

FINAL REPORT

# Strengthening the Appalachian Regional Commission's Grant Performance Measurement

**A Roadmap and Recommendations**

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# Executive Summary

The Appalachian Regional Commission (ARC) contracted with the Urban Institute to develop a roadmap and recommendations to guide ARC as it considers updates to its internal performance measurement processes and systems. From June 2020 through December 2020, Urban scanned performance measurement practices used by a comparison group of grantmaking organizations and assessed ARC's current performance measurement processes and systems. We found strengths in ARC's existing performance measurement processes and systems, including alignment between the Commission's goals and what it measures, flexibility in selecting appropriate measures, and high volume and detail in collected longitudinal data. We also found some areas for strategic improvement.

## Roadmap

This roadmap comprises concrete steps ARC can take to implement comprehensive performance measurement improvements across its grant portfolio and establish a structure and process for continuing assessment, prioritization, and implementation of updates. We recommend seven action steps, which are as follows.

### **Step 1: Convene a Working Group on Performance Measurement Processes and Systems**

The group should represent all stakeholders affected by ARC performance measurement—ARC staff, state program managers (SPMs), Local Development District (LDD) staff, and grantees—and diverse voices from across Appalachia. The purpose of the group is to consider and implement the recommendations in this report according to shared stakeholder priorities.

### **Step 2: Prioritize Which Stages of the Grant Cycle and Which Process and System Elements to Address, and Incorporate Equity**

Because implementing all recommendations simultaneously is not feasible, the working group will need to prioritize options and system elements to address (box 1) and lay out a timeline for addressing them, taking into account ARC's longer-term timelines and larger activities. To advance equity, this step

should include defining and prioritizing the characteristics of the people and places ARC wants to reach with its grantmaking, in addition to its mandated focus on distressed counties and areas.

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#### BOX 1

##### Five Performance Measurement Processes and System Elements to Prioritize and Address

- **measures:** expected and actual output and outcome measures defined by ARC that grantees select during the grant application stage and report on during and at closeout of the grant award
- **systems:** electronic systems used for grant applications, management, and reporting, including the Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Portal, ARCnet, and the forthcoming Online System for Conveying Applications to Reviewers (OSCAR) system
- **reporting:** processes for extracting and using grant information and performance measures collected through systems for internal and external purposes
- **materials:** documentation—from program manuals to training presentations—providing guidance and training on performance measurement to ARC staff, grantees, and other stakeholders, including SPMs and LDD staff
- **communication:** strategies used to build knowledge and relationships around performance measurement among ARC staff, SPMs, and LDD staff, from meetings and calls to trainings to mentoring and peer learning

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### Step 3: Assess Existing Processes and Systems for Areas to Improve Performance Measurement

Use our recommendations to identify and fill knowledge gaps. Although this assessment is a strong launchpad for improvements because it spanned the breadth of ARC grant programs and stakeholders, ARC may need to assess some areas in more depth before moving to the next action step.

### Step 4: Operationalize Improvements by Taking Systematic Action

Appoint appropriate ARC staff or stakeholders to implement changes identified by the working group. These might include working group members, subgroup members, other ARC staff responsible for a

specific system (e.g., the ARCnet grant management system) or task (e.g., grantee training), or external consultants or contractors hired to assist with specific systems or tasks.

### **Step 5: Pilot the Changes with Clear Communication and Training**

Roll out updates and market them to ensure relevant users test them. Communicate changes clearly and ensure all affected stakeholders receive training on their role during the pilot and how the changes will affect their ARC activities.

### **Step 6: Evaluate Impacts of Process Changes on Affected Stakeholders and the Quality of Outcomes**

Use a variety of evaluation methods, including anonymous user and participant surveys, to collect feedback on and test the accuracy of newly piloted processes and systems. Interviews or focus groups might be necessary for getting more in-depth feedback, particularly on more complex changes.

### **Step 7: Adopt Positive, Effective Changes and Continue to Refine Changes That Did Not Pass Evaluation**

The working group should reach agreement on positive and effective changes and encourage ARC to permanently adopt them. For piloted changes that received negative feedback, ARC should return to an earlier action step, such as step 2 (assess) or step 3 (operationalize).

### **Implementation: Timeline, Investments, and Risks**

We suggest that ARC complete these steps in three phases: phase 1 (convene and prioritize), phase 2 (assess and operationalize), and phase 3 (pilot, evaluate, and adopt). These phases could occur over three to five years if multiple recommendations are pursued concurrently; working on fewer recommendations would take less time. ARC might need additional financial support for this process to hire additional staff, consultants, and/or contractors; compensate current and former grantees that participate in the working group; and provide incentives to current and former grantees to participate in evaluation.

Implementing the roadmap involves at least three major risks. The first is that ARC might not receive adequate financial resources to support implementation. The second is that the working group

might not coalesce around shared goals and processes. The third involves general barriers to implementation, including uneven support from ARC stakeholders, regulatory changes and barriers, and disappointment among staff and stakeholders in the process and its outcomes. To mitigate these risks, ARC should commit existing resources to launch the roadmap and focus them on the most pressing priorities, use a trained facilitator to support the working group, and strongly and publicly support the process.

## Recommendations

We have identified five areas of recommendations: enhance measurement, strengthen reporting, improve capacity through guidance and training, build shared understanding and improve communications, and lead on equity. The working group convened to implement the roadmap should prioritize these recommendations, which should be a springboard for further assessment and operationalization.

### Recommendation 1: Enhance Measurement

**1A. Institutionalize and consistently communicate a theory of change connecting mission to measurement and evaluation across grantmaking activities and funded projects.** Develop and adopt an organization-wide theory of change or logic model that clearly connects grantmaking across all program areas to expected grant activities, outputs, outcomes, and long-term impacts on Appalachia.

**1B. Refine measures to more holistically capture grant outputs and outcomes.** Operationalize outcomes and impacts that are more difficult to measure but are still related to achieving ARC's mission and strategic goals. Consider cross-cutting measures (how one activity/project can have outcomes spanning grant areas) and capture positive externalities (how one activity/project can have unanticipated outcomes not originally targeted for measurement).

**1C. Communicate differences between outputs and outcomes, and align processes, resources, and expectations for tracking longer-term grant outcomes.** Define outputs and outcomes, including what constitute short-, medium-, and long-term grant outcomes. Clarify what grantees are responsible for measuring and when, including expectations for beyond the grant performance period. Increase the number of grant outcome verifications conducted annually by ARC staff on medium-term outcomes.

**1D. Clearly operationalize all measures to improve the grantee measure-selection process and the reliability of ARC reporting on aggregated outputs and outcomes.** Solidify common output and outcome measures that grantees and ARC staff note are the most inconsistently measured or difficult to operationalize. Develop a clear menu of measurement methodologies that can be applied across programs and grantees. Discourage the use of economic modeling in forecasting expected and actual outcomes.

## **Recommendation 2: Strengthen Reporting**

**2A. Improve the reporting experience for grantees.** Plan updates to ARCnet to standardize the reporting process, require its use, and provide clear training on how to use improved reporting features. Provide clear guidance on how grantees should document challenges and give timely feedback when they do.

**2B. Improve existing application processes and systems and apply the same lessons to any new systems developed.** Organize and streamline application guidance and materials and make them available to applicants outside the application system.

**2C. Improve the ARCnet grant management system.** Update ARCnet to accommodate the needs of multiple types of users and establish a regular cycle for future review and updates. Develop streamlined and searchable instructional resources within ARCnet.

**2D. Leverage collected data to present a more complete picture of ARC's activities and achievements.** Find new platforms for sharing data. Collect and share stories more broadly among grantees and the general public to highlight grantees' potential and achievements.

## **Recommendation 3: Improve Capacity through Guidance and Training**

**3A. Assemble, curate, and produce an internal manual on key grant management processes and practices for ARC staff and train them on implementation.** Reduce inconsistencies in grant management and performance measurement within and across grant programs by developing and distributing official centralized guidance for ARC staff. Enhance staff training upon hiring and offer periodic refresher sessions, particularly when new programs or grants and performance measurement processes or information-technology features are released.

**3B. Improve written guidance and training on performance measurement processes and systems for grantees.** Develop a comprehensive suite of guidance materials and trainings that grantees can easily access in a single location on the ARC website. Improve peer learning opportunities among grantees.

**3C. Provide guidance and training for SPMs and LDD staff to improve their ability to provide grantees consistent information and properly track and report on performance.** Offer periodic training to SPMs and LDD staff that introduces them to ARC's mission, goals, and performance measurement standards and processes and clearly outlines their roles and responsibilities for performance measurement.

## **Recommendation 4: Build Shared Understanding and Improve Communications**

**4A. Develop and communicate a shared understanding of stakeholders' roles in grantmaking, grant management, and performance measurement.** Provide written guidance on each stakeholder's roles and responsibilities in grantmaking and management processes. Enhance ARC's engagement with SPMs.

**4B. Foster an internal climate where advanced-career and early-career staff can learn from one another.** Consider establishing an ARC mentoring program that pairs advanced-career staff with earlier-career staff for mutual benefit and learning. Develop opportunities for staff to share successes, opportunities, and lessons across programs and staff roles.

**4C. Improve communications with LDD staff around performance measurement.** Survey LDDs to identify their biggest needs and opportunities for increasing support from ARC staff. Increase communications and training resources for LDDs.

## **Recommendation 5: Lead on Equity**

**5A. Expand the definition of underserved populations and places in Appalachia and set goals for reaching them through grantmaking activities and impacts.** Clearly define multiple dimensions of underserved people and communities in Appalachia. Consider goals related to outreach, applications, awards, outcomes, and impacts.

**5B. Improve marketing materials and diversify outreach to reach grantees serving underserved populations and places.** Encourage ARC staff, SPMs, and LDD staff to conduct outreach to potential grantees focused on underserved populations and communities. Provide additional supports for lower-capacity applicants, including those that have never received ARC grant funding.

**5C. Target and prioritize projects that propose doing more to advance equity, and actively mitigate the impact of bias on grantmaking decisions.** Add scoring criteria to encourage projects that advance equity. Adopt processes for mitigating bias in grantee selection.

**5D. Adopt measures to track equitable distribution of project awards, benefits, and improvements.** Track grantees' diversity and cultural competencies to ensure they are meeting ARC's goal of having a diverse pool of grantees that will advance equity goals. Track the diversity of people, organizations, businesses, and communities served and outcomes achieved by grant funded activities to ensure they are advancing equity goals. Ensure ARC systems are updated to track this information from grant application through award closeout and after.

**5E. Educate stakeholders on the value of and process for increasing equity in Appalachia through ARC grantmaking.** Be a leader for other rural regions to follow.



# Introduction

The Appalachian Regional Commission (ARC) contracted with the Urban Institute to develop recommendations and a roadmap to guide ARC as it considers updates to its internal performance measurement processes and systems. To do this, Urban scanned performance measurement practices used by comparison grantmaking organizations and assessed ARC's current performance measurement processes and systems. Data were collected through a series of research activities from June 2020 through December 2020, including interviews with comparison organizations and reviews of documents related to performance measurement training, metrics, and outputs at those organizations; a review of ARC-provided documentation, the ARCnet grant management system, and the Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Portal application system; interviews and focus groups with ARC staff; and a series of focus groups with state program managers (SPMs), Local Development District (LDD) staff, and grantees. Box 2 defines the ARC stakeholders, grant program areas, and systems covered in this research. Key topics of exploration included the following:

- ARC's mission and goals, including the alignment of performance measurement with its mission and strategy
- staff members' and stakeholders' roles and priorities
- selecting, tracking, and reporting on performance indicators
- managing grantees and evaluating grant progress, including data validation
- grantees' experiences with and feedback on ARC performance measurement
- staff and grantee capacity building and training
- communications between and across staff and stakeholders
- strengths and challenges of ARC performance measurement
- opportunities and challenges of applying an equity lens

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## BOX 2

### Key Definitions for ARC Stakeholders, Grant Programs and Program Areas, and Systems

#### Stakeholders

- **ARC staff.** ARC's headquarters staff accomplish the Commission's mission by overseeing federally authorized grantmaking and related administration, communications, and research and evaluation across all 13 Appalachian states in the Commission's service area.
- **Local Development Districts.** These federally designated multicounty planning and development organizations facilitate regionally driven economic development. Staff are often the first point of contact, guidance, and support for applicants submitting proposals for ARC's base grant program.
- **State program managers.** Every state in the Commission's service area has an SPM who serves as the state-level contact for ARC and facilitates the Commission's investments with its staff.

