

# CDBG Working Group

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## ***DRAFT Meeting 7 Summary: April 4, 2013***

*Members:* Chris Hall, Rob Wood, Karma O'Connor, Joni Boissonneault, Mike Rolland, Tae Chong, Julie Chase, Beth Campbell, Ed Suslovic

*Staff:* Amy Pulaski, Maeve Wachowicz (note taker)

### **Public Meeting**

The Group discusses the attendance at the public meeting and reviews the notes taken. The group identifies a few people who attended but did not sign in: Rachel White and Bill Burney. Tae clarifies that his statistic of 8,000 un/underemployed people was a combination of PHA residents and the homeless population.

### **Discussion of outcomes**

The group discusses the 6 month job retention outcome. Amy thinks that measuring over the 2 year life of the grant and then an additional year might be a better retention measure. So depending on when each employee was hired over the two years, there would be a minimum of 1 year and a maximum of 3 years of tracking per person.

The group discusses tracking resources, including year-end reports, wage records and how to reward the creation of sustainable jobs. The group also debates whether they want to track the job or the individual that fills the job, and comes to the conclusion that you would need to track, reward, and incentivize both. However, they note that tracking can be resource-intensive, which leads them to talk about leveraging other resources and whether the social service funds used for this project should be higher.

### **Discussion of Limits**

One member questions the limit of having a minimum of 2 grantees. Other members comment that they did not want to put all their eggs in one basket for the first year and that the minimum does not mean there needs to be a 50/50 split of funds between two projects. On the other hand, some members agree that the 2 grant minimum is too restrictive and that already limited funds would be stretched. They advocate for giving the allocation committee the flexibility of funding one good project, or multiple ones depending on their merit.

The group also discusses that if the most difficult populations to serve need more resources, you might be discouraging serving them if the money available is so little. One member thinks taking any more social services money for this project would be a strain on the already tight resources of CDBG. This year the allocation committee got double the requests for money than what was available. However, others think that without sufficient funding this initiative will not succeed. One member points

out that eliminating the 2 grant minimum helps mitigate the fact that there are limited funds. However, others are still reluctant to just fund one program and suggest instead of having language requiring a minimum, just including language that the group recommends or encourages more than one grant be awarded.

### **Discussion of Metrics**

The group then discusses metrics and whether grants would be rewarded for the number of jobs and businesses created or for the number of people employed. One member also asks whether there would be mandatory technical assistance. Amy says the applicants would have to meet with her to make sure they are eligible. The group also decides they would like to change net economic benefit to net ROI and that two ROIs would need to be measured, one for the business and one for the individual.

Some members question whether the most vulnerable populations should be the focus of this initial pilot, since the chronically unemployed for example need more social services in order to become successful. The group then talks about how to reward grants that work with those populations. Some members feel that jobs and businesses with the highest ROI and the least social services investment should be prioritized, and once the program is established and successful it can begin to address more vulnerable populations. Other members disagree and want to focus on helping the target populations.

The group talks about how to include job retention in ROI. Beth again brings up a milestone-based payment model. Amy proposes that there could be 3 payments – one after the hire, at 6 months, and at 12 months. Chris poses the question of whether that model would discourage employers from giving promotions, because they need the employee in the same position in order to hit the milestones. The group agrees that issue could be problematic and needs clarification.

The group then discusses the model for payments for the social services. One member thinks it should be a “broker” model, in which not all services would be paid for out of the grant, but that participants are being connected to other service providers that can help them. Another member thinks that incorporating lots of social services should score low, because that is an indicator of low ROI. Some members discuss that the program will be judged a success or a failure based on how many jobs are created in the end, so that should be the focus. Other members worry that such an approach eliminates the focus on the priority populations.

The group then talks about measuring ROI for microenterprises, and whether looking at wages and payroll is the best measure. They talk about how often an owner will not draw a paycheck or employs relatives, and that those nuances may not be reflected. One member notes that that kind of program might not score highly. Ed comments that that issue goes back to the point made at the public forum about existing businesses being more competitive. However, he stresses that this program cannot fit everyone’s needs.

### **Discussion of Financial Need**

Chris notes that the hospitality industry will be expanding in Portland in the next year, and thinks this initiative could plug into those new jobs being created.

However Amy notes that the businesses who would receive funding would need to demonstrate financial need for the project, and a large hotel chain probably would not qualify. The group debates this restriction and some think that the argument could be made that a large corporation would not be able to hire LMI Portland individuals without the grant. However that does not fit with the requirement that development funds be used for business expansion that creates net new jobs, it is just plugging a certain population into an expanding industry.

They discuss whether the funding could go towards training, but Amy explains that training would fall under the social services funding unless the training was for a specific job in which the skills could not be obtained otherwise or if there are no people already possessing that skill available to hire. Also if a hotel chain were to argue that they need the funding for construction, that would trigger Davis Bacon requirements, which would be onerous.

Some members think the group should meet an additional time than is scheduled to grapple with the financial need issue and how that impacts who can apply for the grants. They also want to address how to ensure the target population is served and balance their needs with facilitating larger ROI, possibly by including qualitative as well as quantitative measures of ROI.

### **Meeting Summary**

Tae moves to accept the meeting minutes from March 28<sup>th</sup>. Mike seconds. All vote in favor.

### **Next Meeting**

The next meeting is April 18<sup>th</sup> at 2:00pm in the Council Chambers. Amy will clarify the gap funding requirements for the next meeting. The group will define bonus points for the priority populations. The group will also consider having an additional meeting before the HCDC meeting in May.