

Report to Congress

**Rural Community Development Grants in Persistent Poverty and High-Poverty
Areas**



ADMINISTRATION FOR
CHILDREN & FAMILIES

Introduction

The Department of Health and Human Services (HHS) submits this report to the House of Representatives Committee on Appropriations in response to the following language included in House Report 116-450:

Within 120 days of enactment of this Act, the Committee requests a report of Rural Community Facilities Development projects supported by Rural Community Development (RCD) grants in fiscal year 2019 and 2020. The report should identify which projects are in persistent poverty areas, which shall be defined as any county that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990 and 2000 decennial censuses and the most recent Small Area Income and Poverty Estimates published by the Census Bureau. In addition, the report should identify which projects are in high-poverty areas, where the term high-poverty area should mean any county or Tribal census tract with a poverty rate of at least 20 percent as measured by the 2014–2018 5-year data series available from the American Community Survey of the Census Bureau. The Committee requests the RCD program, as part of its fiscal year 2021 grant continuation application process, instruct grantees to collect and report time and costs associated with work supporting projects in persistent and high-poverty areas.

The data demonstrates that in fiscal year (FY) 2019 and FY 2020¹ close to half of 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.

Rural Community Development 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 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

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).

plumbing. By design, RCD serves communities with the lowest incomes and highest need when it comes to water and wastewater systems.³

Data Collection

Via an Office of Community Services (OCS) [Action Transmittal](#) published on February 12, 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 2019 and FY 2020, 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*.

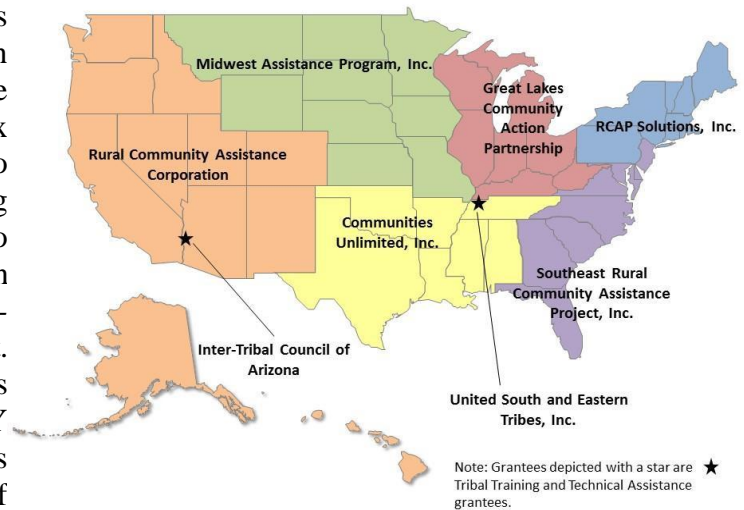


Figure 1. RCD Grantee Organizations

Results & Analysis

The data demonstrates that in FY 2019 and FY 2020 close to half of RCD projects served communities that are either in designated *persistent poverty areas* or *high-poverty areas*. Almost 40 percent of hours spent on RCD projects supported communities in either designated *persistent poverty areas* or *high-poverty areas*. Thirty 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 2019 and FY 2020, approximately one quarter of RCD projects served communities in designated *persistent poverty areas*. Approximately 15 percent of grant award dollars were invested in designated *persistent poverty areas*, while almost one quarter 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 (22 percent) relative to the percentage of grant award dollars spent on those projects (16 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

³ More information about the RCD program is available at: <https://www.acf.hhs.gov/ocs/programs/rcd>.

wastewater needs, which skews the percentage of time spent on these projects higher relative to the amount of award dollars dedicated to the project.

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

	All Projects	Projects in PP Areas	Percentage of Projects in PP Areas
FY 2019	2,955	720	24%
FY 2020	3,317	842	25%

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

	Hours Spent on All Projects	Hours Spent in PP Areas	Percentage of Hours Spent in PP Areas
FY 2019	85,546	19,719	23%
FY 2020	98,096	21,572	22%
Total	183,641	41,291	22%

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

Year of Project Support	Total RCD Grant Award Dollars	Grant Award Dollars Invested in PP Areas	Percentage of Grant Award Dollars Invested in PP Areas*
FY 2019	\$7,753,041 ⁴	\$1,349,815	17%
FY 2020	\$8,470,780 ⁵	\$1,284,516	15%
Total	\$16,223,821	\$2,634,330	16%

* Percentage is calculated based on the total grant award dollars invested during FY 2019 (September 30, 2018 to September 29, 2019) and FY 2020 (September 30, 2019 to September 29, 2020).

Figure 5. Hours Spent on RCD Projects in FY 2019 and FY 2020 to Serve Communities in Designated Persistent Poverty Areas

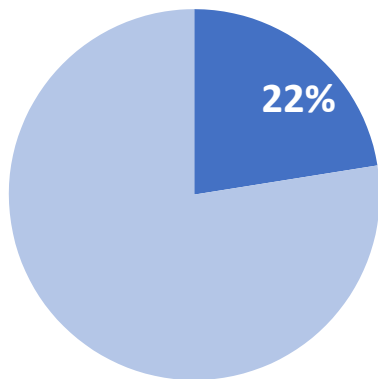
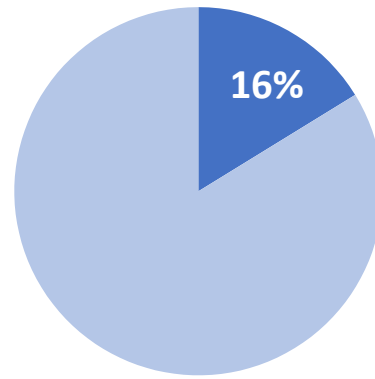


Figure 6. Percentage of Award Dollars Invested during FY 2019 and FY 2020 in Communities in Designated Persistent Poverty Areas



⁴This is the total grant award amount for RCD grantees from FY 2018 that was used to support project activities in FY 2019.

