

The Rural Community Development (RCD) Program

RCD Grants in Persistent Poverty and High-Poverty Areas during Fiscal Year 2021



Introduction

A **Report to Congress from May 2021** demonstrated that in fiscal year (FY) 2019 and FY 2020¹ close to half of Rural Community Development (RCD) projects served communities that are either in designated *persistent poverty areas* or *high-poverty areas*. Additionally, almost 40 percent of hours spent on RCD projects and 30 percent of grant award dollars² were invested in these communities as well.

This follow-on report demonstrates that in FY 2021 the RCD program continued to serve persistent and high poverty areas. During FY 2021³, more than two thirds of RCD projects served communities in designated *persistent poverty areas* or *high poverty areas*. Additionally, half of hours spent on RCD projects and more than 40 percent of grant award dollars⁴ were invested in these communities.

RCD Program

The **Rural Community Development program** (also referred to as the Rural Community Facilities Development Program) is a discretionary grant program within the U.S. Department of Health and Human Services' Administration for Children and Families' Office of Communities Services. RCD grants support training and technical assistance for creating and maintaining safe and affordable water and wastewater systems in the nation's lowest income rural communities, including tribal areas, many of which have populations at or below 2,500 individuals.

Unlike large, urban areas with dedicated and experienced staff to address water needs and manage and maintain systems, the small communities that RCD-funded projects serve often lack experienced and

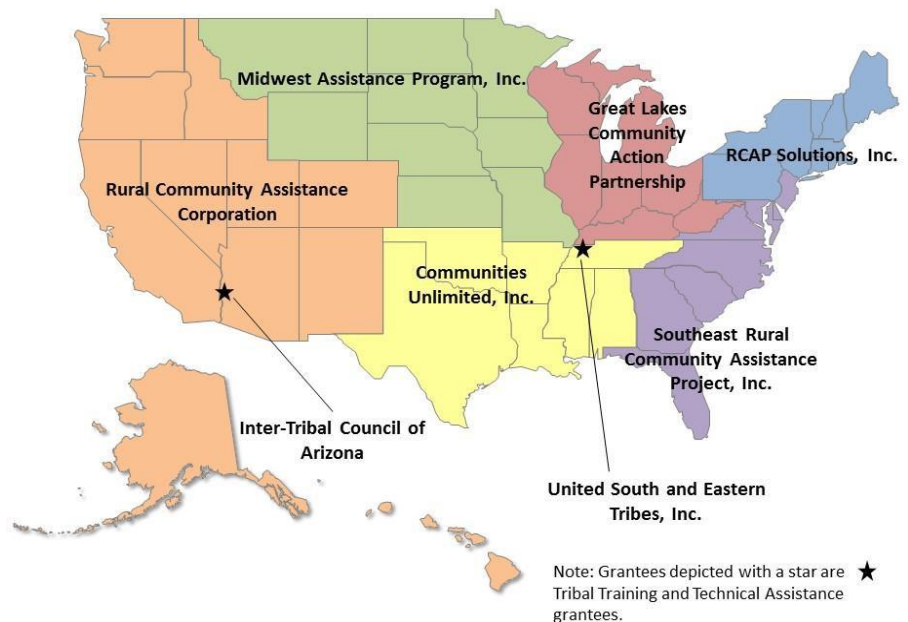


Figure 1. RCD Grantee Organizations





appropriately trained staff. Most people impacted by the program have very low incomes and live in sparsely populated rural areas. Many of the households RCD-funded projects serve have incomes below the federal poverty level and live in homes without adequate indoor plumbing. By design, RCD serves communities with the lowest incomes and highest need when it comes to water and wastewater systems.⁵

Data Collection

Via an **Office of Community Services (OCS) Action Transmittal** published on December 3, 2021, the eight active RCD grantee organizations—six regional organization and two organizations specifically supporting tribal communities—were instructed to gather data about their work in *persistent poverty areas* and *high-poverty areas* to inform this report. Each grantee provided a list of projects implemented with RCD grants in FY 2021, the number of hours dedicated to the project, the amount of grant award dollars dedicated to the project, and the county and census tract in which the project was located. County and tract information provided by grantees and census data was used to determine whether each project served a community in a *persistent poverty area* or *high-poverty area*.