#### Grant Programs and Program Areas

- **ARC's base grant program.** This refers to ARC's traditional suite of grant investments. Applications are received and reviewed through LDD or SPM offices before ARC staff's final review and approval.
- **The POWER Initiative.** The Partnerships for Opportunity and Workforce and Economic Revitalization Initiative targets funding toward communities in Appalachia that have been disproportionately impacted by job losses in the coal industry owing to the changing economics of America's energy production. ARC solicits POWER applications annually via a competitive request-for-proposals process, and ARC receives and reviews the applications directly.

Base grant program and POWER Initiative grants fall into two categories. *Noninfrastructure* grants are administered directly by ARC and include entrepreneurship development, worker training and education, food systems, leadership, and other human capital development. ARC works with state and federal basic agencies—agencies that administer most of ARC's *infrastructure* investments—for basic infrastructure projects, broadband and data projects, and transportation-system projects that directly benefit the region's economic development, public health, and natural-resource protection.

#### Systems

- **ARCnet.** This is ARC's proprietary database, through which it logs and tracks the progress of recipients of base program grants and POWER grants throughout the grant life cycle. ARCnet is used to manage and log communication with grantees; organize project documentation and financial records; conduct postcloseout verification by research staff and auditors; and track quantitative outputs and outcomes used for internal and external planning, program evaluation, and stakeholder communication.
- **OSCAR.** The Online System for Conveying Applications to Reviewers (OSCAR) is ARC's proposed integrated application system that will streamline application processes across base grant programs.

- **The POWER Portal.** This is the online application system used for POWER applicants during preaward application stages. If awarded, applicant and project profiles are migrated from the POWER portal into ARCnet for ARC program staff to manage.
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Our research revealed numerous strengths in ARC’s performance measurement processes and systems. Across staff and stakeholders, there was general agreement that most of the performance measures in ARC’s suite are aligned with the Commission’s overall vision and mission and well suited to helping staff track progress toward related organizational goals. Many grantees and staff noted the benefits of having a broad range of measures and the flexibility in choosing ones—and even creating new ones—most applicable to each grant project. Staff pointed out how the volume and detail of the longitudinal data they collect for performance measurement is an asset that distinguishes them from other similar agencies, as does the separate (but sometimes linked) collection of indicators of outputs versus outcomes.

Although many aspects of ARC’s performance measurement processes and systems are adequate for managing grants, assessing grantee performance, and reporting on selected outcomes, this report focuses on recommendations for strategic areas of improvement and a roadmap for implementation, building upon insights from comparison organizations (appendix A) and an assessment of ARC’s performance measurement systems and processes (appendix B). These recommendations reflect practices in the field that are notably difficult for any single organization to comprehensively implement, let alone a federal agency operating within a strong regulatory structure across jurisdictional boundaries. However, all the recommendations are within reach, even if they require additional prioritization and further analysis of costs and benefits.

We begin this report by presenting a roadmap outlining chronological action steps for implementing improvements, including associated goals, milestones, stakeholders, needed investments, and potential risks to implementation, if applicable. We then provide five general recommendations, each followed by a series of more targeted ones. Each alphanumeric recommendation first presents a clear rationale based on research findings, followed by a series of comprehensive and specific recommendations with corresponding concrete examples.

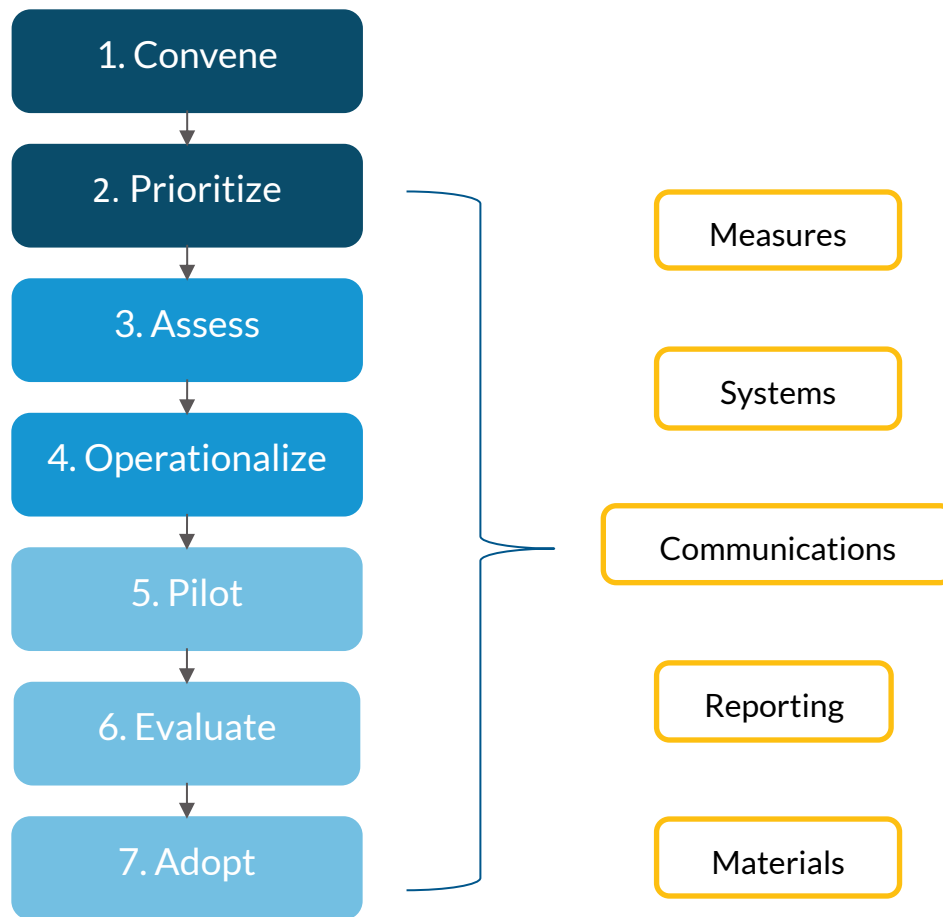
# Roadmap

The goal of this roadmap is to *provide a series of concrete steps for implementing comprehensive performance measurement improvements across ARC's grant portfolio and to establish a structure and process for continuing assessment, prioritization, and implementation of updates over time.* This will rectify several current shortcomings with ARC's performance measurement systems and processes identified by the research, including updates that occur in an ad hoc manner and on an as-needed basis that are not inclusive of all affected stakeholders or based on systematically collected feedback.

Roadmap implementation should follow a set of seven **action steps** that we estimate to take up to three and a half to five years to complete. Executing these steps will require additional resources and comes with some risks, although this plan should help minimize the resources needed and risks taken. Figure 1 shows the seven action steps that we recommend ARC take to advance performance measurement improvements.

FIGURE 1

Action Steps for Improving the Appalachian Regional Commission’s Performance Measurement Processes and Systems



Source: Urban research team.

## Step 1: Convene

**Convene a working group on performance measurement processes and systems.** In order to advance the goal of implementing comprehensive performance measurement improvements, we recommend convening a group of ARC stakeholders to determine and implement priorities around improvements. To be effective, the group needs to represent all those affected by ARC performance measurement: ARC staff, SPMs, LDD staff, and grantees. It should also represent diverse voices across Appalachia to ensure roadmap implementation results in equitable performance measurement processes and systems.

The purpose of this group is to consider and implement the recommendations made in this report according to shared stakeholder priorities. Stakeholders’ priorities may differ, so a representative group and

transparent process for navigating these differences and reaching consensus on priorities and timeline is important. This process should include clear guidelines for group decisionmaking processes and outcomes, and documented constraints on who may participate and how. ARC could select a staff person skilled in group facilitation to facilitate group activities and meetings and ensure a fair process, or it could hire a third-party facilitator to perform these functions.

## Step 2: Prioritize

***Prioritize which stages of the grant cycle and which process and system elements to address, and incorporate equity.*** Because it is not feasible to implement all recommendations simultaneously, the working group will need to set priorities among a set of options and lay out a timeline for addressing them. This strategic prioritization should take larger ARC timelines and activities into account. Such activities include updates every five years to ARC’s strategic plan and associated investment goals—currently ongoing in 2021—as well as other changes that inform ARC activities, including changes in federal administration, executive orders, legislation, and rules that affect ARC programs.

Priorities should also consider intersections between the stages of the grantmaking and performance measurement cycle with key elements of performance measurement processes and systems. The stages of the grant cycle to target for performance measurement updates include the grant application stage, postaward management and reporting, post-performance period reporting, and longer-term program evaluations. The elements of performance measurement processes and systems to consider are the following:

- **measures:** expected and actual output and outcome measures defined by ARC that grantees select during the grant application stage and report on during the grant award and at closeout
- **systems:** electronic systems used for grant applications, management, and reporting, including the POWER Portal, ARCnet, and the proposed OSCAR system (see box 2)
- **reporting:** processes for extracting and using grant information and performance measures collected through systems for internal and external purposes
- **materials:** documentation—from program manuals to training presentations—providing guidance and training on performance measurement to ARC staff, grantees, and other stakeholders including SPMs and LDD staff
- **communication:** strategies used to build knowledge and relationships around performance measurement among ARC staff, SPMs, and LDD staff, from meetings and calls, to trainings, to mentoring and peer learning

Finally, equity should be centered during the prioritization process. We find a desire across ARC stakeholders for embedding equity within grantmaking and performance measurement processes and systems. There is also increasing prioritization of equity across other grantmakers and within federal government.<sup>1</sup> In January 2021, President Biden signed an executive order, Advancing Racial Equity and Support for Underserved Communities, that directs federal agencies to advance racial equity and conduct an equity assessment with a focus on identifying barriers that underserved communities and people may face in accessing federal programs.<sup>2</sup>

As a starting point for prioritizing equity in grantmaking, management, and performance measurement, this step should include determining the characteristics of the people and places across Appalachia that ARC should prioritize to reach with its grantmaking, in addition to its mandated focus on distressed counties and areas based on unemployment rates, per capita market income, and poverty rates. Embracing clear definitions ensures the opportunities and challenges those people and places face in engaging in performance measurement processes and systems are considered during the remaining action steps.

To implement action steps 3 through 7, the working group may decide to have the entire group tackle each priority together or break into—or recruit and convene additional participants for—subgroups to work on different priorities, grant cycle stages, or performance measurement elements.

Depending on the priorities the working group identifies, the next five steps might be applied to one or more of five specific elements of performance measurement. Table 1 provides an overview of what could be considered at each step to advance the recommendations presented later in this report.

TABLE 1

Actions Steps by Element of Performance Measurement Based on Urban Institute Recommendations (in Parentheses)

Action step	Measures	Systems	Reporting	Materials	Communication
Assess	<ul style="list-style-type: none"> <li>▪ Alignment (1A,1C)</li> <li>▪ Existing (1D)</li> <li>▪ Additional (1B)</li> <li>▪ Disaggregation to advance equity (5D)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Applications: POWER Portal and OSCAR (2B)</li> <li>▪ Management and reporting: ARCnet (2C)</li> </ul>	<ul style="list-style-type: none"> <li>▪ ARC verifications (1B)</li> <li>▪ Use of grantee reports (2D)</li> <li>▪ Collected data (2D)</li> <li>▪ Platforms (2D)</li> </ul>	<ul style="list-style-type: none"> <li>▪ For staff (3A)</li> <li>▪ For grantees (3B)</li> <li>▪ For LDD and SPM (3C)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Stakeholder roles and responsibilities (4A)</li> <li>▪ Internal staff climate (4B)</li> <li>▪ ARC with SPM and LDD stakeholders (4A,4C)</li> </ul>
Operationalize	<ul style="list-style-type: none"> <li>▪ Define (1C, 1D)</li> <li>▪ Standardize measurement (1D)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Grantee checklist (2B)</li> <li>▪ Instructions (2A, 2C)</li> <li>▪ Navigation (2B, 2C)</li> <li>▪ Resource links (2B)</li> <li>▪ Measure updates (1B, 5D)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Use of ARCnet (2A)</li> <li>▪ Grantee challenges and ARC responses (2A)</li> <li>▪ Program scorecards (2D)</li> <li>▪ Stories and highlights (2D)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal staff manual and training (3A)</li> <li>▪ Grantee guidance and training (3B)</li> <li>▪ LDD and SPM guidance and training (3C)</li> <li>▪ Website updates (3B)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Written guide on stakeholder roles and responsibilities (4A)</li> <li>▪ Staff mentoring program (4B)</li> <li>▪ Regular channels for SPM and LDD staff (4A, 4C)</li> </ul>
Pilot	Clearly communicate changes and timeline and train all affected stakeholders on implementation.				
Evaluate	<ul style="list-style-type: none"> <li>▪ Ease of use of new measures by affected stakeholders</li> <li>▪ Accuracy of new measures</li> <li>▪ User satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>▪ Feedback on system documentation and functionality by all users</li> <li>▪ Evaluation of quality of sample of system inputs by program</li> </ul>	<ul style="list-style-type: none"> <li>▪ Percentage of grantees submitting reports via ARCnet</li> <li>▪ Grantee satisfaction of response to challenges</li> <li>▪ Website page views and interaction</li> </ul>	<ul style="list-style-type: none"> <li>▪ Training participant feedback surveys</li> <li>▪ Systematic, anonymous feedback on written materials</li> <li>▪ Website page views and interaction</li> </ul>	<ul style="list-style-type: none"> <li>▪ Participant survey of ARC staff, SPMs, and LDD staff at end of pilot period</li> </ul>
Adopt	Review feedback and decide for each change: (1) adopt as is, (2) change operationalization and pilot again, or (3) reassess the problem.				

