evidence of the document and survey instrument.
Table 6.15

Aggregated Results on the Perceptions of Clarity for Output and Outcome Measures by STP and CDBG Administrators.

<table>
<thead>
<tr>
<th>Measurement clarity</th>
<th>Yes</th>
<th>No</th>
<th>Don't Know</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrators feel confident in distinguishing between output and outcome measures.</td>
<td>21</td>
<td>4</td>
<td>0</td>
<td>25</td>
</tr>
</tbody>
</table>

The discussion that follows will address the exploratory nature of this paper by providing a synthesis based upon the evidence in the research.

**Agency-based Outcome Measures**

Working hypotheses 1a and 1b examine whether BGFP use agency-based outcome measures. Agency-based outcome measurement hypotheses are stated as follows.

**WH 1a:** The Texas appropriations process uses agency-based outcome measures.

**WH 1b:** Agencies in Texas that currently participate in block grant funded programs use agency-based outcome measurements to measure block grant funded programs.

The document analysis overwhelmingly supports working hypothesis 1a. Although, the Texas appropriations process includes outcome measures in the General Appropriations Act, the extent that administrators of BGFP use agency-based outcome measures remains indeterminable from this evidence source.
Working hypothesis 1b, as stated, is not supported. The survey indicates that respondents believe that agency-based outcomes are useful to respondents. However, the survey can not definitely assess whether administrators of BGFP use agency-based outcome measures. It remains unknown as if outcome measures are used by administrators of BGFP. However, the survey research indicates that STP and CDBG administrators may use agency-based outcome measures. The survey does indicate that STP survey respondents perceive that agency-based outcome measures are slightly more useful than do CDBG survey respondents.

**Budgetary-based Outcome Measures**

Working hypotheses 2a and 2b explore budgetary-based outcome measures in the administration of two BGFP -- STP and CDBG. The working hypotheses are stated as follows.

**WH 2a:** The Texas appropriations process does use budget-based outcome measures.

**WH 2b:** Texas Agencies use fewer budgetary outcome measures than agency-based or client-based outcome measures.

Considering the evidence of the document analysis, working hypothesis 2a is not supported. The General Appropriations Act indicates that no budgetary-based outcome measures are used with STP or CDBG funded programs in the appropriations process. The survey instrument is the second
source of evidence for working hypothesis 2a. The survey instrument as evidence does not support working hypothesis 2a. Evidence indicates that survey participants perceive that the legislature uses budgetary-based outcome measures more than other outcome measures. However, the evidence does not support that respondents who administer the two BGFP have information about the legislature. Additionally, respondents may or may not be familiar with the appropriations process to know whether budgetary-based outcomes are indeed used during the legislative appropriations process.

Evidence from the survey instrument does not support working hypothesis 2b. TXDOT and TXDHCA survey respondents indicate a perception that budgetary-based outcome measures are useful to the respondent. However, the evidence supports only a belief of the respondents, not the actual usage, of budgetary-outcome measures by state administrators. The evidence does support that STP and CDBG survey respondents believe that of the three types of outcome measures, budget-based outcome measures are used most frequently.

Client-based Outcome Measures

Working hypotheses 3a and 3b explore whether STP and CDBG programs use client-based outcome measures. The working hypotheses are stated below.
WH 3a: The Texas appropriations process does not use client-based outcome measures.

WH 3b: Agencies in Texas that currently participate in block grant funded programs do not use client-based outcome measurements.

The evidence in the document analysis indicates that the working hypothesis is supported. Considering the document analysis, no client-based outcome measures are used in the appropriations process. Additionally, the evidence from the survey instrument does not support working hypothesis 3a. This is because the evidence examines the perceptions of STP and CDBG survey participants. The perception of survey respondents, however, concurs with the working hypothesis. Slightly less than one fourth of respondents believe that the legislature uses client-based outcome measures.

The second working hypothesis related to client-base outcome measures, 3b, is not supported. The instrument indicates survey participants' perceptions associated with using client-based outcome measures rather than the actual use of client-based outcome measurements. According to the survey evidence, more than one-half of the survey respondents who administer the STP and CDBG believe that client-based outcome measures are useful. However, respondents' perception of the use of client-based outcome measures indicate that either the respondents do not believe or "don't know" if client-based measures are used by their respective agencies to determine an in-house budget.
The Measurement Continuum

Working hypothesis 4 explores the mutual exclusivity of output and outcome statements. The working hypothesis is stated as follows.

