

THE WHITE HOUSE

WASHINGTON

August 22, 1994

AUG 24 REC'D

MEMORANDUM FOR CAROL RASCO
BRUCE REED
BILL GALSTON

FROM: Paul Weinstein

SUBJECT: Urban Policy

file

This article, while obviously tilted, makes it clear to me that the problem with the President's urban strategy is not a policy one but rather a communications matter. The Republican strategy of these four mayors is centered around two principles: 1) cut taxes, regulations, and government bureaucracy to attract private business back into the cities; 2) provide more community policing. This administration has a very strong position and record on both of these. Yet, these Republicans are getting the credit, not us.

Combined with education/mentoring, welfare, and housing reform, the aforementioned principles provide a strong core urban message that I believe would resonate with urban and suburban voters across the country.

tried—unsuccessfully—to draw information out of him.

Insofar as Sudoplatov produced his memoir without access to NKVD documents, the newly discovered files point to an extraordinary propensity for accuracy on his part. After all, the ex-general apparently relied solely on his memory, on a few stray papers still in his possession, and on conver-

sations with aging former comrades. Thus his now-validated treatment of the Bohr episode—which took place nearly fifty years ago—is striking.

A sense of honor, one might hope, would prompt critics who took part in the effort to destroy *Special Tasks* at least to note the new evidence. Thus far, however, the Bohr files have been greeted with silence. □

The GOP's Urban Guerrillas

RIGHTING CITY HALL

Fed-up urban voters are suddenly turning to Republicans with fresh ideas. Can they deliver?

WILLIAM D. EGGERS

EVER SINCE the Depression, Jersey City's mayors had always been Democrats. The Democratic machine built by Mayor Frank Hague had such a solid lock on city hall that when Republican Bret Schundler decided to run for mayor in 1992, he couldn't find any other qualified Republicans to put on his election slate. Yet Schundler won, by challenging business as usual and promising an innovative, entrepreneurial approach to local government.

Republicans have a tough time overcoming the perception—partly justified—that they do not understand or care about urban problems. This perception has translated into Democratic dominance in mayoral races and a roughly 2 to 1 urban margin for Democrats in presidential elections. But Schundler's victory and the arrival of Republican mayors in several other cities that had long been controlled by Democrats offer hope that the GOP, long the party of suburbia, is ready to seize the urban agenda.

The last two years' mayoral elections produced the largest turnover of

big-city mayors in decades. Republicans now run five of the country's twelve largest cities, including New York City and Los Angeles. Young GOP radicals also captured city hall in several medium-sized, heavily Democratic cities, including Jersey City, Dayton, and Raleigh.

To be sure, the GOP doesn't have a patent on reform-minded mayors: Democrats like Cleveland's Michael White, Milwaukee's John Norquist, and Philadelphia's Edward Rendell are downsizing government, privatizing, and facing down powerful city unions. But if the GOP's new urban guerrillas can show that market-oriented solutions are the best way to save America's cities, then pulling the voting lever for Republicans may cease to be such an alien experience for urbanites. "Residents of cities have seen one set of failed policies for the last twenty to thirty years," says Republican Mayor Stephen Goldsmith of Indianapolis. "We now have the opportunity to show them that you can be a conservative, populist Republican and improve the quality of life for all citizens of the city."

The GOP's emerging urban strategy aims to create opportunities for the

urban underclass and to stem the continuing exodus of business and middle-class taxpayers to the suburbs. It focuses on stronger, more self-reliant neighborhoods, safer streets, less bureaucracy, lower taxes, less regulation, and better schools. Most important to the GOP's urban future are New York's Rudolph Giuliani and L.A.'s Richard Riordan, because they represent the nation's two largest cities, and Goldsmith and Schundler, because they have the most radical reform agendas.

Robomayor

ELECTED in 1992, Stephen Goldsmith has been fundamentally restructuring city hall. The 44-year-old mayor's smarts and relentless drive have inspired one local writer to dub him "Robomayor." Each week Goldsmith spends a few hours seeking cost-cutting ideas by working alongside city employees. He has been seen filling potholes, issuing business licenses, and walking the beat.

Goldsmith teaches a graduate course on public policy one night a week at Indiana University, and he has given privatization tutorials for Giuliani, Riordan, and Schundler. A free-market true believer ("Only reforms that tap the competitive power of the marketplace will make government more efficient"), Goldsmith has created what he calls a "marketplace for municipal services."

Nearly every city-hall function—from pothole repair to job training for welfare recipients—is open to competition from private firms. Next in line: the Indianapolis airport. Ending the government's monopoly on various services is saving the city about \$28 million annually and has turned the typical city-hall incentives upside down. The city's public-works department, trying to compete with private road-repair firms, insisted that it needed only four men on a crew instead of eight. Already the number of non-public-safety employees has been slashed by 28 per cent, and Goldsmith insists he's just getting started.

