

Overview of Human Resource Development Councils

Prepared for the Children, Families, Health, and Human Services Interim Committee
April 2010

Background

The American Recovery and Reinvestment Act, or so-called "stimulus bill," brought \$1.3 billion in federal funds to Montana in 2009. Through passage of HB 645, the Legislature appropriated those federal funds, as well as general fund dollars that were freed up by receipt of the stimulus money.

HB 645 appropriated \$1.5 million to the Department of Public Health and Human Services (DPHHS) for activities related to homeless prevention and emergency food and shelter. HB 645 required DPHHS to distribute the funds to Human Resource Development Councils to help shelters with any of four activities: essential services to homeless families, one-time payments for homeless prevention services, maintenance funding to support existing shelters, and renovation or conversion of buildings.

The Children, Families, Health, and Human Services Interim Committee subsequently asked for information on the councils and their relationship with the state.

HRDCs and Their Roles

The federal Economic Opportunity Act of 1964 authorized the development of Community Action Agencies as a way to involve local residents in developing strategies for reducing poverty. In Montana, those agencies are known as Human Resource Development Councils, or HRDCs.

Montana has 10 HRDCs, each operating under the guidance of a board of directors to provide services and programs in a multi-county region. The HRDCs are headquartered in Billings, Bozeman, Butte, Glendive, Great Falls, Havre, Helena, Kalispell, Lewistown, and Missoula.

Federal law sets the following requirements for the board of a private, nonprofit HRDC:

- One-third of the members must be elected officials currently holding office.
- At least one-third of the members must be low-income persons.
- The remainder of the members must represent business, industry, or other major community groups.

The structure of the HRDC system is designed to give each council the flexibility to respond to the needs considered most pressing in its region at any given time. Montana's 10 HRDCs provide more than 200 programs to people in need. The programs range from emergency food and shelter to heating and home weatherization, rental assistance, training, and programs for children and teens.

HRDC Funding Sources

The councils carry out their programs with funds received from a variety of sources; federal and state funds typically make up a large part of their budgets. Some federal grants are awarded directly to an HRDC. Other federal funds are channeled through a state agency.

A significant portion of funding comes through the federal Community Services Block Grant. Those funds are provided to the state, which then subgrants them to the HRDCs after the councils have developed plans for their use.

The HRDCs also may receive contributions from other governmental units or civic groups, obtain grants from private businesses, and earn money through fund-raising or income-producing activities such as contracts for services they provide.

Oversight and Monitoring of HRDC Activities

Under the terms of the grants and contracts they receive, HRDCs must report a variety of information to various local, state, and federal entities. Each government agency that provides funds to an HRDC is responsible for monitoring the programs that it has funded.

Although no one agency is responsible for reviewing all activities of an HRDC, the councils must meet certain accounting standards and undergo audits.

The Legislative Audit Division reviews financial information related to HRDC programs funded through DPHHS when it conducts its regularly scheduled financial compliance audits. In addition, the Legislative Audit Division has conducted two performance-based reviews of HRDC programs in the last decade:

- In 2000, the Division performed a limited scope performance audit of the ways in which the HRDCs had used the federal Community Services Block Grant funds and whether the means existed to measure the effectiveness of their efforts.
- In 2003, the Division conducted a performance audit survey of the LIEAP and weatherization programs, to determine if a full performance audit was needed. The Division concluded that a full audit was unlikely to result in increased efficiencies because the state and federal governments already monitor the councils' administration of the programs they fund.

CI0425 0097soxa.

Sources

"Human Resource Development Councils," Montana HRDC Association, 2008.

"Performance Audit Survey: Low Income Energy Assistance Program (LIEAP) and Weatherization Program," Legislative Audit Division, July 2003.

"Limited Scope Performance Audit of the Community Services Block Grant," Legislative Audit Division, November 2000.