Source: Urban research team.

Notes: ARC = Appalachian Regional Commission. LDD = Local Development District. OSCAR = Online System for Conveying Applications to Reviewers. POWER = Partnerships for Opportunity and Workforce and Economic Revitalization. SPM = state program manager.

## Step 3: Assess

**Assess existing processes and systems for areas to improve performance measurement.** Building upon Urban’s recommendations, identify and fill knowledge gaps. Though this assessment is a strong launchpad for improvements, as it spanned the breadth of ARC grant programs and stakeholders, some areas may require deeper assessment before moving to the next action step (operationalization). Although the recommendations below provide examples of best practices from comparison organizations and in the field (where applicable), Urban was not tasked with developing and prescribing concrete solution sets to all identified areas of improvement. In addition, not all stakeholder views may be comprehensively represented in our assessment. In particular, participation among LDD staff was low, which should be remedied. Below, we discuss what assessments in this step should entail across the five key elements of performance measurement processes and systems:

- **Measures.** The working group should assess how reliable and accurate existing measures are for measuring grant performance in meeting ARC’s mission and goals. Measures that meet or exceed agreed-upon standards of usefulness should be retained. For the measures that do not meet agreed-upon standards, the working group should move forward to step 4 to revise their operationalization, replace them with an improved measure (if determined to be valuable or required for ARC performance measurement and reporting), or remove them from ARC’s performance measurement processes and systems. The working group should identify gaps between current measures and organizational and program goals, and consider adding additional appropriate measures useful for tracking grant outputs and outcomes. Particular attention should be given to more-difficult-to-measure outcomes, including qualitative and quantitative measures, as well as measures that would capture equity in grant distribution and expected and actual outcomes. To advance equity, disaggregated data collection by race and other categories prioritized by the working group in the previous action steps should be considered. At this stage, it may be helpful to consider what else grantees are already measuring but are not reporting to ARC, or what they wish they had capacity to measure to better track their contributions to ARC’s goals and their own organizational and community goals. Additional discussions or listening sessions with grantees by program area may add to Urban’s assessment below.
- **Systems.** Examine and add to the recommendations from this assessment on improving elements of the existing POWER Portal application system and proposed OSCAR application

system for ARC base grant programs. Examine and add to the recommendations for ARCnet improvements. Ensure decisions on adding or updating measures are reflected in system updates so they can be selected at the application stage and reported throughout the grant.

- **Reporting.** Assess how grantee reports are used for managing relationships between ARC and grantees, including how grantees report challenges to ARC program staff and how ARC staff respond. Scan collected data that are currently underused in ARC reporting but are useful for showing progress toward the organization’s mission. Explore examples of how comparison organizations use other tools and platforms to publicly report on grant program progress and grantee successes.
- **Materials.** Compile and vet existing internal written guidance, including informal staff-developed instructions and process documents and materials for ARC staff. We learned of these during the assessment but did not review them. Examine and add to the recommendations from this assessment on formal instructional and training materials for grantees reviewed by Urban. Review formal instructional and training materials for SPMs and LDD staff. We also learned of these during the assessment but did not review them.
- **Communications.** Examine and add to the recommendations from this assessment on stakeholder roles and responsibilities across ARC staff, SPMs, and LDD staff. Assemble any formal or informal written material or guidance. Examine and add to the recommendations from this assessment on internal staff climate. Explore models for mentoring programs from similar organizations that pair advanced-career and earlier-career staff for mutual benefit and learning. Examine and add to the recommendations from this assessment on ARC communication with SPMs and LDD staff. Assess the frequency, quality, and topics of communication to identify more specific areas for improvement.

## Step 4: Operationalize

***Operationalize improvements by taking systematic action.*** Appoint appropriate ARC staff or stakeholders to implement identified changes. These may include working group members, subgroup members, other ARC staff responsible for a specific system (e.g., ARCnet) or task (e.g., grantee training), or external consultants or contractors hired to assist with specific systems or tasks. Below, we discuss what assessments in this step should entail across the five key elements of performance measurement processes and systems:

- **Measures.** Remove existing measures that do not reflect ARC’s mission, goals, and programs. Select and operationalize revised and new measures according to standard, replicable methods, including new ones for collecting data disaggregated by race and other categories to advance equity.
- **Systems.** Make identified updates to application and grant management and reporting systems, potentially including a grantee application checklist within systems, clear and printable instructions, improved navigation and standardized entry fields, and embedded resource links.
- **Reporting.** Make identified updates to reporting processes, including how grantees use ARCnet and report challenges, and how ARC responds to and tracks grantee challenges. Use program scorecards to track progress with greater frequency and more public transparency, and synthesize and publicize stories and highlights of grantees’ and programs’ successes beyond the numbers.
- **Materials.** Make identified updates to materials used for internal staff guidance (e.g., the performance measurement manual) and training, grantee guidance and training (e.g., the online grantee resource library), and guidance and training for SPMs and LDD staff. These should include any necessary website updates to make materials easily accessible.
- **Communication.** Make identified changes to enhance communication between ARC staff, SPMs, and LDD staff, including a written guide on stakeholder roles and responsibilities, a mentoring program for ARC staff, and clear, regular, and meaningful channels of communication with ARC for SPMs and LDD staff.

## Step 5: Pilot

***Pilot the changes with clear communication and training.*** Roll out updates and market them to ensure they are tested out by relevant users. Communicate changes clearly, including when they take effect and for how long, as applicable. Ensure all affected stakeholders receive training on how to respond to and implement updates. Prepare and conduct training for all affected stakeholders on their role during the pilot and how the changes will affect their ARC activities.

## Step 6: Evaluate

*Evaluate impacts of process changes on affected stakeholders and the quality of outcomes.* Use a variety of evaluation methods, including anonymous user and participant surveys, to collect feedback on and test the accuracy of newly piloted processes and systems. Interviews or focus groups might be necessary for getting more in-depth feedback, particularly on more complex changes. Below, we discuss what assessments in this step should entail across the five key elements of performance measurement processes and systems:

- **Measures.** Evaluate ease of use of new measures among affected stakeholders, the accuracy of new measures, and user satisfaction with the measures.
- **Systems.** Get feedback on system documentation and functionality from all users and evaluate the quality of a sample of system inputs by program.
- **Reporting.** Collect metrics including the percentage of grantees submitting reports via ARCnet versus the baseline, and website page views and interactions on new online tools and platforms. Survey grantees who reported challenges for satisfaction with responses from ARC staff.
- **Materials.** Conduct feedback surveys from training participants using new materials, collect metrics on website page views and interactions for new materials posted online, and gather systematic anonymous feedback on written materials.
- **Communication.** At the end of the pilot period, survey ARC staff, SPMs, and LDD staff anonymously for their feedback on communication materials and changes.

## Step 7: Adopt

*Adopt positive, effective changes and continue to refine changes that did not pass evaluation.* After considering all evaluation results and feedback and making any necessary changes based on that feedback, the working group should reach agreement on and advise ARC to permanently adopt positive and effective changes.

Piloted changes that received negative feedback not easily rectified with small changes (e.g., additional revisions to clarify unclear materials) should cycle back to an earlier action step. This could include revisiting step 4 to try a different means of operationalization (e.g., for a new measure that was reported as being too difficult to collect or was collected inaccurately). It could also include returning to

step 3 to reassess the issue and obstacles (e.g., if some populations or places still face challenges in accessing ARC grants).

## Repeat

Based on the success of the process, ARC should decide how frequently to reconvene the working group and assess performance measurement systems and processes. At minimum, systems and processes should be reassessed at strategic moments, such as when ARC sets new strategic investment priorities and launches new grant programs. ARC may also prefer to reconvene a working group at a regular interval, such as every five years to align with updates to the strategic plan. Regardless of how often the working group is reconvened, ARC should establish and adopt a clear process by which ARC staff and other stakeholders can submit ongoing requests for updating measures, systems, and materials.

## Implementation Timeline

Table 2 shows the three phases of implementation we suggest. For phase 1, the action steps focus on convening the working group—identifying necessary funding and staff resources (discussed below), selecting and recruiting participants, and developing the ground rules for the group’s activities—and prioritizing which stages in the grant cycle, elements in the performance measurement processes, and systems to focus on first. Phase 2 focuses on thoroughly reviewing Urban’s recommendations, filling gaps and adding new information, and operationalizing changes suggested through this assessment process. Phase 3 will take longer and include piloting the changes (along with appropriate training for staff and stakeholders affected by the changes), evaluating whether the changes achieve the desired outcomes, and adopting successful ones and revising unsuccessful ones.

**TABLE 2**  
**Proposed Five-Year Roadmap Implementation in Three Phases, 2021–2025**

	Phase 1 (2021–2022)	Phase 2 (2022–2023)	Phase 3 (2023–2025)
<b>Time frame</b>	6–9 months	12–18 months	24–36 months
<b>Actions steps</b>	Step 1: Convene Step 2: Prioritize	Step 3: Assess Step 4: Operationalize	Step 5: Pilot Step 6: Evaluate Step 7: Adopt

Source: Urban research team.

We propose an implementation plan of up to five years that could be streamlined to three and a half years and aligns with other ongoing ARC priority projects. It assumes that ARC and the working group will decide to address numerous recommendations and elements of performance measurement processes and systems concurrently. In this timeline, phase 1 would take an estimated 6 to 9 months and align with the current time frame for updating ARC’s strategic plan. Phase 2 would take a bit longer (around 12 to 18 months) given the need to carefully operationalize each change the working group agrees on. It would also coincide with a significant update of the ARCnet grant management system. Phase 3 would be the longest (two to three years) and would involve rolling out the changes and communicating them, evaluating how they work, and officially adopting them. If the working group decides to tackle one element of performance measurement at a time, the time frame for each implementation phase and the total timeline could be shortened and then repeated for additional elements.

## Investments Required for Implementation

In addition to a significant amount of time from the stakeholders staffing and participating in the working group, ARC may need additional financial support for this process. This may include funding for additional staff, consultants, and/or contractors on an as-needed basis to support the working group, conduct assessments, operationalize and pilot changes—including updates to the application and grant management systems, website updates and tracking, materials and tool design and development, and training activities—and lead evaluation activities of piloted changes. Moreover, compensation for grantees or former grantees that participate in the working group and subgroups is appropriate, because participation is not part of their ARC grant or paid employment. Finally, it may be helpful to provide incentives for grantees or former grantees to participate in the evaluation step of the process—which requires additional uncompensated time—to encourage survey responses or participation in other evaluation activities such as interviews or focus groups.

## Implementation Risks

Implementing the roadmap involves at least three major risks. The first is that ARC might not receive adequate financial resources to support the working group and implementation of its recommendations. This report makes the case for additional resources for implementing recommendations, and during step 2 (prioritization), ARC can take into account committed resources

when prioritizing elements of the performance measurement processes and systems to move forward with first.

The second risk is that the working group might not coalesce around shared goals and processes. This could occur because of inadequate facilitation, unclear roles and authority, difficulty reaching consensus on priorities, and participant turnover during implementation of the roadmap. ARC can anticipate these by selecting a staff person or consultant trained in group facilitation to develop a clear set of guidelines and procedures for the working group's roles and responsibilities, which include reaching consensus and selecting replacements for any members who must exit the process before it is completed.

The third risk involves barriers to overall implementation. There may be uneven support among ARC staff, SPMs, LDD staff, and grantees for roadmap implementation. And even if they are all supportive, other administrative and regulatory changes and barriers may thwart desired actions. Even if nothing else hinders the process, the working group may simply face difficulties operationalizing changes or experience poor evaluation results of piloted changes. Strong support from ARC for implementing and valuing a participatory process while anticipating challenges will go a long way in assuring stakeholders and working group members that challenges will be encountered, met, and overcome.

# Recommendations

Based on the findings from our scan of comparison organizations and assessment of ARC's performance measurement processes and systems, we have identified five areas of recommendations: enhance measurement, strengthen reporting, improve capacity through guidance and training, build shared understanding and improve communications, and lead on equity. Each area is broken into a series of more concrete recommendations supported by a clear rationale and laying out specific actions. These recommendations should be further prioritized by the working group for roadmap implementation and serve as a springboard for further assessment and operationalization.