Fierce free-marketeters now reign in the Indianapolis bureaucracy. "You need to start with a clear commitment and bring in people who share your commitment," says the mayor. "Otherwise, by the time you drop two

Mr. Eggers is director of the Reason Foundation's Privatization Center.

to three levels, you can't even recognize what you first proposed." Running half his departments are management whiz kids Goldsmith plucked from private industry. They wax enthusiastic about performance-based accounting, performance measurement, and activity-based costing. Savings from increased efficiency, including savings generated by competition, have reached almost \$100 million a year.

Even the Police Department—typically Republicans' favorite bureaucracy—has felt the squeeze. "The police department was developed over a

ects—which would have given the residents more control—was quashed by vehement opposition from the residents themselves.

What went wrong? "Over time, all governments, including Indianapolis, have essentially taken the place of the private leadership of neighborhoods," says Goldsmith. When the government leaves, there's nothing to fill the gap.

But Goldsmith isn't giving up. He has brought in Robert Woodson's National Center for Neighborhood Enterprise to train neighborhood leaders and has opened a neighborhood

and end up having a four-hour debate," says Riordan's chief of staff, Bill McCarley.

So Riordan is focusing on three simple goals: increasing public safety, boosting government efficiency, and improving L.A.'s business climate.

A favorite pastime of America's mayors over the past three decades or so has been spending taxpayer money to build convention centers and stadiums or to subsidize huge downtown development projects. This Field of Dreams strategy—"If we build it, they will come"—usually goes wrong. L.A.'s new convention center (built for half a billion dollars under Mayor Tom Bradley) is a case in point. "Every time I drive by it I hear a giant sucking sound," says Deputy Mayor Michael Keeley.

Riordan, the former venture capitalist, doesn't believe the city should try to replace private investors. Rather, he is trying to persuade them that L.A. is worth investing in, by easing the local regulatory and tax burdens. "L.A.'s government has increasingly become the enemy of business," he says. "It's like being in a Communist country." Opening a business in L.A. requires dozens of permits and often a paid lobbyist to assist in navigating the city-hall bureaucracy. Riordan has charged a high-profile task force with overhauling this process. The City Council recently cut L.A.'s business-tax surcharge in half (Riordan had proposed abolishing it), and the mayor has refused to consider tax hikes.

To increase efficiency, Riordan has proposed privatizing various city-run enterprises, including golf courses, building maintenance, and some trash collection. Before he had even made his first privatization proposal, however, a majority of the City Council had lined up to oppose him, and Riordan has not, so far, shown much enthusiasm for this fight. Already, big-ticket items like L.A. International Airport have been relegated to the back burner.

This lack of determination could hurt Riordan where he has more at stake: the crime front. During his campaign he pledged not to seek reelection if he didn't put three thousand more cops on the streets. Scrambling to meet the pledge without raising taxes, he is moving some cops from desk jobs to the streets and putting civilians behind the desks,



forty-year period as a control organization with layers and layers of supervision," Goldsmith says. "The pyramid has to be turned upside down. Officers need to be rewarded for risk taking." Accordingly, the mayor has shaved off layers of bureaucracy, instituted community policing that emphasizes solving neighborhood problems rather than reacting to them, privatized a crime-analysis unit, and pushed authority down to the officer on the beat. The restructuring has led to some middle-management griping, but crime dropped by almost 7 per cent last year.

Goldsmith has run into a snag, however, in his attempt to get neighborhoods, churches, and community organizations to pick up the slack from his downsized government. Efforts to contract with neighborhood groups and churches to maintain local parks have generated little interest from either. A proposal to privatize two of the city's most troubled public-housing proj-

training center. And his \$500-million capital-improvement program is designed to give preferences to inner-city communities that help themselves by rehabilitating abandoned houses, cleaning parks and alleys, and painting houses.

The Millionaire Reformer

RICHARD RIORDAN is the first Republican mayor of Los Angeles since the Fifties. More cautious than Goldsmith, he has shied away from confronting entrenched interests at city hall. Then again, L.A.'s mayoralty is not nearly as strong as Indianapolis's. Lacking the power even to appoint his own department directors and needing the approval of a liberal City Council for, almost all important measures, the mayor must govern by persuasion and negotiation rather than fiat. "In L.A., the mayor could probably propose a resolution honoring motherhood and apple pie

buying back some holidays and time off, increasing overtime for current officers, and transferring revenue from other departments. But with each officer costing \$75,000 a year, to come anywhere near his promise the mayor will need to find a lot of cash fast. Privatizing LAX would help.

Tough Talk in New York

CONSERVATIVES who expected a Rockefeller Republican have been pleasantly surprised by Rudolph Giuliani. The Big Apple's most reform-minded mayor since before World War II, Giuliani has turned a fiscal crisis into an opportunity.