WH 4: Output measures and outcome measures are not mutually exclusive categories and fall within a continuum.

The evidence from the document analysis of output and outcome measurement statements produced inconclusive support for working hypothesis 4. Figure 6.1 shows the output and outcome statements plotted on a continuum for the STP block grant. Although it appears that many output statements are "pure" output statements, none of the outcome statements are "pure" outcome statements. Some of the output and outcome statements have characteristics of the opposing statement and therefore are not mutually exclusive. The evidence does not strongly support the working hypothesis that output and outcome statements are not mutually exclusive.

However, Figure 6.2 shows a different conclusion for the measurement continuum for CDBG. Approximately one half of the output and outcome statements fall between pure output and outcome. The evidence for the CDBG measurement continuum supports the working hypothesis that output and outcome statements are not mutually exclusive.
The evidence from the survey does not support working hypothesis 4. Although survey respondents believed that they feel confident distinguishing between output and outcome measures, the survey instrument does not test the respondents' actual understanding of output and outcome measures. One of the most important findings in the survey pretest was discovered by post survey interview questions. The informal dialogue with respondents indicated that respondents felt confident distinguishing between output and outcome measures.
on the survey. However, as respondents discussed output and outcome measures they often to confused the measures.

The final chapter, Chapter VII, provides a summary and conclusion concerning this research. Particular emphasis is on the strengths and weakness of this research. Additionally, this Chapter VII provides recommendations for using outcome measures in BGFP in Texas.
CHAPTER VII

SUMMARY AND CONCLUSIONS

The purpose of this chapter is to discuss the overall strengths and weaknesses of this survey. Additionally, this chapter offers recommendations concerning block grant funded programs (BGFP) using the results and observations from the research.

Research Strengths

The research in this paper contains a number of strengths. This research provides a good discussion about block grants and outcome measures in Chapters II and III. Along with the text, the figures and tables provide an accurate representation concerning block grants. Because little scholarly research exists concerning BGFP this research contributes to the scholarly information on BGFP.

Another strength of the research is that it is partially driven by a Weberian concept, the ideal type. Because types of outcome measures for block grants are disjointedly discussed in existing literature, a usable, or practical, ideal theory of outcome measures for block grants is now established. The types of outcome measures for BGFP are established according to this theory that
provides a forum for observation, equivocation, extrapolation, and future research.

Furthermore, this research offers a different perspective of understanding output and outcome measurements. Output and outcome statements may contain sufficient characteristics of one another. Because a number of outcome and output statements fail to be mutually exclusive, this could explain the confusion many individuals have in understanding the functions and purposes of output and outcome statements. The measurement continuum remains a fairly innovative way to investigate output and outcome statements. Furthermore, the methodology associated with quantifying values on a continuum is an new and exciting technique for examining continuums.

Finally, this paper also examines two very large block grants in a very large state. Texas administers the largest nonentitlement Community Development Block Grant in the U.S. (Laio, 1996). Furthermore, Texas administers close to 20% of the entire U.S. Surface Transportation Program. This research is credible due to the sheer size of the block grants being examined.
Research Weaknesses

Like all research, this research has weaknesses and shortcomings. The discussion below examines problems with the document analysis and the survey instrument.

The document analysis has a number of weaknesses. First, this research assumes that the outcome measures in the General Appropriations Act are indeed outcome measures. This research fails to address whether the outcome measures in the document are indeed outcome measures. To assess whether the outcome statements are outcome measures, the goals and objectives of the Texas agencies need to be thoroughly studied. This research fails to analyze goals and objectives, or strategies, of agencies who administer BGFP.

Additionally, the document analysis fails to gauge the degree to which these outcome measurements are used by Texas governmental entities. While the survey attempts to compensate for this weakness, the document analysis only indicates written measurements rather than measurements employed. Furthermore, it is unknown if outcome measures are understood and valued by legislators, auditors, and management.

Another weakness with the document analysis is that the three types of outcome measurement categories may fail to be mutually exclusive. Although the outcome measures analyzed may implicitly reference dollars or clients, the outcome measures were classified according to the explicit type of outcome
measure. The document analysis does not address the implicit motives behind how and why an outcome measurement is selected or worded.