## Recommendation 1: Enhance Measurement

Measurement is the cornerstone of understanding what ARC's investments can and do achieve across Appalachia. A clear framework connecting its mission and goals for investment across grant program areas to desired outputs, outcomes, and impacts would provide a stronger scaffolding for measuring grant performance. ARC may need to modify some measures to improve their usefulness, and it may need to add or remove others to better align measurement with organizational goals. A clear, concise, standard method of defining and operationalizing measures will improve the reliability of data collection and reporting by grantees without losing the value flexibility of selecting appropriate measures. Breaking the measurement process down into short-, medium-, and long-term time frames will set grantees' expectations for reporting during and after the grant period and provide additional impetus for increasing the frequency with which ARC verifies outcomes.

### **1A. Institutionalize and Consistently Communicate a Theory of Change Connecting Mission to Measurement and Evaluation across Grantmaking Activities and Funded Projects**

ARC has a clear mission: to innovate, partner, and invest to build community capacity and strengthen economic growth in Appalachia. To advance its mission, approximately every five years ARC updates its strategic investment priorities, around which it organizes its investments. These priorities are currently the following:

- **Economic opportunities:** invest in entrepreneurial and business-development strategies that strengthen Appalachia's economy.

- **Ready workforce:** increase the education, knowledge, skills, and health of residents to work and succeed in Appalachia.
- **Critical infrastructure:** invest in critical infrastructure, especially broadband, transportation (including the Appalachian Development Highway System), and water/wastewater systems.
- **Natural and cultural assets:** strengthen Appalachia’s community- and economic-development potential by leveraging the region’s natural and cultural heritage assets.
- **Leadership and community capacity:** build the capacity and skills of current and next-generation leaders and organizations to innovate, collaborate, and advance community and economic development (ARC 2016).

ARC lacks an organization-wide framework for aligning its mission and strategic investment priorities with performance measurement and desired long-term program impacts. Though ARC staff and individual grant programs have developed and used logic models for training or program-specific guidance, no ARC staff or stakeholders mentioned a logic model or having been trained on clear connections between the organization’s mission, program activities, and outputs and outcomes more broadly. Furthermore, the variety of informal organizational and formal program-specific logic models are not well aligned with existing performance measurement documentation and measures used in ARCnet.

***Develop and adopt an organization-wide theory of change or logic model that clearly connects grantmaking across all program areas to expected grant activities, outputs, outcomes, and long-term impacts on Appalachia.*** A framework for change can set the foundation for shared language, values, and processes for guiding program investments and measuring progress toward goals. It can also be used to evaluate outcomes across the grant portfolio to tweak and improve activities and investments leading to desired outcomes.

Two common frameworks that comparison organizations use are theories of change and logic models. A theory of change articulates the underlying beliefs and assumptions that guide an organization’s investment strategy for promoting change. A theory of change underpins organizational priorities and informs the indicators used to identify and measure progress toward mission and goals. One example is the [WealthWorks](#) model, which one comparison organization uses and which presents a wealth-building framework to grow the individual, intellectual, social, cultural, political, natural, built, and financial assets in a community.<sup>3</sup>

A logic model is a visual representation of the relationships among and between an organization's activities and their intended impacts. It depicts the paths toward a goal and clearly shows the resources, activities, and changes needed to achieve desired outcomes (Tatian 2016). An ARC logic model would include the following basic elements (Taylor-Powell, Jones, and Henert 2003), for which we include examples from the Economic Development Administration (EDA):

- **Organizational inputs** include everything invested by ARC and supported by Congress to advance the organizational mission, including grant funding, staff, and legislation. *The EDA lists these narrowly as its major types of resource investments, including infrastructure funding, construction and nonconstruction programs, and planning, strategic, and technical assistance programs.*
- **Organizational activities** include all major ARC functions—including strategic planning, grantmaking and grant management, performance measurement, training, and communications and reporting—across all program areas. *The EDA refers to enabling activities, instead, and lists out project types, including the development of economic development organizations, comprehensive planning, focused studies and analyses, and technical assistance centers.*
- **Organizational outputs** are what ARC produces from performing its various functions, including grants made and dollars invested, trainings hosted, reports published, and stakeholders reached with organizational activities across all program areas. This latter group would overlap with grant performance measurement outputs, such as people, businesses, and places “served” by grantee activities. *The EDA categorizes expected project-level outputs into construction outputs (e.g., facilities, utilities) and nonconstruction outputs (e.g., technical assistance, revolving loan funds).*
- **Organizational outcomes** are what result from all activities in the short, medium, and long term. Shorter-term organizational outcomes intersect with what can be achieved through individual grants as measured by “improved” performance measures achieved during the grant award. Medium-term outcomes align with what could be achieved through concentrated investments in program areas over time. Longer-term impacts would include the widespread positive transformation ARC hopes to achieve across Appalachia. *The EDA links capacity outcomes (community, firm and industry, new firm formation and entrepreneurship, and innovative infrastructure), to realized outcomes (e.g., investment, business growth, jobs, earnings, wealth), to a vision of long-term impacts on prosperity and quality of life.*

ARC can build on existing internal resources, such as training-related logic models and the [INSPIRE Initiative Logic Model](#), to develop an organization-wide logic model spanning all program areas and

stretching toward long-term regional impacts rather than a program-oriented logic model focused on measuring the performance of individual grants.

## **1B. Refine Measures to More Holistically Capture Grant Outputs and Outcomes**

Urban's analysis, along with stakeholder perceptions, highlighted room for improvement in ARC's performance measures. Some key measures critical to achieving its mission are not well defined or used. Multiple ARC staff feel its suite of measures is too large, whereas others said more are needed because the current suite does not capture the range of grantee work or related impacts. For example, some comparison organizations reported promoting and measuring democratic and civic engagement. Even among grantees that appreciated the value of relatively broad and flexible output and outcome measures and related requirements, many still reported that the key ARC measures fail to capture the full scope and impact of their work. Many grantees expressed that the perceived organizational emphasis on a relatively narrow subset of ARC's measures limited their ability to demonstrate the full scope of their impact, particularly social and cultural impacts distinct from business and economic impacts. Finally, staff and grantees also cited a lack of cross-cutting measures (how one activity/project can have outcomes spanning grant areas) and ways to capture positive externalities (how one activity/project can have unanticipated outcomes not originally targeted for measurement).

***Operationalize outcomes and impacts that are more difficult to measure but are still related to achieving ARC's mission and strategic goals.*** Potential outcomes outlined in internal logic models that are used for training purposes at ARC but are not commonly discussed or used include improving access to global markets, improving public health, increasing household assets and wealth, fostering civic life and government, and cultivating sense of place. ARC staff and stakeholders want to measure individual, social, and community assets such as social cohesion, social capital, and relationship building; leadership development; individual, organizational, and community capacity; and consensus-building and crisis-management skills. In terms of sustained outcomes, they mentioned measures including people being able to stay in the region who otherwise would have left and improved individual career pathways.

***Consider using cross-cutting measures (how an activity/project can result in multiple outcomes spanning grant areas) and capturing positive externalities (how an activity/project can have unanticipated outcomes not originally targeted for measurement).*** An example of a cross-cutting measure included how a grant to expand broadband fiber could have outcomes across program areas, such as economic and workforce development, education, and health, areas that are not usually paired in performance measurement (and which can be challenging to directly attribute to the ARC investment). Examples of positive

externalities that ARC staff and grantees discussed were unanticipated social benefits, including enhanced community or organizational capacity resulting from project activities and a sense of improved social or community cohesion through relationship building and network building as part of project activities. Table 3 summarizes some potential outputs and indicators of outcomes that the working group could consider for difficult-to-measure and cross-cutting performance measurement.

**TABLE 3**  
**Example Outputs and Outcome Indicators for Difficult-to-Measure and Cross-Cutting Measures**

Measures	Potential outputs	Potential outcome indicators
Public health	<ul style="list-style-type: none"> <li>Number of individuals with access to health resources</li> </ul>	<ul style="list-style-type: none"> <li>Improved health status</li> <li>Improved access to health resources and green space</li> <li>Increased capacity of health service organizations</li> </ul>
Household assets and wealth	<ul style="list-style-type: none"> <li>Participation in financial literacy, retirement, homeownership programs</li> </ul>	<ul style="list-style-type: none"> <li>Increased rates of employment among participants</li> <li>Improved or expanded career pathways among participants</li> <li>Increased homeownership rates among participants</li> </ul>
Social cohesion, social capital, and relationships	<ul style="list-style-type: none"> <li>Number of referrals to school- or community-based programs</li> <li>Outreach to marginalized communities</li> <li>Number of new organizational relationships (e.g., coordination networks, memoranda of understanding, partnerships, collaborations)</li> </ul>	<ul style="list-style-type: none"> <li>Improved distribution of income, poverty, and employment across subpopulations or regions</li> <li>Improved physical, emotional, and cultural safety</li> <li>Increased social equity</li> </ul>
Civic life and government	<ul style="list-style-type: none"> <li>Increase in voting access</li> <li>Depth of engagement in democratic process</li> </ul>	<ul style="list-style-type: none"> <li>Increased volunteerism and community service</li> <li>Increased political participation (e.g., voter turnout)</li> <li>Increased influence on local public policy and practice</li> </ul>
Leadership development	<ul style="list-style-type: none"> <li>Number of new relationships or other professional mentorship or power-building relationships</li> <li>Number of participants completing leadership training reporting increase in self-efficacy or capacity</li> </ul>	<ul style="list-style-type: none"> <li>Increased number of participants in leadership positions</li> <li>Increase in participant self-reported efficacy and influence</li> </ul>
Capacity	<ul style="list-style-type: none"> <li>Organization: number of full- and part-time staff, volunteers</li> </ul>	<ul style="list-style-type: none"> <li>Business: growth in business revenues, sales, and production</li> </ul>
Crisis management	<ul style="list-style-type: none"> <li>Development of organizational-preparedness plans</li> <li>Number of participants completing preparedness trainings</li> </ul>	<ul style="list-style-type: none"> <li>Improved crisis or disaster resiliency</li> </ul>
Population retention	<ul style="list-style-type: none"> <li>Reduced rate of out-migration</li> </ul>	<ul style="list-style-type: none"> <li>Increased population stability/reduced population instability</li> </ul>

**Sources:** Urban institute scan of comparison organizations. Also, Chan, To, and Chan (2006), Jenson (2010), National Quality Forum (2017), Packard and Jones (2015), and Speer, Gupta, and Haapanen (2020).

## **1C. Communicate Differences between Outputs and Outcomes, and Align Processes, Resources, and Expectations for Tracking Longer-Term Grant Outcomes**

There are several opportunities to address confusion around the definitions, use, and timing of performance measurement activities. This research revealed that some SPMs and LDD staff cannot differentiate between outputs and outcomes even while they are often responsible for assisting grantees with selecting these different types of measures for grant reporting. Although grantees generally understood requirements for reporting on outputs and outcomes during the grant award period, many were surprised to learn that ARC may come back to them after grant closeout to collect additional data and verify outcomes. ARC conducts verification of medium-term outcomes after grant closeout, although these have reduced in frequency over the past several years. It also contracts with third-party evaluators to generate cyclical program-specific evaluations. Grantees expressed concerns about having enough resources after the performance period to comply with these requests.

### ***Define outputs and outcomes, including what are short-, medium-, and long-term grant outcomes.***

Define grant outputs and outcomes clearly in published materials and trainings for all stakeholders, including SPMs and LDD staff. Differentiate short-term outcomes that can be achieved during grant performance periods from long-term outcomes and impacts that take longer.

***Clarify what grantees are responsible for measuring and when, including expectations after the grant performance period.*** There are several possible approaches. In the grant award, expectations about when reporting is required after the grant performance period can be clearly stated. For example, at the time of data collection for this study, the EDA was collecting data as many as nine years after the start of a grant award. Another approach is to right-size expected outcomes to what can be achieved by the end of the grant performance period (short-term outcomes) and, if medium-term outcomes are desired, consider extending the grant period to allow for continued annual grantee reporting over a longer time frame. An example would be extending a two-year grant to five years, requiring grantees to expend 90 percent of grant funds and report final outputs and initial short-term outcomes at the end of year two, and requiring them to expend the remaining 10 percent of funds over years three through five and report ongoing medium-term outcomes before final project closeout. Longer-term outcomes and impacts may be best collected during a third-party outcome evaluation. Common professional practice is to compensate grantees and/or the beneficiaries of grantee activities for their participation in the collection and reporting of long-term measures and outcomes in addition to short- and medium-term ones.

