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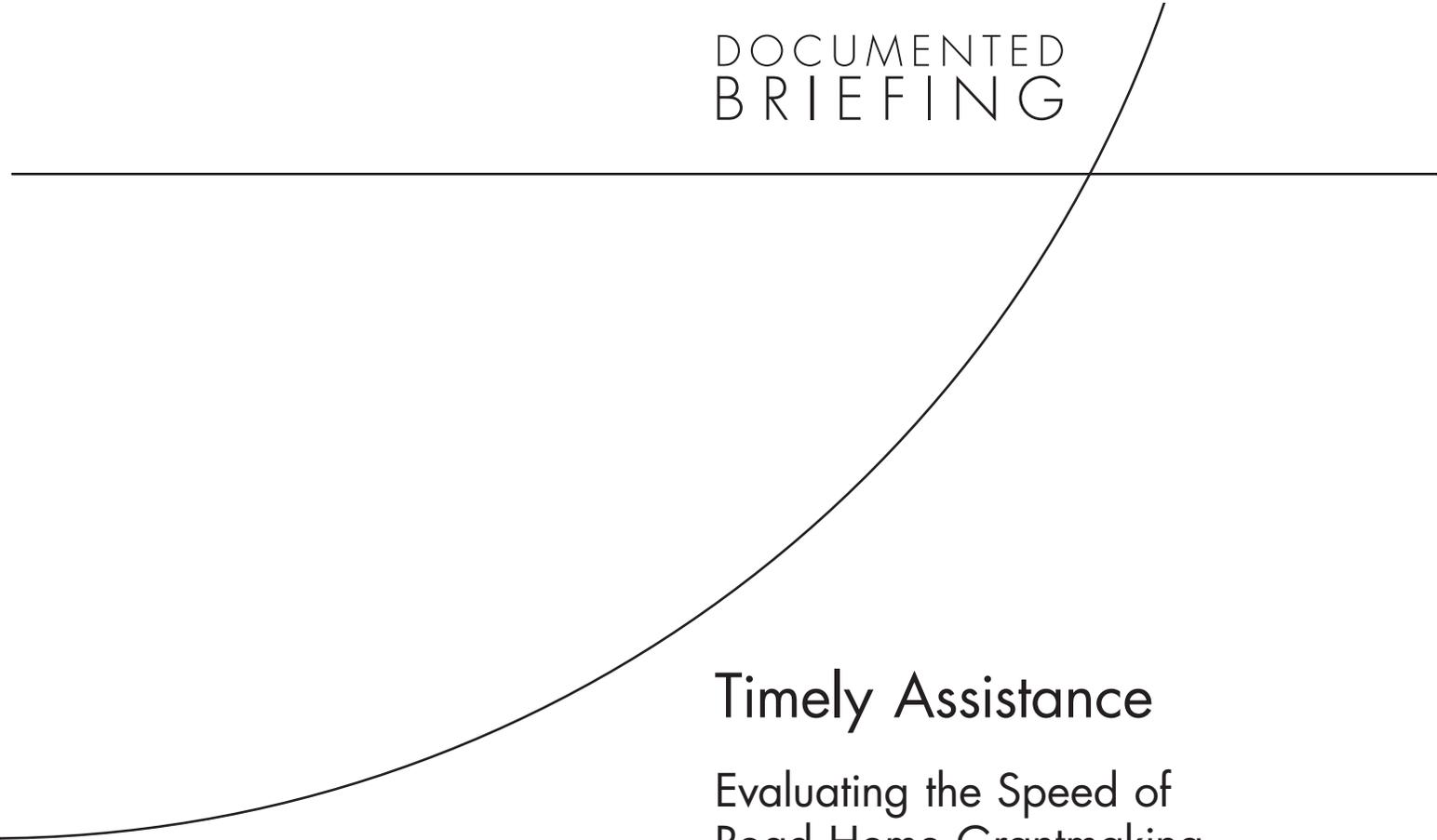View document details

Timely Assistance

Evaluating the Speed of
Road Home Grantmaking

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Summary

After hurricanes Katrina and Rita, the federal government made available $8.1 billion to help Louisiana reconstruct its housing stock. Louisiana's governor established the Road Home (RH) program to disburse the federal funds as grants to eligible homeowners. This documented briefing assesses whether the RH grantmaking process has performed in a timely fashion.

The RH program established two principles related to timely grantmaking: "All applications should be processed in a timely manner," and "Every applicant should have access to a fair and swift resolution of errors, disputes, and appeals." Expectations for timely grantmaking were high at the outset of the program, as evidenced by press releases and public statements. As the program progressed, it became evident that these expectations were not being satisfied, as one of the most common complaints among homeowners was that the grantmaking process was too slow.

In support of its mission to coordinate recovery efforts, the Louisiana Recovery Authority (LRA) asked RAND to conduct an evaluation of the RH program, focusing on the timeliness of its grantmaking. The evaluation was intended to be formative and designed to support efforts to improve the grantmaking process.