Moreover, the document analysis may also be fundamentally flawed because the identification of these three categories of outcome measures is based upon the available literature on outcome measures. If the cited literature fails to accurately characterize agency, budgetary, or client-based outcome measures, then the document analysis also wrongly characterizes the outcome measures in the General Appropriations Act.

Another weakness with this research is that the survey instrument may contain a bias. The pretest survey and related follow-up conversations with survey respondents indicated that respondents tend to confuse output and outcome measures. The literature also indicates that confusion about output and outcome measurements exist (McKinney, 1994). Additionally, informal conversations with professors, graduate students, and experienced practitioners indicate that the validity of the survey became highly questionable because of the output and outcome confusion. Due to the perceived confusion, the instrument attempted to compensate for such uncertainty by providing definitions of outcome and output measures at the beginning of the instrument. Indeed, the first question indicates 84% of the respondents understand the differences between outcome and output measurements. Interestingly, even with the
definitions almost 15% of respondents are still confused about output and outcome measurements.

Despite the intent of the provided definitions of output and outcome measures, the instrument still contains validity problems. This is because the "don't know" responses could be addressing the format of the question as well as the content of the question. Furthermore, respondents may have been guessing that their agency and the Texas Legislature use a given outcome measure. Respondents' could have guessed from the clues of the words themselves agency, budgetary, or client. In order to ensure that respondents' understood what outcome measures are and who their clients are, a few fundamental questions could have been asked.

An additional weakness in the instrument is the assumption that the respondents have an understanding of what the goals and objectives are for the block grant funded program. Without an understanding of goals and objectives, respondents can not accurately assess whether a measurement is an output or an outcome. Respondent could confuse output and outcome for that reason.

Another problem with the survey is the population sample. The sample sizes are small. Thus the samples may fail to be representative of the groups that administer block grant programs. The samples may be too small to generalize to the Texas agency administering the block grant. Certainly, this
research project has not generalized the results of this survey to other agencies that administer BGFP in Texas.

Recommendations

Despite the weaknesses associated with this research, a number of recommendations are offered based upon the synthesis of information acquired from the research.

The first recommendation relates to establishing adequate numbers of goals and objectives with which to base outcome measures. The Personal Responsibility Act of 1996 addresses using performance measures to assess the results of TANF (National Governor's Association, 1996). However, future block grant legislation such as ISTEA, needs to clearly specify goals and objectives. Furthermore, if large categorical grants such as Medicaid are "blocked," then it could be in the best interest of the U.S. Congress to identify goals and objectives and corresponding outcome measures. Outcome measures, included in a law that creates a BGFP, can serve to maintain varying degrees of federal standards for the administration of, for instance, a national health care system.

Because states are being asked to take on more economic responsibilities, it is becoming necessary to manage agencies with sufficient numbers of output and outcome statements. In Texas, the General Appropriations Act should include more outcome statements. This is especially
true for BGFP. It would seem logical that each agency administering a block grant would have specific output and outcome measures just for the block grant funded program as does the Texas Department of Housing and Community Affairs. Such an approach would help to ensure that a particular block grant funded program is in compliance with federal regulations pertaining to that block grant. This would be especially true if federal statutes govern by output and outcome measures. The other approach of combining output and outcome measurements under a very broad goal makes it much more difficult to hold an agency accountable for the administration of a block grant program. Following the outcome statements in the General Appropriations Act should be performance indicators to determine if the outcome measure has been met.

Another recommendation for Texas is to write clear and concise outcome measures in the General Appropriations Act. Beginning each outcome statement comfortably with “percent” fails to have real meaning to a casual observer. While this language indicates a result oriented process the language could be more descriptive. For example, a number of the outcome measures do not address the direction of the percentage change. TXDOT, for instance, could address fatality rate outcome measures as: a decrease in the percentage of Statewide Traffic Accident Fatality Rates. This language is more specific and explicitly states the direction of change.
This research further suggests that the Texas Legislature consider assigning one block grant to one particular agency. Because some BGFP are divided among a few agencies, it is difficult to track who is accountable for a specific portion of a block grant. For example, it is easy to lose sight of the overall purpose of Social Services Block Grant (SSBG) because the SSBG is administered by four separate agencies.