***Increase the number of outcome verifications conducted annually by ARC staff on medium-term grant outcomes.*** ARC staff noted the value of their verification process, typically conducted on a sample of closed-out grants each year. Through site visits and other data collection, ARC staff verify and update grantees' reported outcomes with additional documentation and learn about other nonreported grant outcomes. Despite the usefulness of this process for documenting outcomes after the award period, the number of grants verified annually has declined in recent years. Increasing the number of these will improve understanding and documentation of more medium-term grant outcomes.

### **1D. Clearly Operationalize All Measures to Improve the Grantee Measure-Selection Process and the Reliability of ARC Reporting on Aggregated Outputs and Outcomes**

Many ARC staff said grantees had reported that they had difficulty understanding and defining measures and that they had experienced confusion when selecting and defining measures that best fit with their work. ARC staff also reported that program staff operationalize performance measures inconsistently. Methods for calculating outcomes are individually negotiated rather than standardized, meaning they lack reliability across grantees and grant officers. This challenges the reliability of aggregating reports.

Practices among comparison organizations included providing lists of possible indicators that align with grantmakers' goals and are clearly operationalized in terms of definitions (e.g., "efficiency: improved outcomes with the same level of resources; improved consistent quality of services with fewer resources" [CNCS 2020, 66]) and what should be counted (e.g., an unduplicated count of organizations served) and how (e.g., pre-post organizational assessment).

***Prioritize operationalization of common output and outcome measures that grantees and ARC staff note are the most inconsistently measured or difficult to operationalize.*** Table 4 shows a variety of paired output and outcome measures that are commonly used but are not consistently operationalized across grants or program areas. On the other hand, some measures seemingly important to achieving ARC's mission and goals were infrequently used. Stakeholders shared that lack of use does not necessarily indicate these measures are less important, but that they are difficult to operationalize and measure in a standard way.

TABLE 4

**Examples of Paired Indicators That Are Difficult to Operationalize or Inconsistently Measured, from Most Frequently Used to Least Frequently Used**

Frequency of use	Outputs	Outcomes
More common	<ul style="list-style-type: none"> <li>▪ Businesses served</li> <li>▪ Communities served</li> <li>▪ Students served</li> <li>▪ Households served</li> <li>▪ Participants served</li> </ul>	<ul style="list-style-type: none"> <li>▪ Businesses improved</li> <li>▪ Communities improved</li> <li>▪ Students improved</li> <li>▪ Households improved</li> <li>▪ Participants improved</li> </ul>
Less common	<ul style="list-style-type: none"> <li>▪ Organizations served</li> </ul>	<ul style="list-style-type: none"> <li>▪ Organizations improved</li> </ul>

Source: Urban Institute assessment of the Appalachian Regional Commission’s performance measurement processes and systems.

***Develop a clear menu of measurement methodologies that can be applied across programs and grantees.***

Operationalize, and preferably standardize, “served” and “improved” (including “enhanced”) measures to allow for appropriate measurement and accurate aggregation of truly similar measures. They should be streamlined as much as possible to avoid the unnecessary proliferation of measurement choices. Table 5 provides examples for operationalizing the most common paired measures used—businesses served as an output and businesses improved as the outcome—across ARC’s strategic investment priorities.

Not every measure is appropriate for every program area, and some indicators may require operationalization at the level of the individual, organization, or community instead of business. For example, leadership and community capacity might be measured with different measures focused on individual education, skill building, and career development, but can be assessed organizationally with the measurement of new leadership or mentorship programs initiated or completed, or the number of new organizational network linkages or partnerships established. Likewise, preparing a ready workforce can involve tracking individual workers trained or certified or individuals who have completed educational certificates or degrees; it could also be measured by the development or expansion of workplace training programs or the provision of workforce-related health education or access.

TABLE 5

Sample Definition of “Businesses Served” and “Businesses Improved” and Operationalization, Organized by the Appalachian Regional Commission’s Strategic Investment Priorities and Grant Activities

	Example grant activities	Businesses served	Businesses improved
<b>Definition</b>	N/A	Number of businesses assisted, connected, or patronized (visits)	Enhanced business capacity measured by increased revenues, transactions, customers, employees, and employee abilities.
<b>Economic opportunities</b>	<ul style="list-style-type: none"> <li>▪ Equipment purchase</li> <li>▪ Facility construction</li> <li>▪ Business strategy development</li> </ul>	Number of businesses assisted with facility construction, equipment purchase, business strategy development	Number of jobs created; increased business transactions, revenues, customers
<b>Ready workforce</b>	<ul style="list-style-type: none"> <li>▪ Training and certification programs</li> <li>▪ Education support services</li> <li>▪ Public health programming</li> </ul>	<i>Workers/trainees or students served more appropriate than businesses served</i>	<i>Workers/trainees or students improved more appropriate than businesses improved</i>
<b>Critical infrastructure</b>	<ul style="list-style-type: none"> <li>▪ Expanding transportation, broadband, and water infrastructure</li> </ul>	Number of businesses connected to new services or with access to expanded services	Increased business transactions, revenues, customers because of infrastructure improvements
<b>Natural and cultural assets</b>	<ul style="list-style-type: none"> <li>▪ Expanding trails</li> <li>▪ Natural and open space restoration or remediation</li> <li>▪ Appalachian arts and culture program funding</li> </ul>	Number of associated visits to local parks, businesses, arts and culture centers	Increased business transactions, revenues, customers because of natural and cultural asset improvements
<b>Leadership and community capacity</b>	<ul style="list-style-type: none"> <li>▪ Leadership training or program development</li> <li>▪ Mentorship program development</li> <li>▪ Business or organization coordination funding</li> </ul>	<i>Participants served more appropriate than businesses served</i>	<i>Participants improved more appropriate than businesses improved</i>

Source: Urban Institute assessment of the Appalachian Regional Commission’s performance measurement processes and systems.

**Discourage the use of economic modeling in forecasting expected and actual outcomes.** Few comparison organizations use economic modeling to report on indicators, preferring other means of certifying that predicted economic impacts such as job creation are actually realized. This includes documentation of actual hiring, business revenues, or other evidence of measured improvements.

## Recommendation 2: Strengthen Reporting

Improving the reporting experience for grantees, from application to grant closeout, can enhance grantees' relationships with ARC and their reporting to it. There are numerous obstacles to grantees selecting the performance measures they want to report on at the application stage, and then to collecting grantee-reported numbers reliably in the ARCnet system and capturing postaward updates periodically gathered by ARC. These challenges impede ARC's ability to collect output and outcomes data in a standard manner and to report out on it easily and quickly. There is a wealth of data inside and outside the ARCnet system beyond what is frequently reported that could be tapped to more comprehensively tell the story of the impacts of ARC's investments across Appalachia.

### 2A. Improve the Reporting Experience for Grantees

Grantees' reporting experiences vary. Some found the ARC program staff they worked with approachable and helpful and their reporting responsibilities via ARCnet easy to execute. Most were clear on their reporting responsibilities, but many construction grantees were not aware of reporting requirements because these are usually fulfilled by state or federal basic agencies, which report to ARC on their behalf. The fact that most grantees' own internal reporting systems are not technologically sophisticated has contributed to some reporting issues. Finally, grantees reported skepticism that ARC values their full reports (their primary means of communication with ARC) as a means of two-way communication. For example, grantees reported that they felt it was "misleading" that they can report challenges to ARC on their required reporting forms but do not receive any follow-up.

***Plan updates to ARCnet to standardize the reporting process, require its use, and provide clear training on how to use improved reporting features.*** ARCnet should be made more user-friendly. With adequate training and a requirement that grantees responsible for their own reporting use it, it can become the comprehensive grant management system ARC wants it to be. Concrete recommendations include adding signposts to system pages to provide instruction for data entry, functionality, use, and reporting requirements.

***Provide clear guidance on how grantees should document challenges and give timely feedback when they do.*** Reports should be flagged when a grantee lists a challenge, and all grantees should be assured of a standard response time. If some other method beyond the required report should be used to communicate a challenge and receive appropriate feedback, ARC staff should clearly communicate this.

## 2B. Improve Existing Application Processes and Systems and Apply the Same Lessons to Any New Systems Developed

Grantees reported having limited or no formalized guidance or training on the alignment between ARC's vision, mission, strategic goals, and selection of performance measures for their ARC-funded activities. They select and finalize their project measures during application phases but reported contradictory experiences with this process—some found it straightforward, whereas others found it confusing. For example, some POWER grantees reported feeling that they were either “steered” or required to select certain measures by the POWER Portal because of the way the system interface populates the measurement options, even though they have freedom to choose additional or different measures. Additionally, some of the POWER Portal fields and validation functions are confusing or require seemingly onerous effort, such as the requirement to provide rationale for dozens of measures that are *not* being selected, even if they are substantively unrelated to the type of project being proposed. ARC staff discussed hoping to avoid some of the pitfalls of the POWER Portal and ARCnet systems in the proposed OSCAR application system.

***Organize and streamline application guidance and materials and make them available to applicants outside of the application system.*** Incorporate guidance on how ARC's vision, mission, and strategic investment priorities align with performance measures and measurement selection into applicant and grantee trainings and materials to help them understand the measure-selection process within the application system in use. Streamlining application instructions available in the POWER Portal and the proposed OSCAR system—including adding an applicant checklist and a downloadable sample application and associated instructions—would allow applicants to review them in advance of entering the system to apply, improving navigability and minimizing confusion over the measure-selection process. Resource links available on various pages in the POWER Portal may be useful if aggregated and organized at the beginning of the application so applicants can prepare in advance. Finally, eliminating the need to account for unrelated measures in the design of the proposed OSCAR system would improve on the current application measurement selection and validation functions used in the POWER Portal.

## 2C. Improve the ARCnet Grant Management System

ARCnet is the primary system for managing grants, including monitoring and reporting on outputs and outcome measures selected by grantees. It is continuously though inconsistently updated by program staff, with a significant overhaul likely in 2022, but staff report no clear ownership over what is in the

system and no clear understanding of who is responsible for maintaining and updating it. Meanwhile, there are functions that could be improved to help grant management in general and performance measurement specifically. Staff report issues with ARCnet functions that impede correspondence with grantees and may result in missing or incorrect performance measures and reported numbers in ARCnet, including the correspondence function that is meant to store email communications and documents shared between program staff and grantees within the system but is not well organized or searchable in its current form. Grantees also report difficulty in using ARCnet for required reporting, with some preferring to send reports to program officers via email rather than navigate ARCnet, which can result in inconsistent entry of grantee progress and activities into ARCnet. All of this makes it difficult to monitor grantees' progress and to find and aggregate their reported numbers in ARCnet on performance measures.

***Update ARCnet to reflect needs of multiple types of users and establish a regular cycle for future review and updates.*** Grantee needs center around system navigation, including uploading documents and entering data to ensure performance measures are appropriately reported. The needs of ARC and LDD staff and SPMs center around functionalities associated with identifying, tailoring, and extracting data, as well as project management for grantees. Consider surveying staff and users about their needs across ARCnet features and functions to assess usefulness. After completing the roadmap process, develop a consistent time frame for reassessing ARCnet functions and usability and solicit feedback across users before each major update.

***Develop streamlined and searchable instructional resources within ARCnet.*** Without clear instructions on how to complete and submit reports via ARCnet, users will continue to circumvent the system and submit reports via email, which increases the chances that these numbers will not be entered directly into ARCnet for easy aggregation and reporting by ARC to its various audiences. To encourage increased uptake of ARCnet among grantees for grant reporting, ARC should build a single instructional portal that can be searched and filtered based on user type (e.g., grant manager, grantee, communications) and program area. Being able to print out materials, such as grant application forms and instructions, would be a plus. A section on frequently asked questions, preferably printable, that is regularly updated would help guide users through common functions and less intuitive system requirements and processes to help them avoid getting stuck when entering information. Ideally, each system feature should contain clear, consistent, and well-marked instructions and guidance on how to fill in required information without forcing the user to look for instructions elsewhere.

Likewise, for grant managers and other ARC staff users, consistent inclusion and placement of links to instructional guidance in the ARCnet and forthcoming OSCAR systems on key page tools and

functions—such as the notifications and correspondence functions and guidance on measurement selection and operationalization—will help users better understand and more consistently use the system’s resources for better data management. Likewise, an updated section on frequently asked questions in both systems that is legible, continually updated, and filterable/searchable will reduce any strain on help-desk queries and streamline more consistent data entry and management.

## **2D. Leverage Collected Data to Present a More Complete Picture of ARC’s Activities and Achievements**

There is widespread desire among ARC staff and grantees to leverage the rich performance measurement data ARC collects to better tell the story of what grantees do and achieve and the impacts that ARC investments have across Appalachia. Staff report that ARC collects rich data but often prioritizes reporting on a narrow set of them because of priorities set by the Office of Management and Budget or Congress. Studies of longer-term outcomes can produce inspiring stories that are not systematically shared and archived. Telling these stories better could educate stakeholders and other public audiences about Appalachia and Appalachian issues—from the many assets and opportunities to the unique challenges—and the impact that ARC is having across the region. Grantees also want to see more stories of project and program successes to inspire future work and make connections between their current activities and those of peer organizations ARC funds.