Study Approach

Because the evaluation was to be small and quick, it relied on available program data and did not entail any special data-collection activities. ICF, the firm hired to operate the RH program, provided RAND with extracts from the eGrantsPlus data set (the latest dating from December 18, 2007) that contained dates marking the progress of each application through the grantmaking process, as well as data on features of the homeowner's situation that might affect the time spent waiting for a grant:

- location (parish, ZIP® code)
- structure type (e.g., house, condo, mobile home)
- type of insurance coverage, if any
- the housing-assistance center (HAC) used
- program option selected by the homeowner, if available
- the firm disbursing the grant, if available.

The extract included no data that would permit identification of specific homeowners or properties. ICF also provided information about program features that might affect timeliness (e.g., dates of important policy or procedure changes).

The eGrantsPlus extract and program information proved adequate to support most of the analytic approaches that we hoped to employ:

- One analytic task was to develop "a process map that tracks applications from initiation to close-out." With ICF's assistance, we were able to develop a process map that could be linked to available "time stamps" marking the progression of individual applications through the grantmaking process.
- Another analytic task was to measure "applications' dwell time and product error rates, along with standard deviations and other descriptive statistics at discrete stages, or nodes, of the process." The data were sufficient to address dwell time in great detail.
- Another analytic task concerned with error was to "identify points where errors are introduced that cause files to be reworked and the root causes of those errors." We lacked data to measure error rates directly; however, available data did permit us to measure rework rates, which are indicative of error, as well as to measure their effects on timeliness.
- A fourth analytic task was to identify "characteristics of applications [that] have particularly lengthy dwell or disposition times." As our analysis proceeded, it became evident that this task rested on an assumption that did not hold—namely, that the grantmaking process performed in a predictable manner in the sense that certain characteristics of the applications in the process would predict how quickly they moved through it. However, we found wide distributions in grantmaking time on all dimensions that we examined.
- A related analytic task was to identify "characteristics of applications and processes that are associated with congestion at particular nodes." We identified two process sources of congestion that caused a high volume of applications to surge into the RH program: One occurred early in the program (October 2006) and the other late (July 2007, the final month in which homeowners could apply). We analyzed how backlogs of applications built up as a result of these surges.
- Another analytic task was to "review files that are in dispute resolution, have been resolved, are in appeal, or had the appeal concluded." Obtaining and analyzing a statistically meaningful sample of application files would have entailed a major data-collection effort. As a result, because of resource and time constraints, we did not review individual applications; moreover, we lacked data on applications in appeal. However, available data did permit us to analyze the performance of a segment of the grantmaking process called preclosing resolution that affects approximately 16 percent of all applications.
- Another analytic task that would have involved special data collection was to consult with and interview applicants and representatives of community groups. This turned out to be impracticable due to the sheer volume of persons seeking a grant. The project lacked resources and time to conduct interviews with a representative sample of homeowners or their advocates; as a fallback, we relied on published accounts of applicant and community concerns to help inform our data analyses.

Major Findings

Although some applications have been processed in a timely manner, the overall timeliness of the grantmaking process has not been consistently good or predictable. From the homeowner's perspective, the total time waiting for a grant begins with the application and ends with the

disbursal of funds. The distribution of "grant wait time" (GWT) in this sense, for the 57,000 applications that had resulted in grants by December 18, 2007, is shown in the histogram in Figure S.1.

- On average, homeowners had waited about 250 days for grants; many have waited well over a year.
- Many homeowners who applied early in the program had not received grants by mid-December 2007. For example, only about half of eligible applicants who applied in December 2006 had received grants a year later.

Analyses of major segments of the grantmaking process provided insight into why the overall process was so long and variable:

- Almost every segment could contribute substantially (100 or more days) to the time that a given application took to result in a grant. As early as the initial processing, some applications began to experience long delays even as others moved through that segment quickly.
- Delays could compound. Applications that take a long time to complete more than one segment would necessarily have very long GWTs overall.
- Some applications experienced additional delay because they repeated one segment two or more times. Having to repeat final review delayed 20,000 applications, and 10,000 were delayed by repeating closing.

Figure S.1
Grant Wait Time Has Been Long and Variable (first 57,000 applications with funds disbursed)
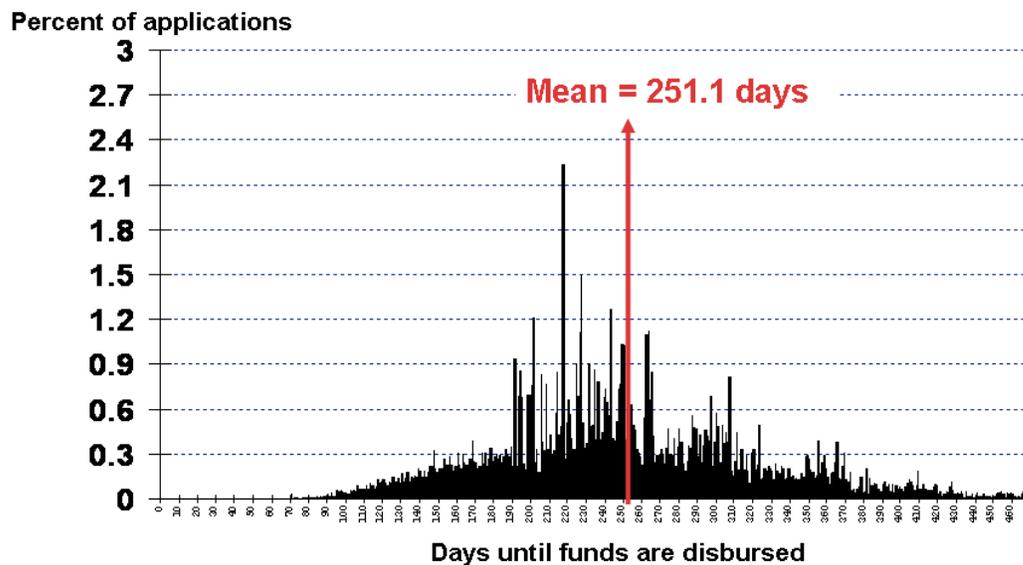
Source: Extract from eGrantsPlus, December 18, 2007.