The Texas Legislature could review the pros and cons of including budgetary and client outcome measures along with agency outcome measures in the General Appropriations Act. Perhaps it can be argued that there are implicit budgetary and client outcome measures in the General Appropriations Act. However, the problem with implicit outcome measures is that the staff who administers these programs lack a clear sense of direction from implicit measurements. Outcome measures help to clarify and direct policy. Unfortunately the Texas Legislature may fail to understand that these measurement statements provide guidance in the management and administration of block grant, and other, programs. Without clear guidance, it becomes quite challenging to administer flexible programs.

To alleviate confusion about outcome measures, Texas should consider further educating its workforce about outcome measures. The legislature could appoint a task force, possibly from the State Auditor's Office, to educate agency management and internal auditors, on how to identify, understand, and use
outcome measures. It would also be helpful if the Texas Legislature would pass a resolution to encourage upper management at state agencies to create, promote, and use output and outcome measurements.

In conclusion, it remains uncertain if BGFP are a trend of the future. With certainty, BGFP will fail to be successful unless legislation requires some sort of accountability provisions for each block grant appropriation. Outcome measures are one of the best alternatives in maintaining accountability for the various types of BGFP. This is because outcome measures allow relative flexibility. Even though, for example, each block grant recipient may be required to use the same outcome measures, the expectations of each recipient would ideally accommodate the needs of a given population. This is how state and local government program goals and outcomes can be synchronized with national program goals and outcomes.
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APPENDIX A.1

The General Appropriations Act

ARTICLE VII

DEPARTMENT OF TRANSPORTATION

For the Years Ending
August 31, August 31,
1996 1997

A. Goal: TRANS. SERVICES & SYSTEMS

To provide the State of Texas with transportation services and systems that: - work together; - are safe, comfortable, durable, and affordable; - are environmentally sensitive; and - support economic and social prosperity.

Outcomes:

Percent of Highway System Attaining an "Acceptable" Level of Service in Accordance With Published TXDOT Maintenance Level of Service Guidelines 87.8% 85.9%

Percent Change in Highway Emission Levels Within Areas not Attaining Air Quality Standards -2.7% -0.8%

Percent Change in Urban Principal Arterial Highway Level of Service Based on Highway Performance Monitoring System (HPMS) Ratings 3.1% 3.7%

Percent of Routine and Preventive Highway System Maintenance Contracted 50% 50%

Percent Change in the Number of Public Transportation Trips 1.6% 1.6%

Percent Counties Connected to Automated Registration and Titling System 95% 95%

Percent of Motor Vehicle Consumer Complaints Resolved 95% 95%

Percent of Change in Statewide Traffic Accident Fatality Rates -.1% -.1%

Percent Change in Number of Public Information Requests Filled 7.8% 7.7%

A.1.1. Strategy: HIGHWAY DESIGN 286,874,779 $ 291,198,710

Plan, design and manage highway projects.
Outputs:
Number of Construction Project Preliminary Engineering Plans
Completed 895 895
Number of Highway Construction Projects
Contracted 800 800
Number of Highway Construction Projects
Completed 876 800

A.1.2. Strategy: RIGHT-OF-WAY ACQUISITION $ 225,000,000 $ 225,000,000
Optimize timing of highway right-of-way acquisition and utility adjustment.

Outputs:
Number of Parcels of Right-of-Way Acquired On Schedule to Meet Contract Letting 1,510 1,450

A.1.3. Strategy: HIGHWAY CONSTRUCTION $ 1,671,038,604 $ 1,876,960,408
& U.B.
Provide for construction of the highway system and facilities. Estimated

Outputs:
Number of New Location Lane Miles Contracted 150 150
Number of Lane Miles Contracted to Increase Capacity 350 400
Number of Lane Miles Contracted for Rehabilitation 3,300 3,100
Number of Bridge Inspections On State System 17,000 17,000

A.1.4. Strategy: PREVENTIVE MAINTENANCE $ 149,537,810 $ 145,000,000
& U.B.
Provide a preventive maintenance program to prevent major deterioration of state highways.

Outputs:
Number of Lane Miles Contracted for Asphaltic Seal Coat Surfacing 14,270 13,300
Number of Lane Miles Contracted for Asphaltic Concrete Pavement Overlay 1,425 1,330
Efficiencies:
Average Cost per Lane Mile Contracted for Asphaltic Seal Coat Surfacing 6,600 6,800

A.1.5. Strategy: ROUTINE MAINTENANCE $ 495,388,462 $ 495,030,822
& U.B.
Provide for routine maintenance and operation of the state highway system.

