



U.S. Department of Housing and Urban Development
Community Planning and Development

Special Attention of:

Notice: CPD-04-07

All Regional Directors
All Field Office Directors
All CPD Division Directors
All CDBG Entitlement Grantees
All State CDBG Grantees

Issued: June 9, 2004
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SUBJECT: Use of Community Development Block Grant (CDBG) Funds to Assist in
Establishing and Operating “211” Calling Systems

This Notice describes how CDBG funds may be used, in part, to establish, and operate “211” calling systems (“211” lines). “211” lines are short cut telephone dialing systems that allow customers to use an easy to remember phone number, “211,” to obtain referrals to community services. The systems are similar in design to “911” emergency or “411” directory assistance lines. A “211” system reduces the number of calls made to access community-based organizations and government agencies. Due to the nature of many community service referrals (low cost housing, meals, utility assistance, etc.), it appears that many of the users of “211” lines are low-and moderate-income persons.

Background Information about “211” Lines

The United Way in Atlanta, Georgia started the first “211” service in 1997. In 1999, the service was first offered statewide in Connecticut. In 2000, the Federal Communications Commission (FCC) designated the code “211” for community services with a five-year review period. This means like other restricted lines, such as “911” or “411,” “211” lines are designated for a specific purpose and cannot be used by the general public for another purpose prior to the expiration granted by the FCC. According to the United Way of Connecticut, “211” lines serve approximately 88 million Americans-over 32 percent of the U.S. population.¹ Every state in the nation is in some phase of development of a “211” system. A map showing the progress of all states and additional information about the “211” lines can be accessed by visiting the website at:

<http://www.211.org>

¹ *Nationwide Status* (June 9, 2004), available at <http://www.211.org/status.html>

There are several design models that are used to implement “211” systems. States can use single or multiple call centers and single or multiple databases. The call centers and databases can be housed in a central or decentralized location. Most of the decisions on how to structure the systems depend on the coverage areas. Regardless of the structure, incoming calls are translated from “211” to a seven-or ten-digit number and routed through a network to the correct location. A complete description of these methods and the implementation planned or in place for all states is described in “211 State by State: A Periodic Report on the National Implementation of Three Digit-Accessed Telephone Information and Referral Services.” This report can be reviewed and downloaded on the Internet at:

<http://www.211.org/tipiSpring03.pdf>

CDBG Eligibility and National Objective Compliance

Because “211” call centers tend to cover large geographic areas and may include a broad array of social services, choosing the most appropriate design model and working through other important issues is crucial to the implementation of a “211” system receiving CDBG assistance. For example, in the State of Florida, there are currently ten “211” calling centers serving a state with a population of approximately 16 million people. The size of the call centers’ service areas and the fact that very few regions in the United States contain more than 51 percent low- and moderate-income persons makes meeting the low-and moderate-income area benefit national objective highly unlikely.

Another issue is that most of the “211” lines offer referrals to community services beyond those traditionally used by low-and moderate-income persons. These services include health care, camp registration, volunteer opportunities, delinquent mortgage counseling, etc. The lines are also open to everyone in the service area. For these reasons, the development of the system as a whole would not qualify as a “limited clientele” activity as defined by the regulations (24 CFR 570.208(a)(2)(i) and 570.483(b)(2)(ii)). Refer to Section “B” below for more information.

For the reasons described above, meeting the national objective will depend on the composition of the service area and/or the actual usage of the “211” call center. The information listed below should assist grantees in determining the eligible activity and how it may meet the national objective criteria.

A. Service Area has at Least 51 Percent Low-and Moderate-Income Persons

If the entire service area has at least 51 percent low-and moderate-income persons, (a few examples of possible candidates may include the Mississippi Delta, the Colonias or Appalachia regions) CDBG funds can be used to support the components of a “211” system as listed below.

CDBG can be used to:

1. Install the lines, including the actual infrastructure for the telephone lines
2. Establish a separate public facility structure to house the “211” call center
3. Staff “211” lines and cover other operating costs

The table below provides eligibility and national objective regulatory citations for a “211” system that serves an area with at least 51 percent low- and moderate-income persons.

“211” Lines: Eligibility and National Objectives

Eligibility Category

Component

CDBG Entitlement Program:

Eligibility (including Section 108)

CDBG Entitlement Program: National Objective

CDBG State Program:

Eligibility

CDBG State Program:

National Objective

Privately Owned Utilities

Install “211” lines

570.201(l)

570.208(a)(1)

Section 105(a)(2)

570.483(b)(1)

Public Facilities and Improvements

Establish the facility to house the “211” call center

570.201(c); 570.703(l) (Section 108)

570.208(a)(1)

Section

105(a)(2)

570.483(b)(1)

Public Service

Staff “211” lines and cover operating costs

570.201(e)

507.208(a)(1)

Section
105(a)(8)
570.483(b)(1)

Unless the entire service area of the call center has at least 51 percent low- and moderate-income persons, CDBG funds cannot be used in the manner described above. Grantees should review the information in Section “B” below for additional information.

B. Service Area has Less than 51 Percent Low- and Moderate- Income Persons

When the “211” call center has a service area containing less than 51 percent low-and moderate-income persons, CDBG cannot be used to cover the development costs for establishing the “211” calling system. However, CDBG could be used to support public services by reimbursing grantees for that proportion of calls to the center that result in service referrals for low-and moderate-income persons. These calls would only be reimbursable under certain circumstances.

CDBG could be used for reimbursement only after it is established that the “211” calling center provided assistance to a low-moderate income person under the circumstances provided below, pursuant to 24 CFR 570.208 (a)(2)(i)(A) or (C) or 570.483(b)(2)(ii)(A) or (C).