Results & Analysis

The data demonstrates that in FY 2021 more than two thirds⁶ of RCD projects served communities that are in either *persistent poverty areas* or *high-poverty areas*, or both. Half of hours spent on RCD projects supported communities in either designated *persistent poverty areas* or *high-poverty areas*. More than 40 percent of grant award dollars were invested in communities in either designated *persistent poverty areas* or *high-poverty areas*. Even when RCD grants serve communities located outside of *persistent poverty areas* or *high-poverty areas*, funded projects specifically target disadvantaged communities and families with the highest need for water and wastewater services.

Persistent Poverty Areas

In FY 2021, more than a third of RCD projects served communities in designated *persistent poverty areas*. One third of grant award dollars were invested in designated *persistent poverty areas*, while over forty percent of hours spent on RCD projects supported these communities.

The data in aggregate shows that more time is spent on projects in persistent poverty areas (41 percent) relative to the percentage of grant award dollars spent on those projects (34 percent). Some communities may be particularly under-resourced in terms of staff and capacity and may require a larger amount of training and technical assistance hours to support their water and wastewater needs, which skews the percentage of time spent on these projects higher relative to the amount of award dollars dedicated to the project.

Please note: The data showcasing RCD projects serving persistent poverty areas or high poverty areas during FY 2021 is significantly higher than reported for FY 2019 and FY 2020. This is in large part due to projects serving persistent and high poverty areas in Puerto Rico. The list of persistent poverty counties used for the FY 2019 and FY 2020 report did not include municipios in Puerto Rico. However, updated analysis shows that, while 1990 decennial census data is not publicly available for Puerto Rican municipios, 2000 decennial census and 2019 ACS 5-year estimates indicate that all Puerto Rican municipios have poverty rates at both points in time well above 20%. Therefore, this report asserts that all RCD projects serving Puerto Rican municipios should be counted as serving persistent poverty areas.



Figure 2. RCD Projects in Persistent Poverty (PP) Areas in FY 2021

All Projects	Projects in PP Areas	Percentage of Projects in PP Areas
2,996	1,088	36%

Figure 3. RCD Project Hours Spent in Persistent Poverty (PP) Areas in FY 2021

Hours Spent on All Projects	Hours Spent in PP Areas	Percentage of Hours Spent in PP Areas
101,563	41,589	41%

Figure 4. RCD Grant Award Dollars Invested in Persistent Poverty (PP) Areas in FY 2021

Total RCD Grant Award Dollars	Grant Award Dollars Invested in PP Areas	Percentage of Grant Award Dollars Invested in PP Areas*
\$9,184,472 ⁷	\$3,101,799	34%

* Percentage is calculated based on the total grant award dollars invested during FY 2021 (September 30, 2020 to September 29, 2021).

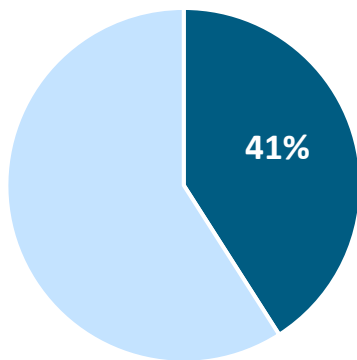


Figure 5. Hours Spent on RCD Projects during FY 2021 to Serve Communities in Designated Persistent Poverty Areas

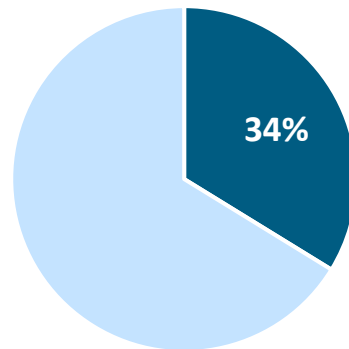


Figure 6. Percentage of Award Dollars Invested during FY 2021 in Communities in Designated Persistent Poverty Areas

High-Poverty Areas

RCD grantees, by nature of the program, serve low-income communities. However, some communities served by RCD grants are low income but are located within very large or economically diverse counties, in which the average income level may not be particularly low (e.g., counties in the western and southwestern U.S.). Additionally, tribal communities served by RCD grants often have very different characteristics—including lower average incomes—than the overall characteristics of the counties in which they are located.

To address this, grantees also provided data about the number of projects, number of hours spent, and amount of grant award dollars invested in *high-poverty areas*, at the census tract level. As census tracts are a much smaller unit of measurement than counties, data at the census tract level can provide a more accurate picture of the RCD program's service to, and investment in, communities with high poverty and significant need.





The information below outlines the RCD projects located in *high-poverty areas*, along with hours spent and the amount of grant award dollars invested in these areas. This section reports data on projects located in all *high-poverty areas*, even if they are already located in designated *persistent poverty areas*.