Outputs:
Number of Highway Lane-Miles Resurfaced With Seal-Coat 20,545 20,295
<table>
<thead>
<tr>
<th>Output (A.1.6)</th>
<th>Strategy: AVIATION SERVICES</th>
<th>Cost (in $)</th>
<th>&amp; U.B.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of General Aviation Airports Selected for Financial Assistance</td>
<td>$24,949,859</td>
<td>$28,924,255</td>
<td>&amp; U.B.</td>
</tr>
</tbody>
</table>

**Outputs:**
- Number of General Aviation Airports Selected for Financial Assistance: 37, 41

**A.1.7. Strategy: PUBLIC TRANSPORTATION**

Support and promote public transportation.

<table>
<thead>
<tr>
<th>Output (A.1.7)</th>
<th>Strategy: PUBLIC TRANSPORTATION</th>
<th>Cost (in $)</th>
<th>&amp; U.B.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Transit Projects Funded With Both State and Federal Dollars</td>
<td>$77,045,409</td>
<td>$1,354,591</td>
<td>&amp; U.B.</td>
</tr>
</tbody>
</table>

**Outputs:**
- Number of Transit Projects Funded With Both State and Federal Dollars: 42, 42

**A.1.8. Strategy: GULF WATERWAY**

Support the Gulf Intracoastal Waterway.

<table>
<thead>
<tr>
<th>Output (A.1.8)</th>
<th>Strategy: GULF WATERWAY</th>
<th>Cost (in $)</th>
<th>&amp; U.B.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Acres Made Available for the Placement and/or Disposal of Dredge Material</td>
<td>$1,854,838</td>
<td>$250,445</td>
<td>&amp; U.B.</td>
</tr>
</tbody>
</table>

**Outputs:**
- Number of Acres Made Available for the Placement and/or Disposal of Dredge Material: 450, 450

**A.1.9. Strategy: FERRY SYSTEM**

Maintain and operate ferry systems in Texas.

<table>
<thead>
<tr>
<th>Output (A.1.9)</th>
<th>Strategy: FERRY SYSTEM</th>
<th>Cost (in $)</th>
<th>&amp; U.B.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Vehicular Carriers Carried on Ferryboats at Galveston</td>
<td>$9,967,895</td>
<td>$17,119,650</td>
<td>&amp; U.B.</td>
</tr>
</tbody>
</table>

**Outputs:**
- Number of Vehicular Carriers Carried on Ferryboats at Galveston: 2,015,000, 2,025,000
- Number of Vehicular Carriers Carried on Ferryboats at Port Aransas: 1,795,000, 1,805,000

**A.1.10. Strategy: REGISTRATION & TITLING**

Administer the provisions of the motor vehicle registration, titling, and dealer statutes.

<table>
<thead>
<tr>
<th>Output (A.1.10)</th>
<th>Strategy: REGISTRATION &amp; TITLING</th>
<th>Cost (in $)</th>
<th>&amp; U.B.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Registration Renewal Notices Mailed</td>
<td>$38,316,971</td>
<td>$38,033,635</td>
<td>&amp; U.B.</td>
</tr>
</tbody>
</table>

**Outputs:**
- Number of Registration Renewal Notices Mailed: 13,750,000, 13,950,000
- Number of Titles Issued: 4,250,000, 4,300,000
A.1.11. Strategy: VEHICLE DEALER REGULATION $982,265 $995,688
Administer the provisions of the Texas Motor Vehicle Commission Code.

Outputs:
Number of Motor Vehicle Consumer Complaints Resolved 950 975
Explanatory:
Number of Motor Vehicle Consumer Complaints Filed 1,200 1,200

Fund and participate with state-supported colleges and universities in research and
development programs that can improve transportation operations.

Outputs:
Number of Research Projects Completed 80 80

A.2.1. Strategy: TRAFFIC SAFETY $13,590,115 $13,589,712
& U.B.
Identify problem areas and implement projects to reduce the number and severity of traffic
accidents through the statewide traffic safety program.

Outputs:
Number of Traffic Safety Grants and/or
Projects With Agencies, Cities, Counties, and Schools 800 800

Support and promote tourism.

Outputs:
Number of Travel Literature Requests Fulfilled 1,115,000 1,115,000

Control the use of outdoor advertising signs, junkyards, and auto graveyards adjacent to
transportation system.