Starting with a \$2.3-billion deficit, Giuliani has the best chance since the near-bankruptcy of 1974 to overhaul one of the country's most bloated bureaucracies. His budget, the first in 16 years that is smaller than the previous one, calls for \$200 million in union benefit concessions and \$1.2 billion in spending cuts, including reductions totaling 15,000 municipal

workers. Setting an example, Giuliani has eliminated more than 130 positions from his own office.

And the mayor is determined not to back down from pledges to privatize city services. These include custodial services for the public schools, where a custodian can earn \$60,000 a year cleaning buildings a few days a week. The city-owned classical radio station and the United Nations Plaza Hotel will be sold to the highest bidder.

A good start. But some analysts say the bureaucracy is so thick that another 30,000 to 50,000 positions could be eliminated with ease. Several days after reporting to Giuliani the number of administrative personnel at central headquarters, the city's Department of Education suddenly "found" another 3,500 bureaucrats.

Giuliani's top priorities, meanwhile, are reducing crime and addressing public-safety-related "quality of life" issues. The mayor is determined to crack down on the squeegee wielders who harass motorists, the beggars who badger pedestrians, and the "taggers" who deface buildings. His new

police chief, William Bratton, was formerly head of the New York City Transit Authority's police force, where he cleaned up the subway system by declaring war on graffiti, mugging, and aggressive panhandling.

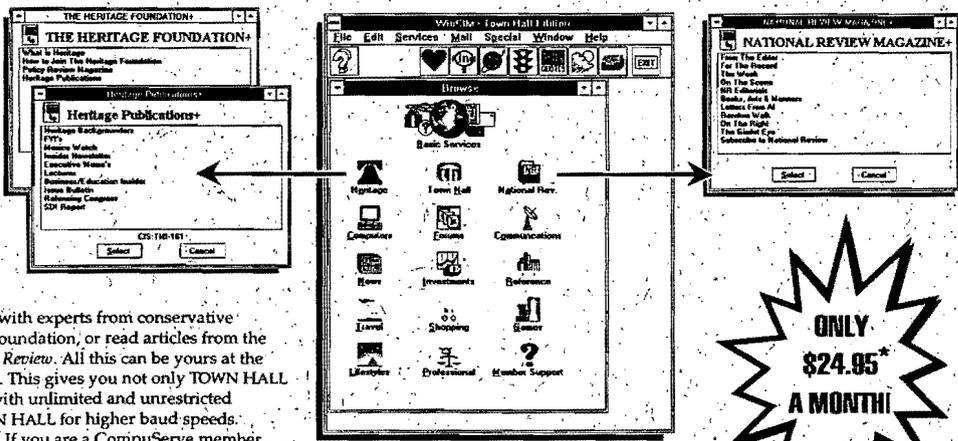
"With Rudy and Bratton, New York City has the two strongest criminal-justice people working side by side of any city in America," claims senior advisor Richard Schwartz. But if New York cops are going to be tougher under Giuliani; they aren't going to be leaner. While other unions took hits, the police kept their unlimited sick leave and 20-minute wash-up time.

With only 3 per cent of the country's population, meanwhile, New York City accounted for 20 per cent of all job losses during the last recession. To calm the stampeding businessmen, Giuliani needs to free up the economy. "Nearly everything is illegal in New York City," says longtime city hall watcher Fred Siegel, former editor of *City Journal*. "You have to purchase the right to do anything." Giuliani has pledged to reduce or eliminate some of the city's 28 different taxes, and he

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has already proposed about \$1 billion in tax cuts over the next four years. But in a city where residents pay 40 per cent more than the national average in state and local taxes, that should be just the beginning.

Anti-Politician's Politician

BRET SCHUNDLER'S election as mayor of multi-ethnic Jersey City is the most remarkable of the GOP's recent victories. Running on a platform of tax cuts, school choice, and community policing, the white Wall Street financial analyst received 68 per cent of the vote, including 40 per cent of the black vote and 60 per cent of the Hispanic vote, in a city where only 6 per cent of registered voters are Republicans.

In office a little over 21 months, Schundler has already reduced the city's portion of property-tax rates by 29 per cent, wiping out the effect of large tax hikes recently enacted by the county and the school board. "Jersey City homeowners have been accustomed to having taxes go up every year," says Joseph W. Hottendorf, executive vice president of the Hudson County Board of Realtors. "It was like death: something that was bound to happen. Bret Schundler has changed people's expectations."

It is Schundler's school-choice platform, however, that has gained him serious national attention. Unlike most big-city mayors, Schundler has been willing to take on the teachers unions. "You can't ever effect a revolution if you leave power in the hands of politicians," he says. Schundler, who is aggressively lobbying the state legislature, hopes to have the country's first city-wide school-choice program in place by the fall of 1995.

Like Giuliani, Schundler believes that fear of crime is closely connected with a sense of disorder, the feeling that no one is in control. To bring order to Jersey City's mean streets, Schundler is going after graffiti and litter, but with a twist. Rather than turning the task over to city bureaucrats, he is letting the residents of each neighborhood pick the firm they think will get the job done best.