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Some features of the homeowner's situation were correlated with longer GWTs:

- Homeowners with condominiums and mobile homes waited about 50 days longer for grants than did those with houses.
- Homeowners who chose option 2 or 3 (which involved selling)[1] waited about 100 days longer than those who chose option 1 (repairing their homes).
- Homeowners with flood or wind insurance waited a little longer for grants than did those without it.

Some features of the grantmaking process itself also were correlated with delays in grantmaking:

- A backlog of applications built up quickly in initial processing and persisted until the program closed to new applications in July 2007.
- The program induced two large surges of applications into the process in October 2006 and July 2007, exacerbating large backlogs in the initial processing segment.
- No timeliness goals for grantmaking were established that focused on meeting expectations of the individual applicant. Program goals and metrics focused on quantity of activities performed in a time period, not on speed.
- The program sent "batches" of applications for rework based on errors found in samples, thus delaying mostly applications without errors.
- The program relied on three title companies whose utilization and performance have been uneven.

As of December 18, 2007, in almost all segments of the process except the earliest, many thousands of applications remained active and had yet to receive grants:

- in the segment in which homeowners consider their option letters: 3,000
- in the preclosing segment: 17,000
- in the segment in which applications are sent for preclosing resolution as necessary (affecting about 16 percent of applications): 3,000
- in the final review segment: 4,000
- in the closing segment: 11,000.

In each segment listed, the population of active applications represented a mix of those that had entered the segment relatively recently and those that had been moving slowly. In fact, there was little if any correlation between when an application entered the grantmaking process and how long it had been in the current segment. As the flat shape of the histogram suggests, progress through the grantmaking process was quite unpredictable.

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[1]   The three options are (1) to stay in the home and rebuild, (2) to sell the home to the state and relocate to a new home within Louisiana, and (3) to sell the home to the state and move outside Louisiana (Road Home, undated[b]).

Recommendations

The RH program has a limited lifespan. The middle segments of the grantmaking process have finished much of their work; therefore, improvement of these segments should focus on expediting remaining active applications. Collecting the reasons associated with the delay of specific applications will help inform efforts to diagnose and eliminate sources of delay and error. Reporting should occur at the level of individual applications.

The program should remain flexible as it works off the aging backlogs of applications, which are likely to include some of the most difficult to process. These difficult applications may point to changes in program policies, business rules, or procedures needed to complete the work of the program satisfactorily for all eligible applicants. For reasons of equity, changes that would have benefited applicants processed previously should be grandfathered.

There remains some opportunity for improving the later stages of the RH grantmaking process, particularly the closing and requesting funds segments. To foster improvement in timeliness, it remains advisable to establish overall time goals for each segment, both for the typical time and for variability (e.g., the median closing time will be x business days; 95 percent of closings must be done within y days). Such goals can be used to support efforts to improve and standardize the uneven performance of the three title companies.

Process improvements should focus on eliminating sources of delay, such as batch processing, which causes some applications to wait for others until proceeding to the next step in the process. An example of batch processing late in the grantmaking process is the requisition of funds from the U.S. Department of Housing and Urban Development (HUD). Sufficient funds are requested to cover the sum of a batch of closed applications ready to be awarded homeowner grants. An alternative process design would have HUD pre-position funds in accounts at the three title companies so that they could immediately disburse homeowner grants without waiting for a batch to accumulate before requesting funds and then waiting again for HUD to respond.

To set up these accounts and the associated business rules, a small team of technical experts might be needed from the title firms, from HUD, from the Office of Community Development (OCD), and from ICF. To ensure the effectiveness of expert teams, particularly when speed is critical, as at the end of the RH program, it may be necessary to convene a standing coalition of senior personnel who represent the participating organizations and who have the authority to approve and enable recommended process changes (avoiding the delay of seeking approval from someone higher up who has that authority). The same coalition can be used to set goals and to review progress toward achieving them.

The inclusion of homeowner advocates or representatives in such a senior coalition can help to ensure that it maintains a focus on activities that improve process performance from the homeowner's perspective. The value that this perspective provides is a sharp focus on the simple question that GWT addresses: "How long will it take for me to get the money?" Our evaluation of the speed of the RH grantmaking process suggests that this focus was insufficiently represented in the design and execution of the process.