Outputs:
Number of Sign Permits and Licenses Issued 13,300 13,300
Total, Goal A: TRANS. SERVICES & SYSTEMS $3,030,614,236 $2,970,684,743

B. Goal: INDIRECT ADMINISTRATION

B.1.1. Strategy: CENTRAL ADMINISTRATION $29,511,178 $32,961,080
B.1.2. Strategy: INFORMATION RESOURCES $32,493,949 $30,026,438
### B.1.4. Strategy: REGIONAL ADMINISTRATION

<table>
<thead>
<tr>
<th></th>
<th>2023 Actual</th>
<th>2024 Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, Goal B:</td>
<td>$53,940,045</td>
<td>$51,908,811</td>
</tr>
<tr>
<td>INDIRECT ADMINISTRATION</td>
<td>$157,111,135</td>
<td>$155,740,545</td>
</tr>
</tbody>
</table>

Grand Total, DEPARTMENT OF TRANSPORTATION: $3,187,725,371 $3,126,425,288

---

**Method of Financing:**

<table>
<thead>
<tr>
<th>Source</th>
<th>2023 Actual</th>
<th>2024 Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund</td>
<td>$17,865,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>General Revenue Fund - Consolidated</td>
<td>25,624,032</td>
<td>2,374,932</td>
</tr>
<tr>
<td>State Highway Fund No. 008, estimated</td>
<td>1,828,704,933</td>
<td>1,827,714,875</td>
</tr>
<tr>
<td>Federal Funds, estimated</td>
<td>1,315,221,406</td>
<td>1,295,825,481</td>
</tr>
<tr>
<td>Appropriated Receipts</td>
<td>310,000</td>
<td>310,000</td>
</tr>
<tr>
<td><strong>Total, Method of Financing</strong></td>
<td><strong>$3,187,725,371</strong></td>
<td><strong>$3,126,425,288</strong></td>
</tr>
</tbody>
</table>
A. Goal: AFFORDABLE HOUSING

The department will increase the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families.

Outcomes:

Percent of the Households/Individuals of Low, Very Low, and Moderate Income Needing Affordable Housing That Subsequently Receive Such Housing or Housing Related Assistance 3.57% 3.55%

Percent of Loans, Grants, Incentives, and Housing Preservation Activities Benefiting Very Low Income Texans 85% 85%

A.1.1. Strategy: GEOGRAPHICAL ANALYSIS $ 20,000 $ 20,000

Complete an annual statewide analysis of housing needs by geographic area for individuals and families of very low, low, and moderate income persons.

A.2.1. Strategy: HOUSING TRUST FUND $ 1,780,153 $ 1,031,453

Provide housing loans and grants through the Housing Trust Fund for the very low and low income households.

Outputs:

Number of Very Low and Low Income Households that Received Loans and Grants Through the Housing Trust Fund 250 280

Efficiencies:

Average Loan Amount Provided Through the Housing Trust Fund 250,000 250,000


Provide housing loans and grants through the HOME Investment and HOPE III Programs for the very low and low income.

Outputs:
| Number of Very Low and Low Income Households that Received Loans and Grants Through the HOME Investment Program | 1,838 | 1,838 |
| Number of Very Low and Low Income Households that Received Loans and Grants Through the HOPE III Program | 29 | 29 |
| A.2.3. Strategy: SECTION 8 RENTAL PROGRAM | $5,660,476 | $5,642,871 |
| Provide rental assistance through Section 8 certificates and vouchers for the very low income. |
| Outputs: |
| Number of Very Low Income Households that Received Section 8 Certificates and Vouchers | 2,185 | 2,185 |
| Efficiencies: |
| Average Processing/Administrative Cost per Household Served Under the Section 8 Program | 50 | 50 |
| A.2.4. Strategy: FEDERAL TAX INCENTIVES | $423,965 | $406,662 |
| Provide federal tax incentives to develop rental housing for the very low income. |
| Outputs: |
| Number of Rental Units Developed as a Result of Federal Tax Incentives Provided Through TDHCA | 15,000 | 15,000 |
| Efficiencies: |
| Average Cost in Federal Tax Incentives per Rental Unit Developed | 2,200 | 2,200 |
| A.2.5. Strategy: MORTGAGE LOANS | $1,474,932 | $1,306,375 |
| Provide below-market interest rate mortgage loans to very low, low, and moderate income first time homebuyers. |
| Outputs: |
| Number of Very Low, Low, and Moderate Income Households that Received Loans Through First-Time Homebuyer Programs at TDHCA | 1,800 | 2,100 |
| Number of Zero Percent Loans Issued to Very Low and Low Income Households | 320 | 275 |
| Efficiencies: |
| Average Processing/Administrative Cost per Loan Issued to Very Low, Low, and Moderate Income Households | 1,600 | 1,800 |
Provide loans for the development of multi-family rental units for the very low, low, and moderate income.