***Find new platforms for sharing data.*** Some comparison organizations use scorecards to report out by grantee, summarize key findings from their investments, and highlight grantee progress and stories for wider audiences. ARC currently produces annual state fact sheets, but this could be expanded to include online scorecards by grant program to readily and publicly show progress and impacts. Benefits could include reduced need for customized inquiries and manual aggregations by ARC staff in response to queries. The scorecard could be tailored to accommodate the most frequent types of ad hoc requests on grant outputs and outcomes received by ARC staff (e.g., aggregations by program area or congressional district). It could also track a broader range of quantitative outputs and outcomes than typically reported and include measures more specific to each program along with qualitative highlights to illustrate grantees’ positive examples. This format would be more real time and dynamic than less frequent program-evaluation reports or newsletter highlights.

***Collect and share stories more broadly among grantees and the general public to highlight grantees’ potential and achievements.*** Stories that go beyond standardized measures can highlight grant outcomes more broadly and prove to grantees that their detailed narrative grant reports to ARC have value when

they see them being used publicly. Published highlights give potential grantees ideas for how ARC grants can be used and what they can help achieve for their communities. Additional peer engagement and learning across current grantees can provide platforms for sharing successes, lessons learned, and best practices. Popular strategies for peer learning include in-person convenings (which have been used by the POWER Initiative) and calls or listservs facilitated by ARC staff for information exchange.

## Recommendation 3: Improve Capacity through Guidance and Training

ARC staff, grantees, SPMs, and LDD staff would all benefit from clearer guidance and training opportunities around grant applications, management, and performance measurement. Although the content may be tailored to each audience, all materials and trainings should clearly communicate ARC's mission, goals, activities, and desired outcomes. This expands grantmaking beyond a series of transactions and projects, helping staff and stakeholders see themselves as part of the larger mission of the agency. Ensuring that all information is consistent across developed materials and is periodically revised to ensure alignment as goals change and measures are updated is also key.

### 3A. Assemble, Curate, and Produce an Internal Manual on Key Grant Management Processes and Practices for ARC Staff and Train Them on Implementation

Many ARC staff reported perceived inconsistencies in how staff understand, report on, and provide guidance to grantees about performance measures. To address perceived documentation gaps, a number of staff reported creating unofficial or informal training manuals, documents, or one-pagers tailored to their specific program or use cases and to share with colleagues. In addition, staff discussed how on-the-job learning is uncoordinated and uneven, sometimes leading to inconsistent communication with grantees.

***Reduce inconsistencies in grant management and performance measurement within and across grant programs by developing and distributing official centralized guidance for ARC staff.*** Guidance should reflect the entire grant cycle, from application to award closeout, and key processes and systems engaged at each stage. It should also include clear instructions on performance measures, from selection to operationalization to reporting. Centralized guidance will prove valuable for onboarding new staff to a shared set of grant management and performance measurement standards. It will also

improve performance measurement, helping grantees select and operationalize the most appropriate measures for their grants and reliably collect, count, and report their outputs and outcomes.

***Enhance staff training upon hiring and offer periodic refresher sessions, particularly when new programs or grants and performance measurement processes or information-technology features are released.*** In addition to developing centralized guidance for all ARC staff, training sessions that allow for interactive learning, discussion, and questions provide an additional level of standardized implementation of key processes and systems by staff and make staff more confident in their implementation abilities. Helpful training topics would include how grantee measures are selected (i.e., what is mandatory by program and what grantees can choose), how to help grantees consistently measure selected outputs and outcomes, when grantees are required to file their reports and what they must include, and how to use the major ARCnet functions.

### **3B. Improve Written Guidance and Training on Performance Measurement Processes and Systems for Grantees**

Most grantees gave ARC's documentation and training high marks, but based on Urban's review of materials, written guidance can lack consistency and some materials have not been updated recently. There also seems to be no one-stop page on the ARC website that curates all guidance and resources for applicants and grantees, and key documents provided to the research team for review were not found on the ARC website. Regarding trainings, grantees shared that they find in-person trainings valuable but difficult for remote and/or low-capacity rural grantees to attend.

***Develop a comprehensive suite of guidance materials and trainings that grantees can easily access in a single location on the ARC website.*** Across comparison organizations we reviewed, grantees are usually provided guidance on how to use a grantmaker's reporting system; tutorials on components of performance measurement (e.g., creating a theory of change or logic model, understanding data and evidence, data-quality assurance, developing data-collection procedures and survey instruments); and timelines and expectations for reporting. Several comparison organizations have well-organized, comprehensive collections of grantee materials and resources online—including the [Economic Development Administration](#), the Corporation for National and Community Service [AmeriCorps](#) program, and the [Greater Kanawha Valley Foundation](#)—with clearly labeled resources on performance measurement and reporting requirements. Materials and trainings should address all aspects of ARC grantmaking, from developing and applying for a grant through reporting requirements that extend beyond the grant performance period, as applicable. A robust virtual library or series of resource kits

could help ARC grantees access trainings aligned with their stage in the grant cycle (i.e., applicants, newly awarded, mid-project, end-of-project) on an as-needed basis.

**Improve peer learning opportunities for grantees.** Consider creating learning cohorts for grantees allowing them to communicate via online tools and talk about performance measures and best practices together. Another potential outcome is strengthened relationships between grantees across Appalachia. Peer cohorts could be arranged by program area (such as construction or nonconstruction) and/or divided into first-time ARC grantees and more established grantees.

### **3C. Provide Guidance and Training for SPMs and LDD Staff to Improve Their Ability to Provide Grantees Consistent Information and Properly Track and Report on Performance**

Local Development District staff had difficulties discussing performance measurement and distinguishing between outputs and outcomes. Although they give ARC trainings high marks, trainings generally focus on processes and compliance with reporting requirements rather than on the purposes and mechanics of performance measurement. Moreover, SPMs do not seem to receive much training.

**Offer periodic training to SPMs and LDD staff that introduces them to ARC's mission, goals, and performance measurement standards and processes, and that clearly outlines their roles and responsibilities for performance measurement.** The most critical information to provide is how grantees should select the most appropriate measures and how they should measure and report accurately. Training should point grant applicants and existing grantees to ARC materials.

## **Recommendation 4: Build Shared Understanding and Improve Communications**

Clarifying roles and responsibilities for all stakeholders engaged in managing ARC-funded grants and supporting grantee performance measurement is the first step to ensuring everyone knows how to meet their obligations. Additional guidance, training, and communication from ARC to benefit SPMs and LDD staff would be also be beneficial. Implementing mentoring for ARC staff and adding opportunities for sharing and learning across staff roles and programs could also enhance internal communications and performance measurement processes and systems.

#### **4A. Develop and Communicate a Shared Understanding of Stakeholders' Roles in Grantmaking, Grant Management, and Performance Measurement**

There is enough variation evident across the roles that ARC staff, stakeholders, and programs play in grant and performance management to warrant outlining clear responsibilities and channels of communication. State program managers and LDD staff shared different perspectives on what they thought their roles were for ARC-funded grants. The former report lower levels of involvement with ARC grantees than ARC staff describe, which could be evidence of a misunderstanding of roles. The LDD staff reported limited or no involvement with grantee performance management and varying levels of grantee engagement throughout grantees' projects (this engagement varies by state, and this variation could also be evidence that roles are being misunderstood). Meanwhile, ARC grantees describe confusion about the roles of the ARC Federal Co-Chair, ARC staff, SPMs, and LDD staff in setting priorities for grantmaking and performance management.

***Provide written guidance on each stakeholder's roles and responsibilities in grantmaking and management processes.*** Some guidance may be internal while other guidance may be helpful to have publicly available to current and potential grantees. At a minimum, it would be helpful to have an overview of each stakeholder's roles throughout key points across the grant cycle, including who is responsible for each part in the processes and systems used.

***Enhance ARC engagement with SPMs.*** Because current communications about grant management and performance measurement between ARC staff and SPMs usually focus on individual grants, establishing a regular mechanism to communicate as a group and across investments may enable broader discussions and questions around performance measurement processes, systems, and roles.

#### **4B. Foster an Internal Climate Where Advanced-Career and Early-Career Staff Can Learn from One Another**

This study revealed different perspectives between advanced-career and early-career staff on internal ARC processes and communication. Staff report some "silos" within their organizational roles, be they programmatic, administrative, or communications related, and disconnects between staff playing other roles in the organization. Some staff also described having been surprised a colleague was working on a similar initiative as them or another staff person and had no knowledge of their activities or coordination.

**Consider establishing an ARC mentoring program that pairs advanced-career staff with earlier-career staff for mutual benefit and learning.** It was common to learn of staff having different assumptions about their work and performing their work differently based on their tenure at ARC. To help newer staff acclimate to the work and culture with ARC, it would be helpful to connect them with more seasoned staff to learn and ask questions. Seasoned staff can also benefit from learning about the interests and skills of earlier-career staff, including their knowledge about and experiences in Appalachia, and any advancements in grantmaking and performance measurement they have learned about before being hired at ARC.

**Develop opportunities for staff to share successes, opportunities, and lessons learned across programs and staff roles.** Staff-wide brown bags could provide a platform for sharing grant project or program successes on a rotating basis to improve knowledge and coordination across grants and programs and foster internal supports for one another's work, including opportunities and challenges. Topical brown bags around issues such as advancing equity in Appalachia or performance measurement could also facilitate key staff discussions around cutting-edge issues and provide an opportunity to discuss organizational advances or challenges in these areas to troubleshoot together.

#### **4C. Improve Communications with LDD Staff around Performance Measurement**

Local Development District staff noted that the quality and level of communications with ARC staff can change as turnover occurs in state and national staff. The structure for organizing and supporting LDD staff has also shifted and may require new communication strategies. Local Development Districts are now collectively organized into a volunteer association with a consultant that manages administration of the organization's duties, responsibilities, and training needs. Because LDD staff had the lowest participation rate in this assessment, they may require further engagement to understand communication difficulties.

**Survey LDDs to identify the greatest needs and opportunities for increasing support from ARC staff.** To gather systematic feedback and ideas from LDD staff on how ARC can improve supports, an additional data-collection activity may be warranted, and they may prefer to participate anonymously. A web-based survey may be an appropriate approach. If selected, survey topics could include ARC's strategic planning, the grantee outreach and application processes, grant management and performance measurement, and ARC trainings and communications.

**Increase communications and training resources for LDDs.** Enhance existing communications between LDDs and ARC staff, including more hands-on assistance to LDDs around performance measurement

tailored to each ARC program area and geography served (e.g., state) to complement the work done on behalf of LDDs by the consultant. Once LDD staff members' priorities have been gathered and roles and responsibilities have been clearly outlined, LDD staff trainings should be updated to communicate roles and focus on performance measurement and should occur more frequently.

## Recommendation 5: Lead on Equity

Where equality focuses on fairness and everyone having access to the same resources, equity focuses on distributing resources based on the fact that not everyone starts from the same place or needs the same thing.<sup>4</sup> In fact, some people and places may need more to achieve fair and just outcomes. For ARC, leading on equity means adopting a comprehensive approach to prioritizing it across goals, grants, and performance measurement. What a funder values gets measured, and what is measured gets done. But it is not fair to expect grantees to accomplish equity goals that have not been clearly defined and to meet expectations that are not clear or that they are not well positioned to deliver. This section therefore suggests a step-by-step approach ARC can take to focus on equity as a goal, process, and outcome. It starts with defining what equity means in Appalachia and to ARC and setting goals for prioritizing it across grantmaking activities, followed by improving marketing and outreach to expand the grantee pool serving targeted people and places, and ending with the adoption of additional measures to track equitable outputs and outcomes achieved by grantees through ARC investments. Adopting this comprehensive approach will provide ARC the opportunity to educate others about the value of promoting equity across Appalachia and rural communities in general.

### **5A. Expand the Definition of Underserved Populations and Places in Appalachia and Set Goals for Reaching Them Through Grantmaking Activities and Impacts**

Many ARC staff and grantees were happy to hear that ARC was interested in advancing equity in its grantmaking activities, and recommended that ARC begin by clearly defining equity, equity considerations and issues in Appalachia, and what its equity goals in Appalachia will be. Some ARC staff and stakeholders do not believe the 13 Appalachian states served by ARC are home to diverse populations, but many are using a very narrow definition of diversity that is generally rooted in race. Another issue they noted is how criteria for county matching funds can leave out struggling smaller places within counties that are doing well, on average.