Unlike Mayor Riordan, Schundler has enough cops. With 860 officers, Jersey City has nearly as many as Indianapolis, which has 500,000 more people and 85 more square miles to

patrol. Yet the policemen in Jersey City's patronage-laden department never seem to be around when you need them. Before Schundler took office, there were no officers on foot patrol (now there are 70), and the number of police cars cruising the city on a typical night was dangerously low. "If they were properly deployed, we would have enough police officers to have one guy walking in front of each house in Jersey City every 15 minutes," says Schundler's chief of staff, Michael Cook.

To realize his goal of 300 officers on foot patrol, Schundler will have to impose his will on a resistant Police Department. He wants to turn dozens of positions over to civilians, privatize some police functions, and set up 133 community-based police districts where foot-patrol officers will be directly accountable to neighborhood committees. Police on night patrol now talk daily to a designated neighborhood resident, who informs them about any problems. "They'll fight me today but thank me later," Schundler says. "When you put a cop back in one neighborhood, he knows that he's not

accountable to the whole world—just to that community's residents."

The Coming Revolution

IF A GOP urban revolution takes place, it will be in Indianapolis or Jersey City, not in L.A. or New York. While Riordan and Giuliani are both moving in the right direction, the liberal opposition is firmly entrenched. "What Giuliani has to fight against is so much more formidable than anywhere else, he could be the best mayor in the country and still not be a national innovator," says Fred Siegel. Ditto for Riordan, though Giuliani has so far seemed more willing to take on the status quo.

But thanks to these new mayors—shortfalls and backsliding and all—the GOP now has a visionary message to offer on how to rejuvenate urban America. Unfortunately, few national Republicans have shown much interest in picking up the message and convincing urban America's predominantly minority residents that Republicans really care. This is an opportunity too important to squander. □

If You Can't Beat 'Em . . .

THE GREENING OF AMERICAN FAITH

Yes, man is responsible for his use of the Earth. But to whom is he responsible—God or Gaia?

ROBERT A. SIRICO

MANY religious Americans encountered a strange beast during the octave of Earth Day this year. At weekend services, in place of some traditional prayers, they were asked to pay homage to the earth, sky, and animals.

One prayer resolved that "we must say, do, and be everything possible to realize the goal of the environmental Sabbath: an ecological society. . . . We cannot let our mother die. We must love and replenish her."

Another prayer, this one from the Iroquois, begins, "We return thanks to our mother, the earth which sustains us. We return thanks to all the herbs, which furnish medicines for the cure of our diseases. We return thanks to the corn, and to her sisters, the beans and the squashes."

These prayers came courtesy of the

Fr. Sirico is president of the Acton Institute for the Study of Religion and Liberty in Grand Rapids, Michigan.

File

Roz - Do we have folder on "Urban Task Force"

THE WHITE HOUSE

WASHINGTON

February 19, 1993

MEMORANDUM FOR WORKING GROUP ON ENTERPRISE ZONES AND COMMUNITY DEVELOPMENT BANKS

FROM: Gene Sperling
Bruce Reed

SUBJECT: Policy Discussion Meeting on Feb. 25, 1993

On Thursday, February 25, 1993 at 9:30 a.m. in OEOB (Room to be announced), we will convene a meeting of Assistant Secretaries and/or Chief's of Staff to exchange ideas on policy options concerning community development in distressed areas. Additional participants are welcome. We will conclude the meeting by 11:30.

If you would like to have materials that you forwarded to the working group staff distributed to other participants in advance of the meeting, please notify either Sheryll Cashin or Paul Dimond.

Attached is a memorandum from Paul Weinstein concerning the political calendar for legislation on community financial institutions and enterprise zones. Obviously, we need to move expeditiously so that Bob Rubin and Carol Rasco can make a presentation to the Cabinet Secretaries during the first week of March.

Please call either Sheryll Cashin or Paul Dimond to confirm who will be coming from your agency so that they can be cleared through the security system. Attached is a revised phone list for working group participants and staff.

We appreciate your continuing cooperation and input.

cc: Carol Rasco ✓
Bob Rubin

Working Group on Enterprise Zones and Community
Development Banks

<u>Dept.</u>	<u>Name</u>	<u>Phone No.</u>	<u>FAX No.</u>
AGRIC.	Ron Blackley	720-3631	720-5437
	Jane McNeil	720-3631	" "
	Mike Alexander	720-9245	" "
COMMERCE	John Sallet	482-4625	482-3610
	Larry Parks	482-5061	482-2693
	Brian Mathis		
HUD	Andrew Cuomo	708-2690	
	Bruce Katz	708-2713	
	Jacque Lawing	708-0270	708-3336
LABOR	Kitty Higgins	219-8271	219-7659
	Larry Katz	219-6045	
OMB	Alice Rivlin		
	Ken Ryder	395-4516	395-6889
TREASURY	Frank Newman	622-2800	622-0387
	Dave Lebryck	622-0175	622-0387
DOMESTIC POLICY COUNCIL	Bruce Reed	456-6515	
	Paul Weinstein	456-7930	456-7739
NEC	Gene Sperling	456-2620	456-2878
	Paul Dimond	456-7604	456-2223
	Sheryll Cashin	456-6410	" "

