



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-1000

ASSISTANT SECRETARY FOR CONGRESSIONAL
AND INTERGOVERNMENTAL RELATIONS

NOV 10 2004

The Honorable Richard G. Lugar
United States Senate
Washington, DC 20510-1401

Dear Senator Lugar:

On behalf of Secretary Jackson, thank you for your letter of October 7, 2004, requesting a report on the Lead-Based Paint Hazard Control Grant program, addressing the concerns outlined by your constituent Mr. Thomas G. Neltner.

The Department understands Mr. Neltner's disappointment that the nine applications submitted by Indiana communities and non-profits were not funded, and HUD appreciates his resourcefulness in making his concerns known to those in a position to potentially effect a change for these applicants. However, based on information from the Office of Healthy Homes and Lead Hazard Control (OHHLHC), the office overseeing the award of these grants, the Department wishes to provide you with a fuller summary of the grant award process than what was available to Mr. Neltner.

This year, it was necessary and deemed beneficial to contract out the application review process. Significant among the several issues contributing to this decision was that the HUD budget was signed into law in January 2004, delaying the date for announcing the availability of funds and thus shortening the timeframe for awarding these funds. Given past criticisms regarding the protracted time taken for appropriated funds to have an impact on the communities these funds are intended to benefit, Secretary Jackson directed that, to the greatest extent possible, HUD FY 2004 appropriated funds be obligated by September 30, 2004, and management in the OHHLHC was committed to this mandate. Finally, but most importantly, an internal management review and subsequent Office of Inspector General audit called for grants management reform in the OHHLHC due to a lack of management control and oversight and improprieties in previous years' grant award processes. As a result, management secured a contractor, using the General Services Administration (GSA) procurement schedule, to conduct the review process in order to ensure that applications were evaluated on their merits and thus ensure the integrity of the competitive process.

The contractor procured independent reviewers based on the education and skills outlined in the Request for Proposals (RFP). HUD staff approved and trained all reviewers on the review process and use of scoring sheets designed specifically for each program, during which HUD

staff also conducted calibration reviews to ensure reviewer consistency across applications. Once trained, two reviewers evaluated and scored each application independently. Reviewers then met to develop a consensus score for each application. Application Review Teams (ARPs) comprised of HUD staff conducted quality assurance reviews on a minimum of 30 percent of the contractor evaluations. Each ARP Chair established good, marginal, and poor scoring ranges and conducted quality assurance reviews on evaluations for applications in each of the three ranges. The ARPs also performed consistency checks across teams for programs where more than one team reviewed applications. ARP members documented issues identified and discussed these issues with the reviewers via conference calls. Reviewers were asked to re-evaluate applications, or portions thereof, if they could not adequately respond to the issues identified but this rarely occurred. The contractor then provided the ARPs with a rank order list of applications, which the ARPs used to make their funding recommendations to the selecting official. All recommendations were accepted without change. All applicants were fully funded to the extent that funds were available for award.

Below for your information is a table, by program, showing OHHLHC program funds available for award, along with the number of applications received and the number of grants awarded.

PROGRAM	Number of Applications Received*	Funds Requested	Approximate FY 2004 funds available in the NOFA	Funds Awarded (includes recaptured funds)	No. of Grants Awarded
Lead Hazard Control	60	\$152,530,768	\$62,414,388	\$61,917,076	21
Lead Hazard Control Renewals	24	\$70,099,117	\$33,607,747	\$34,105,059	12
Lead Hazard Reduction Demonstration	21	\$73,264,231	\$50,000,000	\$49,705,000	15
Operation Lead Elimination Action Program	22	\$38,448,364	\$9,000,000	\$8,946,900	5
Lead Outreach	42	\$16,502,672	\$2,000,000	\$1,926,626	4
Healthy Homes Demonstration	50	\$43,964,099	\$5,000,000	\$6,710,369	7
Healthy Homes Technical Studies	31	\$15,299,108	\$2,000,000	\$2,796,619	4
Lead Technical Studies	12	\$5,006,183	\$3,000,000	\$1,907,979	4
Total	262	\$415,114,542	\$167,022,135	\$168,015,628	72

The Department hopes this letter fully addresses Mr. Neltner's issues and alleviates any concern you may have had about the award process. Office of Healthy Homes staff are currently conducting debriefings of unsuccessful applicants and the Department hopes the nine unsuccessful Indiana applicants will avail themselves of this service. Please feel free to call Mr. Joseph Smith, Deputy Director of the Office of Healthy Homes and Lead Hazard Control, if you have any further concerns. Mr. Smith may be reached at (202) 708-0310.

Thank you for your interest in the Department's programs.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven B. Nesmith". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Steven B. Nesmith
Assistant Secretary for Congressional
and Intergovernmental Relations