The data shows that in FY 2021, one third of RCD projects served communities in *high-poverty areas*. In line with this data, an additional more than one quarter of hours spent on RCD projects supported communities in *high-poverty areas*. Almost one quarter of grant award dollars were invested in communities in *high-poverty areas*.

Figure 7. RCD Projects in High-Poverty (HP) Areas in FY 2021

All Projects	Projects in HP Areas	Percentage of Projects in HP Areas
2,996	987	33%

Figure 8. RCD Project Hours Spent in High-Poverty (HP) Areas in FY 2021

Hours Spent on All Projects	Hours Spent in HP Areas	Percentage of Hours Spent in HP Areas
101,563	26,029	26%

Figure 9. RCD Grant Award Dollars Invested in High-Poverty (HP) Areas in FY 2021

Total RCD Grant Award Dollars	Grant Award Dollars Invested in HP Areas	Percentage of Grant Award Dollars Invested in HP Areas*
\$ 9,184,472	\$2,213,262	24%

* Percentage is calculated based on the total grant award dollars invested during FY 2021 (September 30, 2020 to September 29, 2021)

Two of the eight active RCD grantee organizations specifically support training and technical assistance on water and wastewater systems in tribal communities. The House Report, referencing the Consolidated Appropriations Act, allowed for the collection of data for tribal communities served by RCD by tribal census tract. However, to ensure consistent reporting across tribal- focused and non-tribal-focused grantees, tribal-focused grantees collected census tract data about their projects at the traditional state and county census tract level. Further, data at the tribal census tract level is extremely limited in the 2015–2019 5-year data series available from the American Community Survey. For many tribal census tracts, data about households in poverty is unavailable, and therefore would not allow for complete and accurate reporting of poverty data in the communities tribal-focused RCD grantees serve.

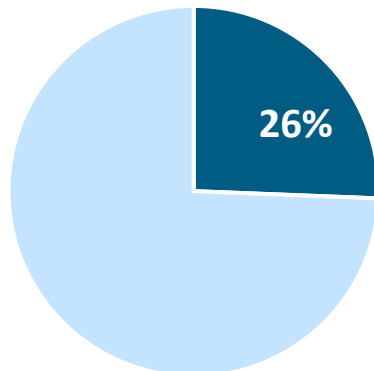


Figure 10. Hours Spent on RCD Projects during FY 2021 to Serve Communities in High Poverty Areas

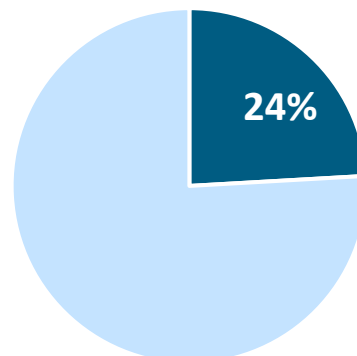


Figure 11. Percentage of Funds Invested during FY 2021 in Communities in High Poverty Areas



RCD Projects Serving *Either* Persistent Poverty or High-Poverty Areas

The objective of this report is to present data about how the RCD program serves underserved communities, defined for this purpose as either *persistent poverty areas* or *high poverty areas*. When data on each type of area is combined, it is clear that a significant portion of RCD projects and time spent and funding used serves these areas. In sum, more than two thirds of RCD projects in FY 2021 served areas designated as *persistent poverty* or *high poverty* or both. Half of the hours spent on RCD projects supported communities in areas designated as *persistent poverty* or *high-poverty* or both. More than 40 percent of grant award dollars were invested in communities designated as *persistent poverty* or *high-poverty* or both.

Figure 12. RCD Projects in Persistent Poverty (PP) or High-Poverty (HP) Areas in FY 2021

All Projects	Projects in PP or HP Areas	Percentage of Projects in PP or HP Areas
2,996	2,075	69%

Figure 13. RCD Project Hours Spent in Persistent Poverty (PP) or High-Poverty (HP) Areas in FY 2021

Hours Spent on All Projects	Hours Spent in PP or HP Areas	Percentage of Hours Spent in PP or HP Areas
101,563	50,516	50%

Figure 14. RCD Grant Award Dollars Invested in Persistent Poverty (PP) or High-Poverty (HP) Areas in FY 2021

Total RCD Grant Award Dollars	Grant Award Dollars Invested in PP or HP Areas	Percentage of Grant Award Dollars Invested in PP or HP Areas*
\$ 9,184,472	\$4,008,441	44%

* Percentage is calculated based on the total grant award dollars invested during FY 2021 (September 30, 2020 to September 29, 2021).