THE WHITE HOUSE

WASHINGTON

February 19, 1993

MEMORANDUM FOR COMMUNITY INVESTMENT INTERAGENCY TASK FORCE

FROM: Paul Weinstein

SUBJECT: Political calendar for community financial institution/enterprise zone legislation

Community Financial Institutions

After discussions with the House and Senate Banking Committee staffs, it is clear that we need to move quickly if we want to pass legislation this year. The consensus is that we need to send a bill to Congress no later than the beginning of April, although preferably earlier. This will allow for hearings on the bill and a markup to take place in late April and, assuming the legislation is passed out of Committee, floor consideration before the August recess. Hopefully the bill will go to conference in the early fall and we can expect passage sometime in October.

Sending the bill to Congress in late March or early April also makes sense in light of other Presidential initiatives going to the hill this spring. Congress will be preoccupied with the budget and tax bills in February and early March, while health care will be the dominant legislative issue in late spring.

On the House side, there are some jurisdictional problems within the Banking Committee. Three subcommittees are interested in the legislation, so the sooner we develop a policy framework, the quicker Gonzalez will designate jurisdiction.

Traditionally the Senate Banking Committee holds multiple hearings but markups can occur quickly, with regards to community financial institutions one day should suffice. The House Banking Committee tends to spend less time on hearings but their markups can drag on.

Enterprise Zones

Unlike the community financial institutions bill, enterprise zone legislation should not be a stand alone bill. The most obvious legislative vehicle for enterprise zone legislation is

the omnibus revenue bill, which will likely be taken up in March. Thus, passage of enterprise zone legislation is conditioned on passage of a revenue bill that includes the President's new tax initiatives.

A stumbling block on the enterprise zone legislation is the issue of multiple jurisdiction. On the House side, Ways and Means, Banking, Energy and Commerce, and Agriculture, all have jurisdiction. However, since the Congress came close to passing legislation last year, they may be more likely to move a bill quickly, especially if it is part of a larger revenue package.

Tentative Legislative Target Dates -- Community Financial Institutions Legislation

- March 22 to April 9 -- Legislation submitted to Congress.
- April 12 to May 7 -- Senate Banking Committee holds hearings and markup. House Banking Committee holds hearings and Subcommittee has markup.
- May 7 to May 21 -- Legislation is considered on Senate floor. House Banking Committee holds full Committee markup.
- May 21 to June 21 -- Legislation is considered on House floor.
- Post-August Recess -- House/Senate conference and final passage.

Tentative Legislative Target Dates -- Enterprise Zone Legislation

Depends on time frame of omnibus revenue bill, but we will need a proposal in March.

cc: Paul Dimond
Sheryll Cashin

MEMORANDUM

THE WHITE HOUSE
WASHINGTON
February 11, 1994

cc to
Dawn
for Marice Hall

MEMORANDUM FOR CAROL RASCO

FROM: Paul Weinstein

SUBJECT: DPC Working Group Meeting on Urban Policy Report *file*

Attached is a proposed production schedule for the President's Urban Policy Report. This schedule would make it possible to issue the report prior to HUD's Urban Conference on March 30. The following is a list of attendees at the meeting and additional names of individuals at agencies which did not send a representative but who we believe should be included in the discussions:

Attendees

Name	Agency	Phone	Fax
Sheryll Cashin	NEC	456-6410	456-2223
Paul Dimond	NEC	456-7604	" "
Michael Stegman	HUD	708-1600	
Mark Weiss	HUD	708-3631	
Kumiki Gibson	OVP	456-7020	456-6212
Frank Kruesi	DOT	366-4450	366-7127
David Garrison	HHS	690-6060	690-7560
Ricky Takai	ED	401-3630	401-3036
Larry Parks	DOC	482-8061	482-2693
Chris Edley	OMB	395-3120	395-4639
Steve Redburn	OMB	395-4610	395-1307
Victor Raymond	DVA	273-5033	273-5993
Leslie Sawin	DVA	" "	" "

Those Who Did Not Attend But Should Be Consulted

Larry Katz	DOL	219-8271	219-8822
Eleanor Acheson	DOJ	514-4601	514-1724
Ed Jurith	ONDCP	467-9825	467-9809
Mary Leslie	SBA	205-6657	205-7230
Mozelle Thompson	Treasury	622-2032	622-0265
Joe Stiglitz	CEA	395-5104	395-5036
Alec Guettel	EPA	260-7960	260-3684

cc: Suzan Johnson Cook
Roz Miller

PRODUCTION
SCHEDULE

Meetings and Due Dates

February 10	Meeting to review outline for report.
February 16	Agency Contributions Due.
February 22	Deliver draft of Part I and two chapters of Part II for agency review.
February 24	Meeting to review Part I and two chapters of Part II.
March 8	Deliver draft of entire report including changes suggested at the February 24th meeting.
March 10	Meeting to review entire report.
March 15	Deliver entire final report. <i>OMB</i>
March 17	Meeting to clear final report. <i>DPC</i>
March 28	Publication of the President's <u>National Urban Policy Report</u>