1. Individuals who could be presumed to be low-or moderate- income because they request a referral to a service that is included with the defined presumptive group, (i.e., abused children, battered spouses, elderly persons, severely disabled, homeless persons, illiterate adults, persons living with AIDS or migrant farm workers); or
2. Individuals who request information or referral to a particular service that has previously been identified by the call center as being restricted to persons who are low-or moderate-income.

Using the above regulatory citations for “limited clientele,” a grantee could reimburse the “211” call center for the call if the caller is identified as a member of one of the qualifying presumed low-or moderate-income groups or if the caller is referred to at least one income qualified service. Note that, even if the caller is also given referrals to non-income qualified services during the initial call (e.g., inquires on camp registration or volunteer opportunities), the cost of the “211” call would be considered to meet a national objective. For example, if a caller is an elderly person inquiring about housing for himself and at the same time, inquiring about a summer camp for a grandchild, the call would be reimbursable, since the caller is presumed to be a low- or moderate- income person.

Each call could be reimbursed on an average cost per caller, if calls are also tracked by duration, reimbursement could be made for actual time expended per qualifying call. The call center should choose one method of tracking the calls to maintain consistency. In accordance with CDBG recordkeeping requirements, the grantee must establish and maintain sufficient records to enable

HUD to determine whether a CDBG national objective has been met. See 24 CFR 570.506 and 570.490. At a minimum, the call center (for the grantee) would be responsible for documenting: the average cost per call (in total and for referrals) or for the duration of qualifying calls if applicable; the aggregate duration of all qualifying calls, and the per-unit cost of all calls received. The call center would also be responsible for maintaining records that demonstrate that each qualifying community service provider meets the requirements of 24 CFR 570.208 (a)(2)(i)(A) or (C) or 570.483(b)(2)(ii)(A) or (C). The call center would not be able to receive reimbursement for referrals for callers not in the presumed group or for referrals for callers that do not qualify for income-limited services. The call center can maintain a list of “income-limited” services to verify that the services are restricted to incomes that are below the 80 percent of area median income statutory requirement (refer to Section 102(a)(20) of the Housing and Community Development Act of 1974, as amended).

Those cost components allowable for reimbursement of each eligible referral would include the allocable use expenses for “211” systems. These include, but may not be limited to, staff costs, furniture, appropriate computer equipment, etc.

An illustrative example of this strategy is described below:

- A “211” call center located in Dallas, Texas, received 3,500 calls in the month of September 2003.
- The total operating costs to the call center for the month was \$24,500. The call center has determined that the average cost per call is \$7.00 (to include labor, overhead and benefits, and allocable use expenses).
- Of the 3,500 calls received, 700 of them were for referrals to providers serving customers in the presumed category (abused children, battered spouses, etc.) and for other services with income limitations.
- The cost of the calls eligible to be charged to the CDBG program = \$4,900 (700 calls @ \$7.00 per call)

The table listed below provides the eligibility and national objective citations for a “211” system that serves a limited clientele.

“211” Lines: Eligibility and National Objectives

Eligibility Category

CDBG Entitlement Program:

Eligibility

CDBG Entitlement Program: National Objective

CDBG State Program:

Eligibility
CDBG State Program:
National Objective

Public Service

570.201(e)
570.208 (a)(2)(i)(A) or (C)
Section 105(a)(8)
570.483(b)(2)(ii)(A) or (C)

Areas considering establishing “211” call centers may be able to receive lists of community service providers from various community service organizations. Grantees should obtain such lists, if available, and information on the providers’ eligibility requirements to ensure in advance that such providers will be providing services that qualify for CDBG funding.

Optimal Methods for Using CDBG Funds

In the majority of locations, one “211” call center will cover several governmental jurisdictions. In other words, a single state may only have a few call centers throughout the state. Entitlement jurisdictions may wish to partner with other entitlements or State CDBG grantees to share the cost of the system. The individual communities will need to work together to determine the appropriate share of each community’s cost for the system. HUD recommends states fund “211” call centers only via joint applications from all the communities covered by the system.

Key Standards

HUD recommends that grantees establishing “211” centers review the “Key Standards for “211” Centers.” These standards include information on service delivery, resource database information, reporting, and organizational requirements. Although HUD currently is not mandating compliance with these standards as criteria for CDBG assistance, pending legislation for other federal funding requires compliance with these standards. Information on these “Key Standards” can be accessed on the Internet at:

<http://www.airs.org/downloads/NewStandardsforweb10-02.pdf>

Reporting

For purposes of reporting in the Integrated Disbursement and Information System (IDIS), the establishment of “211” lines could be identified as the project and then the individual activities set up under the three eligibility categories: privately owned utilities, public services or public facilities, as appropriate.

Compliance with a national objective will not be considered to be achieved until the “211” lines have at least passed the operational phase. Therefore, for reporting purposes, the assistance cannot be considered or reported as complete until funds in the account have been used for the intended purpose. Grantees should note that CDBG could only be used for reimbursement for calls already made and documented.

Compliance with Environmental Review Requirement

The grantee using CDBG funds under the public service eligibility criteria to support “211” lines would, most likely, be eligible for a categorical exemption from environmental review as described in 24 CFR Part 58.34 or 58.35(b). The grantee using CDBG funds under the private utilities, public facilities and improvements eligibility criteria would be subject to an environmental review, pursuant to 24 CFR Part 58 and this must be performed **before** CDBG funds can be used for this purpose.

If you have questions about this Notice please contact your local Community Planning and Development Office. Field offices can contact the Entitlement Communities Division in HUD Headquarters at (202) 708-1577 or the States and Small Cities Division at (202) 708-1322 (these are not toll-free numbers).