None of ARC’s strategic investment priorities mention equity, nor is equity targeted across grantmaking activities and outcomes, although ARC’s current 2022–2026 strategic plan process is actively exploring questions around equity as a process and outcome. The most common approach to advancing equity described by comparison organizations involved setting program priorities around where and in whom they invest. ARC has a congressional mandate to invest in distressed counties and areas based on unemployment rates, per capita market income, and poverty rates. Though it regularly exceeds this target (ARC 2021), as ARC considers an expanded definition of equity, it may want to set additional voluntary benchmarks around where to focus its grantmaking and on whom, and how its resources are distributed across Appalachia beyond geography and criteria of economic distress.

***Clearly define multiple dimensions of underserved people and communities in Appalachia.*** Build on President Biden’s executive order encouraging consideration of “Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.”<sup>5</sup> ARC clearly reaches people living in rural areas and living in areas of economic distress, but there may be other subpopulations living in ARC’s service area who are underserved by ARC grants. During this study, stakeholders specifically mentioned Black and Native American residents as underserved groups in Appalachia, but additional exploration could clarify and uncover additional groups.

Consider targeting relevant geographic areas smaller than counties and tracking them for ARC investments. This would ensure that county averages do not overshadow small towns or concentrations of subpopulations experiencing deeper inequities. Census tracts can be targeted as distressed areas or Opportunity Zones but are not tracked as such in ARCnet.

***Consider goals related to outreach, applications, awards, outcomes, and impacts.*** Develop goals and benchmarks for reaching underserved people and places in Appalachia, including the following:

- Conduct outreach to organizations that have never received an ARC grant. This outreach could target a certain percentage of attendees on information sessions or some other measure of outreach.
- Solicit applications from and give awards to organizations serving a majority of people or places on ARC’s prioritized underserved list, as well as those that have never received an ARC grant. This could include tracking the proportion of applications received from such organizations and the proportion of grant funds going to them.

- Track outcomes among and impacts on the underserved people and places as measured through disaggregated data (see recommendation 5D). Because these data are not currently collected, it will take some time to establish a baseline before progress can be tracked.

## **5B. Improve Marketing Materials and Diversify Outreach to Reach Grantees Serving Underserved Populations and Places**

Reaching underserved people and places in Appalachia may require reaching out to new potential grantees. ARC stakeholders said that current outreach efforts and materials are not focused on underserved populations and places. They also shared how ARC grants can go to the same grantees rather than to new ones. Some comparison organizations focus on increasing organizations' awareness of grant opportunities and making grants more accessible to lower-capacity applicants.

*Encourage ARC staff, SPMs, and LDD staff to conduct outreach to potential grantees focused on underserved populations and communities.* Advancing equity in ARC's grantmaking and outcomes may require finding and supporting organizations led by the people most impacted by an issue.<sup>6</sup> This may include more proactive research to find prospective grantees working within ARC's program areas and serving underserved people and places. After identifying potential applicants, direct outreach and follow-up may be necessary to communicate ARC's mission and goals and identify eligible projects.

*Provide additional supports for lower-capacity applicants, including those that have never received ARC grant funding.* Organizations not well connected to existing processes for applying for ARC grants may need more active engagement with LDD staff, SPMs, or ARC staff to understand how to complete an application successfully, including how to select performance measures. Ensuring these opportunities are clearly communicated and following up with potential applicants to track their progress may be the difference in whether they successfully submit a grant application.

## **5C. Target and Prioritize Projects That Propose Doing More to Advance Equity, and Actively Mitigate the Impact of Bias on Grantmaking Decisions**

In addition to setting goals for reaching certain populations, ensuring ARC's grant opportunities are marketed to them, and diversifying the pool of grantees, ARC can consider equity goals within grant applications it receives. ARC staff and grantees discussed many ways to increase equity in ARC's grantmaking, including adopting a relatively simple, to-be-determined metric-based priority for applicants whose activities measurably center or advance different dimensions of equity. Comparison

organizations approach this in several ways, including by using indicators such as race, gender, economic disparities, and geography to determine the distribution of grant awards. One comparison organization applies geographic, organizational, and budget criteria when selecting grants to award in addition to an applicant scoring rubric to help center equity in the application process.

**Add scoring criteria for projects that advance equity.** One participant suggested adding an open-ended question to the application that would allow for qualitative evaluation of applicant responses. Another participant suggested that ARC applications could ask grantees to explain how their projects might be beneficial or burdensome to certain populations in their communities, including who could benefit the most and who could be left out.

**Adopt processes for mitigating bias in grantee selection.** For competitive grantmaking processes, practices like participatory grantmaking—which provides some decisionmaking power to the communities most impacted by funding decisions (Gibson 2018)—and blind review can increase access to grant resources for community-based organizations (Wojcik et al. 2020). Local Development District staff often play this type of role, which could be strengthened and expanded.

## **5D. Adopt Measures to Track Equitable Distribution of Project Awards, Benefits, and Improvements**

Measurement means accountability. Once ARC has taken steps to clearly define who and where it would like to target as currently underserved by ARC investments, set clear goals for reaching these people and places, expanded outreach to more diverse applicants, and prioritized equity in evaluating grant applications and making awards, it can begin to track its progress in these areas as well as the impacts of new investments in advancing equity.

**Track the diversity and cultural competency of grantees to ensure they are meeting ARC goals for a diverse pool of grantees that will advance equity goals.**<sup>7</sup>Assessing the representativeness of grantees and their sensitivity to the histories and needs of the people and communities they are trying to reach is important to ensure the comprehensive needs of Appalachia are being addressed through ARC investments. Potential indicators include measuring grantee workforce diversity at all levels, from organization leadership to staff, to see how well grantee staff reflect the underserved people and places targeted by ARC. Other measures can be more qualitative, perhaps gathered via the grant application or required grant reporting, and answer questions about grantee awareness of and commitment to mitigating bias, structural racism, and other structural disadvantages faced by underserved people and

places targeted by their grant activities (National Quality Forum 2017, 15). Without asking these questions directly, grantees will have little incentive to value them.

***Track the diversity of people, organizations, businesses, and communities served and outcomes achieved by grant-funded activities to ensure they are advancing equity goals.*** Explore equitable data reporting of grant outputs and outcomes “disaggregated by race, ethnicity, gender, disability, income, veteran status, or other key demographic variables,” per President Biden’s executive order. For examples, measures of households, workers, or communities “served” by grant activities can capture targeted characteristics of those people and places. Measures of businesses “served” and “improved” can be expanded to track minority-owned businesses and women-owned businesses separately. Other longer-term impacts can be measured and compared across grants and program areas to identify successes in meeting equity targets and specific areas for improvement where goals were not met.

***Ensure that ARC systems are updated to track this information from grant application through award closeout and after.*** New processes and measures will need to be adequately tracked via updates to the POWER Portal and ARCnet systems and embedded within the development of the proposed OSCAR system. Data collection on grantee characteristics via application and reporting will need to be expanded and disaggregated output and outcome measures added to the standard total counts currently collected.

## **5E. Educate Stakeholders on the Value of and Process for Increasing Equity in Appalachia through ARC Grantmaking**

Some stakeholders saw ARC as a valuable voice for advocating for equity for rural people and places. They mentioned how rural America is often left out of national conversations on equity, as well as funding and solutions to improve equity. Relatedly, some saw ARC playing a role in educating others about bridging the urban-rural funding divide.

***Be a leader for other rural regions to follow.*** By publicly valuing and promoting equity within its grant and performance measurement processes and systems, ARC can serve as an example for other funders and stakeholders of what practical steps can be taken to advance equity as a goal, embed it in grantmaking processes, and measure progress through disaggregated data.

# Appendix A. Summary of Insights from Comparison Organizations

In this appendix, we review insights learned about performance measurement from comparison organizations. Those insights, which we introduce by subject area, are as follows:

- **Goals:** Many organizations described their performance measurement practices as an *approach* or *framework*—rather than a “system”—to ensure grantees are on track to complete their project-specific goals or to measure program-level outcomes. Organizations with more structured performance measurement systems described goals of having a common language to describe impacts, being able to measure the impact of their grants, assessing progress toward organizational goals, measuring the capacity of grantees to comply with federal regulations, and evaluating and making decisions on investments.
- **Constraints:** Some organizations—mostly government agencies and contractors—are constrained by regulations and other forces influencing their performance measurement processes and systems, whereas others—mostly foundations—have more flexibility in defining and measuring the successes of their grantmaking.
- **Frameworks and associated tools:** Many comparison organizations have organization-wide or program-specific logic models, theories of change, or strategic planning documents that provide a framework for performance measurement. These set the foundation for shared language, values, and processes for guiding program investments, measuring progress toward goals, and making improvements to achieve those goals.
- **Applying an equity lens:** Equity is an implicit goal that some organizations prioritize in their grantmaking, but they do not operationalize equity in their performance measurement systems. The most common approach to advancing equity described by comparison organizations was through setting program priorities around where and in whom they invest. Some organizations also helped raise awareness of grant opportunities, making them more accessible to lower-capacity applicants. Few were collecting demographic data to support insight, impact, and equity; mitigating the impact of bias on grantmaking decisions; or bringing diverse voices into the decisionmaking process.
- **Indicator selection:** Comparison organizations have a wide-ranging spectrum of requirements for grantee reporting on indicators, ranging from requiring grantees to use all or select from a

list of preapproved indicators, to having grantees use some required indicators plus some self-selected ones, to allowing grantees to determine all their own indicators.

- **Indicators used:** Comparison organizations use a variety of indicators across program areas of interest to ARC. These are selected based on existing evidence of their accuracy in measuring the outputs and outcomes of interest, grantee feedback, and guidance from third-party experts and evaluators.
  - » *Community infrastructure:* Outputs include value of investments in infrastructure; number of construction projects; new fiber miles; and number of homes, businesses, and institutions served by new broadband access. Outcomes include jobs created and retained, leveraged private investment, and community systems capacity improvement.
  - » *Education and training:* Outputs include number of students participating in and completing educational programs and trainings. Outcomes include increased rates of employment owing to participation in educational and training programs, increased access to educational programs, increased program and teacher capacity, increased parental participation, and improved student achievement.
  - » *Entrepreneurship and business development:* Outputs include value of loans to businesses and use of technical and capital resources for business development. Outcomes include jobs created and retained; growth in number of businesses; growth in revenues, sales, and production; and increased technical business capacity.
  - » *Health:* Outputs include number of individuals with access to health resources and number of patient visits. Outcomes include improved access to health resources and green space and increased capacity of organizations providing health services.
  - » *Other program areas:* A few organizations invest in other program areas like democracy and civic engagement and use indicators such as increasing voting access, community service, and public dialog.
- **The use of economic modeling:** Few organizations use economic modeling to report on indicators, preferring other means of certifying that predicted economic impacts such as job creation are actually realized.
- **Outcomes and impacts difficult to measure:** The types of hard-to-measure outcomes discussed included improvements in organizational capacity of grantees, less tangible outcomes such as increases in student “knowledge” or “academic achievement,” economic outcomes not directly tied to jobs or private investments, and measuring progress toward increased support for a particular policy.

- **Grantee reporting:** Comparison organizations primarily collect data from grantees, not grantee beneficiaries. For many organizations, recommended indicators are shared with grantees during the preapplication phase and in the notice of funding opportunities and are refined during contract negotiations. During the performance period, grantee reporting most often happens on an annual basis and at the end of the grant term.
- **Grantee feedback:** Most organizations do not have formal processes in place for grantees to provide feedback on their experience with collection and reporting of performance indicators. Sometimes, however, grantees provide feedback on specific indicators through informal communications with program officers and during organizational strategic planning processes.
- **Data validation:** Most organizations do not employ rigorous processes of data validation. Instead, they often clean data on a case-by-case basis and do not validate performance data holistically, often citing confidentiality concerns or trust-based grantmaking.
- **Adaptations to the performance measurement system:** A few organizations are either currently revisiting or have recently completed revisions or improvements to their performance measurement systems, but there is no standard approach to evaluating or implementing changes. Updates are motivated by staff and shifts in organizational priorities or clearly identified needs.
- **Staff responsibilities and capacity:** Knowledge of performance measurement goals and systems is distributed across organizational leadership, but responsibility most often lies with program staff or officers and in some cases program directors. Some organizations have dedicated performance measurement and/or research teams whose roles include managing data collection and aggregation. The majority of staff interviewed had little to no formal training in performance measurement but either learned on the job or had related experience or knowledge.
- **Staff training:** In organizations with more sophisticated performance measurement systems, which tend to be government organizations, there are more standardized training processes. In organizations with less formalized performance measurement systems (mostly foundations), either program staff or teams are trained to achieve alignment between measures and outcomes, or no training is offered.
- **Grantee capacity building and training:** Grantees are usually provided with guidance on how to use a grantmaker’s reporting system; tutorials on components of performance measurement (e.g., creating a theory of change or logic model, understanding data and evidence, data-quality

assurance, developing data-collection procedures and survey instruments); and timelines and expectations for reporting. There is little evidence that comparison organizations provide supplemental financial support to grantees to help them with evaluation, although a few fund or supply technical assistance directly and others refer to outside providers.