HUD Conf. 30th - 31th

THE WHITE HOUSE
WASHINGTON

February 7, 1994

MEMORANDUM

TO: Rosalyn Kelly

FROM: W. Steve Lee *W. Steve Lee*



SUBJECT: Urban Strategy

In response to the February 7 memo from Carol Rasco, Kristine Gobbie designates (Dr. Bob Jackson) Office of National AIDS Policy Science Fellow, to serve on the Urban Strategy working group. He can be reached at (202) 690-5560/(202) 690-7560 fax. Let me know if you have any questions.

~~On another matter -- any word yet on a meeting with Carol and Kristine to discuss the upcoming French AIDS Summit, or any suggestions on how to get a meeting with Tony Lake? Thanks.~~

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20500

FAX Transmittal Sheet

DATE: 2/7/94

TO: Rosalyn Miller
ORGANIZATION: DPC
TELEPHONE: 62216
FAX: 62878

FROM: Donna J. Coleman
TELEPHONE: 55130
FAX: 202/395-5164

NUMBER OF PAGES, INCLUDING COVER PAGE: 1

In reply to Carol H. Rasco's memo, dated 2/3, regarding the Congressionally mandated urban report/strategy, Dr. Catherine Woteki will be the representative for OSTP. Dr. Woteki can be reached on Ext. 51460 in Room 432.5 OEOB.

Sue Bachtel, Dr. Gibbons' assistant, asked me to faxed this information directly to you. Please call me if you have questions. Thank you.

Department of Transportation:

Frank Krucsi --- DOB [REDACTED]
(contact: Julie @ [REDACTED])

Department of Education:

Ricky Takai --- DOB [REDACTED]
phone: [REDACTED]

Dept. of Commerce

Larry Parks -- DOB [REDACTED]

HHS

**THE DEPUTY SECRETARY OF VETERANS AFFAIRS
WASHINGTON**

February 7, 1994

ATTN: Rosalyn Miller

SUBJ: Member - Working Group - President's National
Urban Policy Report

This is to notify you that Dr. Victor Raymond, Assistant Secretary for Policy and Planning will serve on the President's National Urban Policy Working Group. Dr. Raymond can be reached on [REDACTED] His date of birth is: [REDACTED]

Judy Williamson
Judy Williamson
Staff Assistant

*or
Leslie*

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
ASSISTANT SECRETARY FOR POLICY DEVELOPMENT AND RESEARCH
IMMEDIATE OFFICE

2/9/94
DATE

TELECOPIER COVER SHEET

NUMBER OF PAGES (INCLUDING THIS PAGE) _____

TO: Rosalyn Miller

FROM: Doris Lesesne

PHONE: _____

PHONE: _____

FAX NUMBER: _____

SUBJECT: _____

Susan STROUD, Cooperation for
National & Community Service will be
attending mtg tomorrow. DOB

P6/(b)(6)

THE PHONE NUMBER FOR THIS FAX MACHINE IS (202) 619-8000

Dear Rosalyn:

Following are the names and dates of birth of the people who will attend the NUPR/DPC Working Group Meeting, February 10th at 3PM:

Michael Stegman, [redacted] (HUD)

John Ross, [redacted] (HUD)

Marc Weiss [redacted] (HUD)

Kurt Usowski, [redacted] (HUD)

David Garrison [redacted] (HHS)

If more information is needed, call me at [redacted]

Doris
Doris L. Lesesne

2110 EOB

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

08-Feb-1994 02:46pm

TO: (See Below)

FROM: Carol H. Rasco
 Economic and Domestic Policy

SUBJECT: Urban strategy working group

TO: Paul Weinstein
 Suzan Johnson-Cook (through Cookie)

I have asked Rosalyn to submit both your names to Mike Stegman of HUD as the DPC reps on the Urban Strategy working group. I need for you all to work with Mike to get me a briefing memo by close of business 2-14 to outline the process that is planned, the timeline, etc. We must make absolutely sure all appropriate agencies are represented on this group; if there are groups that don't send representatives to what I understand is a meeting called for this Thursday (Rosalyn is to make sure Mike knows today of any names that have been called/faxed in here as requested in the DPC agenda note) please let Rosalyn know and she will call those secretaries' offices to remind them of the notice on the agenda and to make sure they are sufficiently aware of the opportunity. With the briefing memo on 2-14 I would like to have attached a list of the working group members with departmental affiliation.

Thanks.

