



# Types of Sources of Supportive Services Funding

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Services funding utilized within supportive housing projects is generally provided for:

- The delivery of particular services
- The utilization of a particular service strategy
- Addressing the needs of a particular population, defined by its service needs

A significant portion of funding for services needed in supportive housing comes from the federal government. Some of the relevant federal agencies that provide mainstream and/or homeless specific services funding relevant for supportive housing sponsors are:

- Department of Housing and Urban Development (HUD)
  - Community Planning and Development Division (CPD)
  - Office of Public and Indian Housing (PIH)
- Department of Health and Human Services (HHS) and key departments within it:
  - Substance Abuse and Mental Health Services Administration (SAMHSA)
  - Centers for Medicare and Medicaid Services (CMS)
  - Health Resources and Services Administration (HRSA)
  - Administration for Children and Families (ACF)
- Veterans Administration (VA)
- Department of Education (ED)
- Department of Labor (DOL)
- Social Security Administration (SSA)

Federal funding for services, like funding for development and operating costs, is generally distributed by **formula grants** (including block grants) or by **competitive grants**.

## 1. Formula Grants

The majority of federal service funding is allocated by formula grants, primarily block grants. Formula grant programs for services are generally allocated to states based on a distribution formula prescribed by law or administrative regulation, reflecting the demographic and/or service need factors in the specified geographic locality. In some instances, formula grants are allocated to other eligible service areas, e.g., Ryan White CARE Title I funds go to eligible metropolitan areas defined as areas with certain numbers of AIDS cases during the previous five years with a certain population. The states (or relevant eligible funding areas) provide services directly and/or sub-grant the resources to political subdivisions of the states (e.g., counties, cities) or nonprofits by formula or competitive processes. (In some rare instances, for-profit organizations are eligible to receive funding.) Many of the mainstream services funding programs (i.e., TANF, Medicaid, SAMHSA Block Grants) are formula or block grant programs.

## 2. Competitive Grants

A competitive process for specific projects allocates project grants for services generally for fixed or known periods. Many of the homeless-specific funding programs are competitive grant programs, with the notable exception of the Projects for Assistance in Transition from Homelessness (PATH) program. Since the majority of services funding from the federal government is allocated by formula grants and the majority of these funds eventually “flow” to the local level, a portion of resources in community services systems at the local level are federal block grant resources. These federal resources, however, are often combined with local general funds, special taxes or bonds, or



redevelopment funds and are administered as local programs. The federal services block grant funds often appear “invisible” to the supportive housing sponsor but make up a significant share of the resources when it receives city or county funding.

State or local departments that are typically eligible applicants/primary recipients or sub-grantees of services formula or block grant funding include:

- Departments of Health and Human Services (or divisions within them such as public health, mental health, substance use, behavioral health)
- Department of Social Services
- Department of Education and Training and/or Vocational Rehabilitation;
- Departments of Employment and/or Economic Development;
- Workforce Investment Boards; and
- Boards of Education or superintendents of schools

In addition to federal and local funding programs, some states also have begun to develop homeless-specific services funding programs or adjust current ones to allow for the provision of services to homeless people and/or the provision of services in a housing-based setting. Unlike housing and operating funding programs, states and localities often use general fund resources to fund services. Just as in the federal context, state programs are allocated both by formula grant and on a competitive basis.

With all services sources — federal, state, and local — demand tends to be very high and competition fierce. Successful applicants typically need to have a strong track record in service provision or services to a particular target population. In some instances, professional licensure and/or accreditation is required. Successful applicants generally demonstrate quality, capacity/experience, readiness, and leverage and/or commitments of other funding. Even with these qualifications, high-quality programs sometimes must apply multiple times for some sources, simply due to the lack of sufficient funding relative to need.