⁵This is the total grant award amount for RCD grantees from FY 2019 that was used to support project activities in FY 2020.

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 *high-poverty areas* only. If a project was also located in a *persistent poverty area*, it is included in the *persistent poverty area* data set and not double counted in this section.

The data shows that in FY 2019 and FY 2020, 20 percent of RCD projects served communities in *high-poverty areas*, in addition to the projects that served communities in *persistent poverty areas* (reported in the Persistent Poverty Areas section above). In line with this data, an additional 17 percent of hours spent on RCD projects supported communities in *high-poverty areas*. An additional 14 percent of grant award dollars were invested in communities in *high-poverty areas*.

Similar to data about persistent poverty areas above, the data in aggregate shows that more time is spent on projects in *high-poverty areas* (17 percent) relative to the percentage of grant award dollars invested on those projects (14 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.

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

	All Projects	Projects in HP Areas	Percentage of Projects in HP Areas
FY 2019	2,955	575	19%
FY 2020	3,317	660	20%

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

	Hours Spent on All Projects	Hours Spent in HP Areas	Percentage of Hours Spent in HP Areas
FY 2019	85,546	14,553	17%
FY 2020	98,096	16,025	16%
Total	183,641	30,578	17%

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

	Total RCD Grant Award Dollars	Grant Award Dollars Invested in HP Areas	Percentage of Grant Award Dollars Invested in HP Areas*
FY 2019	\$7,753,041	\$1,223,294	16%
FY 2020	\$8,470,780	\$988,106	12%
Total	\$16,223,821	\$2,211,400	14%

* Percentage is calculated based on the total grant award dollars invested during FY 2019 (September 30, 2018 to September 29, 2019) and FY 2020 (September 30, 2019 to September 29, 2020).

Figure 10. Hours Spent on RCD Projects in FY 2019 and FY 2020 to Serve Communities in High Poverty Areas

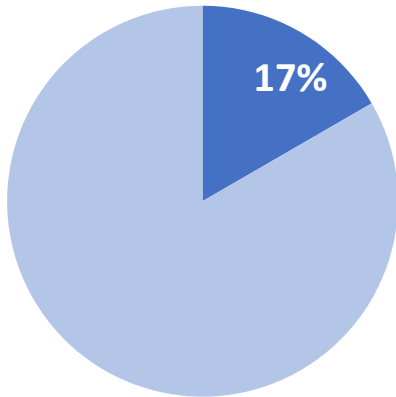
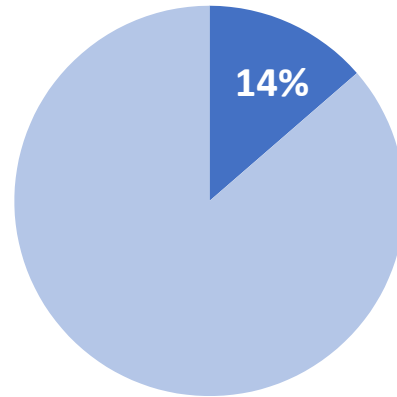


Figure 11. Percentage of Award Dollars Invested during FY 2019 and FY 2020 in Communities in High Poverty Areas



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 2014–2018 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.

Methodology Regarding RCD Projects Serving Both Persistent Poverty and High-Poverty Areas

As noted above, data reported in the Persistent Poverty Areas section includes all projects located in designated *persistent poverty areas*. The High-Poverty Areas section includes projects located in *high-poverty areas* that are **not** already included in the Persistent Poverty Areas section. The data was analyzed in this manner due to the way grantees reported the data. For instance, to avoid a perception of “double counting,” some RCD grantees did not provide data needed to determine if a project served a *high-poverty area*, if that project already met the criteria of serving a *persistent poverty area*. While reporting the data separately allows for the program to identify all of the RCD

projects serving these two types of underserved areas, without skewing the data by double counting projects that are located in both *persistent poverty areas* and *high-poverty areas*, OCS knows that *persistent poverty areas* and *high-poverty areas* are not mutually exclusive. As such, OCS will provide additional guidance in the future around how to collect this data.

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) x (Adjusted Project Hourly Rate) = (Cost per Individual OCS Project)

Other grantees did not track staff hours by project in FY2019 and FY2020. 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) (Number of FTEs) x (Hours per Year) = (Total Hours)

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

Future Reporting

Based on the results presented in this report, it is expected that RCD grantees will be able to report that they served a similarly high percentage of persistent and high-poverty areas and those with highest need for investment in water and wastewater systems in FY 2021. Additionally, as part of the FY 2021 non-competing continuation application process, RCD grantees are required to provide time and costs associated with work that will support projects in persistent and high-poverty areas in FY 2022.