Distribution:

TO: Paul J. Weinstein, Jr
TO: Frances E. Walden

CC: Bruce N. Reed
CC: Patrick W. Lester
CC: Kathryn J. Way
CC: Rosalyn A. Miller

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

08-Feb-1994 02:42pm

TO: Rosalyn A. Miller

FROM: Carol H. Rasco
 Economic and Domestic Policy

SUBJECT: Urban Strategy Working group

1. Have you turned into Mike Stegman the names sent to you for the Urban Group? If not, please get them to him and ask him at the same time to let us know of any names that come directly to him. I will next put on an email to Paul and Suzan...they both should be named from DPC. Also, tell him I gave permission for HHS to submit someone under an ASssistant Secretary. Bill Galston was to follow up with Secretary Shalala who approached him on this yesterday and tell her it is fine for them to submit such a name.

2. I can't remember, is Suzan J-C on the list of persons needing to meet with me...I don't need answer, just make sure she is on list.

Thanks.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

25-Feb-1994 01:09pm

TO: Rosalyn A. Miller

FROM: Paul J. Weinstein, Jr
 Domestic Policy Council

SUBJECT: Urban Strategy Working Group

Please Add E.D. Acheson from Justice as the their Representative on the Urban Policy Working group to your list. I will advise HUD.

Thanks

PJW

MEMORANDUM OF CALL

Previous editions usable

TO:

ROZ

YOU WERE CALLED BY

YOU WERE VISITED BY

Ed Jurek 9/11/51

OF (Organization)

Dr. Brown - ADONIS

PLEASE PHONE

FTS

AUTO ON

5-6709

WILL CALL AGAIN

IS WAITING TO SEE YOU

RETURNED YOUR CALL

WISHES AN APPOINTMENT

MESSAGE

Urban Policy Working Group

RECEIVED BY

dc

DATE

2/52

TIME

12:20

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 6-61)

Prescribed by GSA FPMR (41 CFR) 101-11.6

U.S.G.P.O. 1993 342-198/80011

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

22-Feb-1994 11:16am

TO: Rosalyn A. Miller

FROM: Paul J. Weinstein, Jr
 Domestic Policy Council

SUBJECT: Urban Strategy Working Groups

Please add Maryann Froehlich from EPA to your list of Agency reps. to the urban strategy working group.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS



*Faxed to
P. Weinstein
2/22/94*

Date:

2/22/94

Please deliver to:

Rosselyn Miller

FAX number of addressee:

62878

Telephone number of addressee: _____

From:

Laura Lopez

FAX number of sender:

56958

Telephone number of sender:

55042

Number of pages, including cover sheet:

2

Message:



EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500

THE CHAIRMAN

February 9, 1994

MEMORANDUM FOR ROSALYN MILLER, DPC

FROM:

LAURA D. TYSON

SUBJECT:

CEA Participation in DPC Urban Strategy Working Group

The Council of Economic Advisers is happy to participate in this most important working group. I am assigning William Dickens, Senior Economist (395-4597) to represent the CEA. Joseph Stiglitz, Member of CEA, will also represent the Council when his schedule permits and should be kept informed of meetings.



EXECUTIVE OFFICE OF THE PRESIDENT

FEB 22 1994

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500

THE CHAIRMAN

February 9, 1994

MEMORANDUM FOR ROSALYN MILLER, DPC

FROM:

LAURA D. TYSON

A handwritten signature in cursive script that reads "Laura D. Tyson".

SUBJECT:

CEA Participation in DPC Urban Strategy Working Group

The Council of Economic Advisers is happy to participate in this most important working group. I am assigning William Dickens, Senior Economist (395-4597) to represent the CEA. Joseph Stiglitz, Member of CEA, will also represent the Council when his schedule permits and should be kept informed of meetings.

The attached memorandum was distributed individually to:

Attorney General Reno
Secretary Bentsen
Secretary Reich
Administrator Browner
Director Lee Brown
Chairperson Laura Tyson

cc: Paul Weinstein
Mike Stegman

THE WHITE HOUSE
WASHINGTON
February 15, 1994

MEMORANDUM FOR

FROM: Carol H. Rasco
SUBJECT: Urban Policy Report

As part of the agenda distributed prior to the last Domestic Policy Council meeting and at the meeting itself, the working group for the Urban Policy Report was announced with an invitation extended to each DPC member agency to send a representative's name to my assistant, Rosalyn Miller (phone: 456-2216 or fax: 456-2878). The first meeting was held on Thursday of last week, and since you have not submitted a name I wanted to remind you of the group and again seek a representative. The group is on a very tight time line with an anticipated publication date of **March 28**. If you wish further information about the group, please do not hesitate to contact Paul Weinstein (456-7930), of the DPC staff, or Mike Stegman (708-1600) of HUD who is chairing the working group.

Thank you.

