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Consolidation

October 21, 1994

A MEMORANDUM FOR SHERYLL CASHIN

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SUBJECT: SINGLE YOUTH DEVELOPMENT GRANT FUNDING

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Riding the wave of public discontent with federal bureaucracy, reinvention needs to be a more central element of our message and program. As with other target groups, a myriad of service programs target youth. Therefore, we are proposing the possibility of bold, new legislation to dramatically change how the federal government funds these services. Bolder than the waiver bill; this proposal would require the consolidation and elimination of programs, rather than providing flexibility within the existing ones. This single federal youth development funding - "Youth Development Fund" - would send dollars to states, probably by formula, and they in turn would allocate to localities. Any such proposal would find enormous grass-roots support from community groups to state and local elected officials.

A bold, highly visible commitment to consolidating, reducing and simplifying federal programs in order to encourage local flexibility is in line with the President's assertion that the federal government is at its best when it provides top-down support for bottom-up reform. By freeing local communities from the constraints of narrow categorical programs and giving them the opportunity to design programs that meet the needs of their youth population, we would indeed be sending a good message to start off the second term.

Following are some examples of the potential outcomes of a consolidated youth program:

- * Less red tape and better services to youth.

- ◆ The most sweeping of bold options could restructure dozens of programs involving hundreds of millions of dollars.
- ◆ The elimination of programs could significantly decrease the number of people it would take the federal government to run the programs, and those savings could be added to program dollars available.

Despite the potential positive outcomes, there are clearly some disadvantages we should be aware of as we consider pushing such a proposal. They are:

- ◆ Congressional reaction from committees and members who have created and now oversee the range of categorical programs will not be favorable. A similar proposal by HUD to consolidate McKinney categorical homeless programs ran into difficulty this year partly due to the particular structure proposal.
- ◆ Advocacy groups that represent grantees currently funded by categorical programs may not be pleased. Also, if the funds turn out to be too small and spread too thinly when consolidated, the effort could be seen as an abandonment of youth services.
- ◆ There may be question about whether or not youth services is the area in which the Administration should use its political capital to promote one truly bold reinvention strategy.

The GAO recently completed a report on the overlap of programs that target youth for employment and training assistance. They determined that for fiscal year 1994, 16 programs had the combined federal funding of over \$4 billion to help youth make the transition into the workforce. This is positive to the extent that it is indicative of Congress' recognition that many non-college bound youths are not ready for the workplace but there is clearly some question as to the effectiveness of the employment training programs. Many of these 16 programs - to enhance the ability of youth to become productive members of the workforce - serve the same groups and provide similar services. For example, all 16 programs serve youth between the ages of 16 and 19 and almost all of the programs specifically target youths who are economically disadvantaged or "at risk." Despite the similarities among the programs, they are administered by five federal agencies - the Departments of Education, Health and Human Services, Housing and Urban Development, Labor, and the Office of Personnel Management. One program - School-to-Work - is jointly administered by Education and Labor.

The employment programs are just one example of the need for a major overhaul and consolidation of youth programs into a Youth Development Fund. The redundancies in goals, clients, services, and service delivery mechanisms foster inefficiency and make it difficult to determine the effectiveness of individual programs or the system as a whole.

However, being aware of the problem is only the first step toward change. There are hundreds of youth programs in education, employment, training, housing, health, social services, and recreation. Should we decide to pursue the bold reinvention plan, it would require a complete inventory of the categorical programs serving youth in order to determine which programs should be consolidated. Furthermore, it would be necessary to make some decisions concerning participant eligibility.

There are also several alternatives to the most sweeping of the bold options. They are:

- ♦ A more long term assault on replication and lack of coordination. We could begin with an effort to consolidate youth services in recent or pending federal legislation such as the Crime Act, EZ / EC, Welfare, etc...
- ♦ A limited reallocation of funds from existing programs for an initial stage of flexible block grants. An example would be a Youth Development Block Grant Bill sponsored Senators Kassenbaum and Dodd and Representatives Payne and Morella that would reallocate \$400 million to expand and coordinate youth development programs for youth 6-19. Using a funding formula targeted to low-income communities, the bill would direct about 95 % of the funds to local boards comprised of community-based organizations, schools, churches and government.
- ♦ Start with specific programs (e.g., employment training programs) or simply fewer programs and approach this on an "opt in" or "opt out" basis by state or as demonstrations.

In summary, we want to reiterate that this bold reinvention option should be included in the memo to the Deputies being prepared this week. Meanwhile, we will begin working to collect information that will form the basis of a complete inventory of youth programs.