**Outputs:**

Number of Multi-Family Rental Units Developed as a Result of Loans Provided Through TDHCA 1,000 1,000

A.2.7. Strategy: MULTI-FAMILY HOUSING $ 213,748 $ 208,685

To acquire multi-family housing units for very low, low, and moderate income individuals and families.

**Outputs:**

Number of Units Created and/or Preserved for the Benefit of Very Low, Low, and Moderate Income Individuals and Families 900 1,200

A.2.8. Strategy: RESOLUTION TRUST $ 327,368 $ 303,618

Monitor occupancy requirements of Texas properties sold under the Resolution Trust Corporation's Affordable Housing Disposition Program.

**Outputs:**

Number of Audits Performed 250 250

A.2.9. Strategy: HOUSING RESOURCE CENTER $ 279,675 $ 274,132

Provide technical assistance, information, and training to nonprofit organizations on affordable housing development through a Housing Resource Center.

**Efficiencies:**

Average Agency Cost per Non-Profit Trained Through the Housing Resource Center 231 231

Total, Goal A: AFFORDABLE HOUSING $ 42,744,688 $ 41,750,738

B. Goal: COMMUNITY/ECONOMIC DEVLPMT

To better Texas communities by supporting community and economic development and by helping local governments to become more effective.

**Outcomes:**

Percent of Persons in Small Communities Funded Annually Benefiting from Public Facility, Economic Development, Housing, and Planning Projects 30% 30%

Percent of CDBG-eligible Colonia Areas Receiving Technical Assistance from Service Centers 100%
B.1.1. Strategy: LOCAL TRAINING

Administer a program providing information, advice, and training to officials of communities of less than 10,000 people.

**Outputs:**
Number of Officials Trained 1,400 1,400

**Efficiencies:**
Average Agency Cost per Local Government Official Trained 97.62 97.62

B.2.1. Strategy: DEVELOPMENT GRANTS

Make grants for community and economic development projects.

**Outputs:**
Number of Community and Economic Development Contracts Awarded Annually 280 280
Number of Projected Beneficiaries from Community and Economic Development Projects - New Contracts Awarded Annually 350,000 350,000
Number of Jobs Created/Retained through Economic Development Contracts Awarded Annually 2,000 2,000
Number of Programmatic Monitoring Visits Conducted 223 223

**Efficiencies:**
Average Agency Administrative Cost per Contract Awarded 7,886 7,886

B.2.2. Strategy: COLONIA SERVICE CENTERS

Provide technical assistance to Colonia areas through three service centers.

**Outputs:**
Number of On-Site Technical Assistance Visits Conducted Annually from the Service Centers 300

Total, Goal B: COMMUNITY/ECONOMIC DEVELPMT 90,820,566 90,597,480

C. Goal: POOR & HOMELESS PROGRAMS

To improve living conditions for the poor and homeless and reduce the cost of home energy for very low income Texans.
Outcomes:

Percent of Very Low Income Households that Received Homeless and Poverty-Related Assistance 30% 30%

Percent of Very Low Income Households in Texas that Received Energy Assistance from TDHCA 5.86% 5.28%


Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

Outputs:

Number of Persons Assisted Through Homeless and Poverty-Related Funds 536,825 500,000

Number of Households Assisted that Achieve Incomes Above Poverty Level 126 126

Number of Shelters Assisted 15 15

Efficiencies:
Average Agency Administrative Cost per Client Served 2.93 2.85

C.2.1. Strategy: ENERGY ASSISTANCE PROGRAM $29,055,076 $28,443,971

Administer the State Energy Assistance Programs.