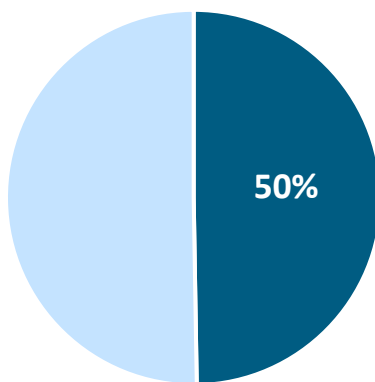


Figure 15. Hours Spent on RCD Projects in FY 2021 to Serve Communities in Persistent Poverty Counties or High Poverty Areas

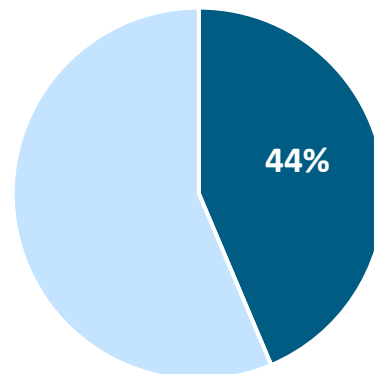


Figure 16. Percentage of Funds Invested during FY 2021 in Persistent Poverty Counties or High Poverty Areas



Grantees' Data Reporting Methodology

Grantees used one of two general approaches for determining the number of hours and amount of award dollars dedicated to each project.

Some grantees track staff hours by project. In these cases, grantees had readily available data on the number of hours spent per project. They calculated cost per project as follows:

$$(Total\ Hours\ Expended\ on\ OCS\ Grant) - (Training,\ Admin,\ Other\ Non-Project\ Hours) = Total\ Project\ Hours$$

$$(Total\ Grant\ Award) / (Total\ All-Project\ Hours) = Adjusted\ Project\ Hourly\ Rate$$

$$(Total\ Hours\ per\ Individual\ Project) \times (Adjusted\ Project\ Hourly\ Rate) = (Cost\ per\ Individual\ OCS\ Project)$$

Other grantees did not track staff hours by project in FY2021. In these cases, they estimated the average number of staff hours and cost per project as follows:

$$(Total\ Grant\ Amount) / (Total\ Number\ of\ Projects) = (Estimated\ Average\ Cost\ per\ Individual\ OCS\ Project)$$

$$(Total\ Grant\ Amount) / (Full\ Time\ Equivalent\ Cost\ per\ Person) = (Number\ of\ FTEs) \quad (Number\ of\ FTEs) \times (Hours\ per\ Year) = (Total\ Hours)$$

$$(Total\ Hours) / (Number\ of\ Projects) = (Estimated\ Average\ Hours\ per\ Project)$$

Notes

¹ FY 2019 refers to project activities that took place during FY 2019 (September 30, 2018 to September 29, 2019); therefore, the funding expended for activities in FY 2019 was awarded in FY 2018. FY 2020 refers to project activities that took place during FY 2020 (September 30, 2019 to September 29, 2020); therefore, the funding expended for activities in FY 2020 was awarded in FY 2019.

² Percentage of money invested in persistent poverty or high-poverty areas is calculated based on the total grant award dollars invested from FY 2018 and FY 2019 (versus total appropriations funding for that FY).

³ FY 2021 refers to project activities that took place during FY 2021 (September 30, 2020 to September 29, 2021); therefore, the funding expended for activities in FY 2021 was awarded in FY 2020.

⁴ Percentage of money invested in persistent poverty or high-poverty areas is calculated based on the total grant award dollars invested from FY 2020 (versus total appropriations funding for that FY).

⁵ More information about the RCD program is available at: <https://www.acf.hhs.gov/ocs/programs/rcd>.

⁶ The two thirds of RCD projects serving persistent poverty areas or high poverty areas during FY 2021 is significantly higher than the almost half reported for FY 2019 and FY 2020. This is in part due to projects serving persistent and high poverty areas in Puerto Rico. The list of persistent poverty counties used for the FY 2019 and FY 2020 report did not include municipios in Puerto Rico. However, updated analysis shows that, while 1990 decennial census data is not publicly available for Puerto Rican municipios, 2000 decennial census and 2019 ACS 5-year estimates indicate that all Puerto Rican municipios have poverty rates at both points in time well above 20%. Therefore, this report asserts that all RCD projects serving Puerto Rican municipios should be counted as serving persistent poverty areas.

⁷ This is the total grant award amount for RCD grantees from FY 2020 that was used to support project activities in FY 2021