- **Data use and reporting:** Data are used to regularly update stakeholders including program officers, senior management, board members, funders, and in rare cases, Congress. Program-specific data are used to understand the communities served and make investment decisions, usually on an annual basis. Some organizations use performance measures to track progress on achieving their missions. Most comparison organizations shared annual reports or scorecards used to report out by grantee, summarize key findings from their investments, and highlight grantee progress and stories for wider audiences.
- **Lessons learned:** Representatives from comparison organizations provided the following reflections on their own journeys of performance measurement to inform ARC's future improvements:
  - » Know yourself: reflect on organizational goals, identity, and theory of change.
  - » Measure holistically: consider ecosystems and measure intermediate outcomes and progress on goals, not just final ones.
  - » Integrate grantees' perspectives: ask what data they already collect and what is easy or hard to collect, and allow for customization and flexibility.
  - » Streamline system infrastructure: avoid piecemeal changes and streamline unhelpful processes.

# Appendix B. Summary of Insights from Our Assessment of ARC

In this appendix, we review insights learned about ARC’s performance measurement processes and systems. Those insights, which we introduce by subject area, are as follows:

- **ARC’s mission, goals, and performance measurement alignment:** ARC’s strategic investment goals are developed with input from partners and stakeholders across Appalachia. Staff view the goals of ARC’s performance measurement systems and processes as strengthening economic capacity and growth in the region, demonstrating accountability to the public, and supporting ongoing learning for programmatic improvement. There is general agreement among ARC staff that ARC’s performance measures align well with its strategic investment goals, and review of documents related to program strategy supports this; however, the level of detail and explicitness of ARC’s mission and goal communication varies across documents. Although ARC’s strategic investment goals are reflective of the needs in ARC’s service area, many ARC staff, SPMs, and Development District Association of Appalachia (DDAA) board members felt that ARC implementation can reflect Federal Co-Chair and congressional priorities, which some felt can lead to misalignment between ARC goals and performance measurement priorities and activities.
- **Grantmaking roles and priorities:** ARC stakeholders’ views of their roles in grantmaking ranged from administrative (DDAA board members) to liaisons (SPMs). State project managers, DDAA board members, and grantees shared perceptions that grantmaking priorities are set at the federal level and can vary depending on who is in office. Many grantees felt that securing continuous funding for ongoing projects can be difficult with these perceived shifting priorities, and many SPMs reported challenges balancing perceived federal grantmaking priorities with those of their states.
- **Measures, tracking, and reporting:** Grantees are able to select from ARC’s sizable suite of indicators those which best fit with their programming and goals; there is no evidence that grantees are able to create unique measures that may be tailored to their mission or work. Some output measures can be used with a range of outcome measures (“standalone” measures), and some must be used with specific outcome measures (“paired” measures). Although the requirements for paired and standalone measurement selection are clear and consistent and examples are numerous across applicant- and grantee-facing documents, multiple measures

are not clearly operationalized. Many ARC staff reported inconsistency among program staff in the operationalization of performance measures, and many grantees reported confusion in selecting and defining measures that best fit with their work. Inconsistencies are also evident in the ARCnet system, which—owing in large part to ongoing system updates, data migration from paper files, and reported inconsistencies in staff uses—exhibits high variability in the presence, formatting, and documentation of application and reporting materials, profile completeness, and performance measurement tracking.

- **Grantee experiences with performance measurement:** Flexibility in reporting and measurement operationalization is viewed as a plus for many grantees, but many others feel there is too much flexibility and wish for more consistent measurement operationalization and related communications. There is no unified application experience, rather some grantees receive more assistance in completing and submitting applications than others. Overall, grantees disagree on how easy ARCnet is to navigate and describe different reporting requirements and experiences with different ARC program staff; consequently, grantees use inconsistent reporting methods and express varying opinions about ARC's performance measurement systems and processes. Apart from ARC's and other funders' requirements, grantees primarily use basic tools for performance measurement management and tracking, with most discussing simple spreadsheet software.
- **Communications about performance measurement:** ARC staff views on internal staff communication concerning performance measurement processes vary—some reported a relatively open organizational structure where staff can share their perspectives and others described a less open structure where new ideas or changes are not always well received. ARC program staff and grantees report that overall, communication quality between ARC staff and grantees is good, but consistency and methods are mixed. Although some staff report established processes for reviewing grant applications, there is no evidence of formal feedback processes between ARC staff and grantees during the grant period. Performance measurement guidance documents are consistent in communicating ARC's performance measurement requirements generally, but it is unclear the extent to which the materials reviewed for this assessment are consistently available to grantees. Specific guidance on certain measurement operationalization is interpretatively broad. Numerous ARC staff and SPMs noted concerns about clarity of communications concerning measurement accuracy and flexibility, and ARC staff report no systematic structure for following up or managing relationships with grantees once a grant period has ended.

- **Performance measurement training:** ARC staff describe minimal or no formal training aside from meeting with ARC’s system administrator while onboarding new staff, and that written training materials are limited and feel scattered across multiple documents. A minority of ARC staff said existing training is adequate or none is needed at all. For DDAA board members, performance measurement trainings are less about linking ARC activities to community outcomes as much as process compliance, but staff report satisfaction with the trainings received. Generally, SPMs did not discuss receiving very much training for their roles. Grantees had high praise for ARC’s performance measurement related trainings, saying they have helped them with their ARC-related program work as well as broader organizational planning. Grantees provided multiple recommendations for expanding the suite of ARC trainings and materials, including greater opportunities for peer learning with other ARC grantees and online toolkit-style resources. Grantees that work with basic agencies reported that performance measurement training varies widely by basic agency, with approximately half providing no training at all.
- **Staff and stakeholder involvement and feedback on performance measurement:** ARC staff noted a number of internal sources of feedback on performance measurement systems and processes, including a staff working group, ARCnet issue intake system, and previous Office of Inspector General reports, but also noted that unsystematic additions and changes have been made to ARC’s performance measures and the ARCnet system over the years. Grantees have no evident role in performance measurement development and process feedback beyond participation in bigger-picture strategic planning, and written guidance for grantees on submitting and receiving feedback on their performance is inconsistent. Grantees report a desire for more feedback on interim and final reporting, particularly in regard to reported challenges.
- **Grantee management and progress evaluation:** ARC’s guidance materials to grantees provide clear timeline requirements for grantee reporting, but ARC program staff reported inconsistent reporting processes and requirements in their grantee and project management. Similarly, some ARC program staff reported using ARCnet project-management functions more consistently than others, with most staff citing functionality issues that create a barrier to use as well as ARCnet’s planned system improvements in 2021 as key reasons for using ARCnet inconsistently. Most DDAA board members noted limited performance management of grantees apart from reporting to ARC and other funding sources, and there do not appear to be procedures or processes in place to guide SPMs in ongoing grant management, nor do they see this as their primary role. Multiple ARC staff reported that data from multiyear validation sampling and evaluation “roll-ups” is inconsistently entered into ARCnet because of staff and system capacity constraints, and access to collected data for program staff is subsequently

limited. Moreover, some grantees struggle with misalignment between grant project timelines and when outcomes will be measurable. Multiple grantees noted that they already track ARC outcome measures after a grant period has ended, but many others discussed capacity limitations to tracking and reporting on performance measures beyond the end of a grant period. Previous Office of Inspector General reports include recommendations for performance measurement evaluation and validation changes, but it is not evident that all recommendations have been implemented.

- **Strengths and challenges of performance measurement at ARC:** ARC staff and stakeholders reported many strengths of ARC’s current performance measurement systems and processes, ranging from value alignment with and importance to the organization’s mission and activities, to descriptions of their favorite aspects of the suite of indicators or ARCnet system functionalities. The most commonly discussed strength of ARC’s performance measurement systems and processes was the flexibility of ARC’s suite of indicators, particularly allowing grantees to choose the measures, methodologies, and operationalization that best capture their grant activities and are most appropriate to their needs, and the flexibility of related management and reporting requirements.
  - » Staff also praised the alignment of ARC’s suite of measures with organizational mission and goals. The quantity of data available in the ARCnet system was also discussed as a strength of ARC’s performance measurement system by multiple staff, although many more reported challenges with consistently accessing the data. Other strengths included functionalities in the ARCnet system that exist but could be improved, such as the correspondence and notification functions.
  - » Challenges involving measurement operationalization and validation were most frequently discussed by ARC staff and stakeholders, in addition to other issues related to communications. Multiple staff and grantees said that ARC’s current suite of indicators is not well suited to measuring cross-cutting impacts since indicators are relatively siloed, and that positive project externalities such as unanticipated project benefits often go unmeasured and undocumented. Many staff and grantees also described the limited use of “soft” or difficult-to-quantify measures—such as social, cultural, and community capacity—related impacts—despite their perceived importance, because they felt they were not prioritized with ARC leadership and Congress, or because they were unsure how to adequately operationalize them. Instead, many felt the priority was for “hard” or more easily quantifiable measures.

- » Multiple ARC staff also reported internal communications challenges to discussing or considering changes to ARC's performance measurement systems and processes, but some said they believed staff were open and receptive to communications concerning performance measurement.
- **Opportunities and challenges to increasing equity in grantmaking:** Many grantees and staff think ARC is uniquely positioned to prioritize, promote, and track equity issues in Appalachia, and that there are opportunities to diversify the communities, populations, and projects supported by ARC. ARC can also help educate staff and stakeholders on the various equity issues in Appalachia that include but are not limited to racial disparities between Black and white communities, and could begin these efforts by identifying, defining, and setting related equity goals throughout the Commission's service area. Presently, many staff and stakeholders felt that there are Appalachian populations that ARC has done little to reach out to, including Black neighborhoods or communities throughout Appalachia, Historically Black Colleges and Universities, Native American Appalachian populations, Latinx populations, and smaller or more remote rural communities that may be missed by ARC's county-level focus. Some grantees already understand and prioritize many dimensions of equity in Appalachia, however, equity issues in Appalachia are either not considered, not viewed as a concern, or poorly understood among some staff and grantees. Other barriers to promoting equity identified by staff and grantees include lack of clear definitions of equity, clear goals for advancing equity throughout Appalachia and associated measures for tracking progress, and marketing strategy and materials designed with equity in mind.
- **Staff and stakeholder recommendations:** Staff and stakeholders provided many recommendations on strengthening ARC's performance measurement activities by making performance measurement more meaningful; increasing grantee learning, communication, and feedback opportunities; increasing staff learning, communication, and feedback opportunities; and advancing equity in grantmaking. Examples discussed include increasing transparency of shifts in performance measurement priorities to help applicants better align their applications and activities; expanding opportunities for grantee peer learning; developing new measures for more difficult-to-measure communities, populations, and social and cultural impacts; designing ARCnet improvements to align with grantee uses and needs; expanding opportunities for ARC staff "cross-pollination;" strengthening existing ARCnet workflow and project-management functions; and defining equity goals in Appalachia and prioritizing applicants with programming that addresses them.

# Notes

- <sup>1</sup> “Diversity, Inclusion and Equity Tools and Resources for Grantmakers,” Ford Foundation, accessed April 23, 2021, <https://www.fordfoundation.org/campaigns/diversity-inclusion-and-equity-tools-and-resources-for-grantmakers/>; “Drive Equity,” PEAK Grantmaking, accessed March 26, 2021, <https://www.peakgrantmaking.org/principles-for-peak-grantmaking/drive-equity/>.
- <sup>2</sup> Exec. Order No. 13,985, 86 Fed. Reg. 7009 (2021).
- <sup>3</sup> “Wealth: The eight capitals,” WealthWorks, accessed November 4, 2020, <https://www.wealthworks.org/basics/explore-regional-wealth-building/wealth-eight-capitals>.
- <sup>4</sup> “Equity vs. Equality and Other Racial Justice Definitions,” Annie E. Casey Foundation, accessed May 13, 2021, <https://www.aecf.org/blog/racial-justice-definitions/>.
- <sup>5</sup> Exec. Order No. 13,985, 86 Fed. Reg. 7009 (2021).
- <sup>6</sup> “Drive Equity,” PEAK Grantmaking, accessed March 26, 2021, <https://www.peakgrantmaking.org/principles-for-peak-grantmaking/drive-equity/>.
- <sup>7</sup> Cultural competence can be defined as “the ability to understand, appreciate and interact with people from cultures or belief systems different from own’s own” (DeAngelis 2015).

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