Outputs:

Number of Households that Received TDHCA Assistance for Heating and Cooling Expenses 64,643 58,178

Number of Dwelling Units Weatherized by the Department 3,077 2,792

Efficiencies:
Average Administrative Cost per Household Served 18.25 20.28

Total, Goal C: POOR & HOMELESS PROGRAMS $48,420,854 $45,809,591

D. Goal: INDIRECT ADMINISTRATION

D.1.2. Strategy: INFORMATION RESOURCES $769,733 $769,733
D.1.3. Strategy: OTHER SUPPORT SERVICES $330,264 $330,264
Total, Goal D: INDIRECT ADMINISTRATION $ 4,847,208 $ 4,847,208

Grand Total, DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS $ 186,833,326 $ 183,005,017

Method of Financing:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Appropriated</th>
<th>Earned Federal Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund</td>
<td>4,354,293</td>
<td>1,363,746</td>
</tr>
<tr>
<td>Community Affairs Federal Fund No. 127</td>
<td>175,139,720</td>
<td>1,333,102</td>
</tr>
<tr>
<td>Interagency Contracts</td>
<td>130,686</td>
<td>114,319</td>
</tr>
<tr>
<td>Total, Method of Financing</td>
<td>$ 188,833,326</td>
<td>$ 183,005,017</td>
</tr>
</tbody>
</table>

Method of Financing (Capital Budget):

<table>
<thead>
<tr>
<th>Fund</th>
<th>Appropriated</th>
<th>Earned Federal Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund</td>
<td>64,062</td>
<td>15,821</td>
</tr>
<tr>
<td>Community Affairs Federal Fund No. 127</td>
<td>85,171</td>
<td>5,273</td>
</tr>
<tr>
<td>Interagency Contracts</td>
<td>130,686</td>
<td>114,319</td>
</tr>
<tr>
<td>Total, Method of Financing</td>
<td>$ 511,405</td>
<td>$ 170,489</td>
</tr>
</tbody>
</table>

(Sections pertaining to CDBG funding).

4. Administrative Allocation: Councils of Governments. From federal administrative monies made available to the Department under the Community Development Block Grant Program, an amount equal to 19 percent of such monies shall be allocated to councils of governments to continue staff support to the 24 Regional Review Committees of local elected officials appointed by the Governor.

10. Contingency: Community Development Block Grant. Out of funds appropriated above in Strategy B.2.1., Development Grants, $142,901 in general revenue for each year of the 1996-97 biennium shall be contingent upon an increase in federal Community Development Block Grant (CDBG) funds. In the event that federal CDBG funding is less than $89,381,743 in fiscal year 1996, and $88,431,920 in fiscal year 1997, the $142,901 in general revenue appropriated above each year, which is based on an increase in federal funds of $8,400,000 per year above the 1995 level, shall be reduced by an amount proportionate to the reduction in the annual federal increase.

11. Colonia Set-Aside Program Allocation. The Texas Department of Housing and Community Affairs shall continue the Community Development Block Grant (CDBG) Colonia Set-Aside Program by allocating not less than 10 percent of the yearly allocation of CDBG funds for eligible activities to assist in providing for the housing, planning, and infrastructure needs in colonias. In addition, the Department shall allocate 2.5 percent of the CDBG monies to support the operation of Self-Help Owner-Builder Housing Programs.
APPENDIX B

Texas Department of X Survey

Remember

*Outcome measures* assess how well a program is operating in relationship to the goals and objectives of a program.

*Output measures* focus on the amount of work or the quality of the processes used to accomplish the work of a program.

Please check the appropriate response.

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>Don't Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Do you feel confident in distinguishing between output and outcome measures?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Do you believe your agency's outcome measures are useful to you?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Do you believe budgetary based outcome measures are useful in managing your program?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Does your agency stress mostly agency oriented outcome measures?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Does your agency determine the outcome measures of your program based upon client needs?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Does your agency rely heavily upon budgetary based outcome measures?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Does your agency consider agency outcome measures when determining an in-house budget?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Please check the appropriate response.

8. Does your agency consider the client's outcome measures when your agency determines an in-house budget?  
   Yes  No  Don't Know

9. Do you believe that the legislature emphasizes budgetary outcome measures when they appropriate money to your agency?  
   Yes  No  Don't Know

10. Do you believe that the legislature considers your agency's outcome measures when they appropriate money to your agency?  
    Yes  No  Don't Know

11. Do you believe that the legislature considers your client's outcome measures when they appropriate money to your agency?  
    Yes  No  Don't Know

My job classification is:  
   6 - 10  
   11 - 14  
   15 - 18  
   19 - 22  
   23 +  

I would like a copy of the results of this survey.  

Please fax the completed survey to: 512/282-3818