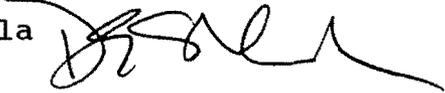
cc: Paul Weinstein
Mike Stegman



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

FEB 8 1994

TO: Carol Rasco
Assistant to the President for
Domestic Policy

FROM: Donna E. Shalala 
Secretary

HHS designates David Garrison, my top Urban Policy Deputy, as our designee for the Working Group on Urban Strategy.

cc David Ellwood
David Garrison

Rasco copy

THE WHITE HOUSE

WASHINGTON

August 26, 1994

MEMORANDUM FOR THE SECRETARY OF TREASURY
THE ATTORNEY GENERAL
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF DEFENSE
THE SECRETARY OF HHS
THE SECRETARY OF HUD
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF EDUCATION
THE ADMINISTRATOR OF THE EPA
THE DIRECTOR OF THE OMB
THE CHAIR OF THE COUNCIL OF ECONOMIC ADVISERS
THE ADMINISTRATOR OF THE SBA
THE DIRECTOR OF THE ONDCP
THE PRESIDENT OF THE CORPORATION FOR
NATIONAL SERVICE

FROM:

CAROL RASCO *CR*
BOB RUBIN *BR*
JACK QUINN *JQ*

SUBJECT:

Agency Designees to Interagency
Urban Policy Working Group

As discussed at the principals' meeting on August 19, we request that you submit the names of one or, at most, two people (DAS level or above) to serve on the DPC-NEC deputies working group. Please submit the names to Sheryll Cashin of the NEC at 456-5369 or Paul Weinstein of the DPC at 456-5577. We plan to begin working group meetings sometime after Labor Day.

Metropolitan Empowerment Zones:
The Next Phase of the Clinton Urban Policy *file*

Summary

The Metropolitan Empowerment Zones initiative combines programmatic, budgetary and communications elements as follows: (a) Senior Clinton Administration officials would lead a national discussion of the urban condition and our ambitions for change, in parallel with similar neighborhood- and metropolitan-level discussions seeking consensus on an "urban report card." The series of roundtables and forums would identify key measures of selected problems (crime, job opportunities, housing, etc.) and formulate sets of national and metropolitan goals for improvement, with flexible milestones. (b) With the benefit of planning grants, dozens of metropolitan areas would cooperatively develop comprehensive plans to achieve the national and metro-specific goals. The plans would propose integration of public and private resources, and reinvention of bureaucratic and jurisdictional relationships, all tied to measurable outcomes. (c) The Vice President's Community Enterprise Board, assisted by advisory panels, would review the plans and select a dozen Metropolitan Empowerment Zones (MEZs). Each MEZ would receive a share of a pot of flexible new grant funds over several years, perhaps some specialized tax incentives, plus significant deregulation of the various existing federal grants-in-aid flowing to MEZ jurisdictions. (d) For accountability, both grant deregulation and flexible funding would be at least partially contingent on the MEZ's good faith execution of its plan and (where feasible) on measured results.

The President's FY 1996 budget and legislative proposals might support participation by selected metropolitan areas in a voluntary goal-setting process. With the assistance of Federal planning grants, interested metropolitan areas would formulate their Metropolitan Empowerment Plans indicating how the participating jurisdictions, working with federal, state, local and private resources, expect to make measurable progress over time on key indicators of opportunity, community security, and so forth. The plans would be the basis for competitive awards, including both Federal funding and significant deregulation of grants-in-aid provided by participating Federal agencies. One gain for communities that win a planning grant could be a substantial reduction in the number of overlapping Federal program planning and reporting requirements they would otherwise have to prepare during the same period.

While participation in the planning and competition would be voluntary, once selected, the Metropolitan Empowerment Zone would be *accountable*, in the sense that the special funding and broad deregulation are *rewards* for adopting *and implementing* comprehensive plans reasonably calculated to achieve the measurable national and local goals identified earlier. A metro area that wins an MEZ designation, but fails to attempt what its plan promises, would be subject to a slowly escalating set of restrictions on the flexibility and, ultimately resources, provided under the MEZ program. If the plan is implemented, but fails to achieve the results intended, the metro area would be required to revise its plan in light of the new understanding about what is or isn't effective.

draft: July 24, 1994

Metropolitan Empowerment Zones: The Next Phase of the Clinton Urban Policy

Concentrated urban poverty and the surrounding web of problems undercut some of our most basic national goals: increased economic competitiveness; civil peace and democracy; equality of opportunity. A bold and worthwhile Administration initiative should envision a fundamental reconstruction not only of current policies but of the relationship between the Federal government and local and State governments. To be successful, it will require refocusing the Nation's attention on problems that have been ignored by national leaders for over a decade; and it will require overcoming political and bureaucratic barriers that have defeated all prior urban initiatives.

The Empowerment Zones competition has energized communities across the country and built local enthusiasm and momentum for tackling these problems. Over 500 cities are expected to apply and are forming new coalitions and strategies attuned to local realities. We should find a way to build on this momentum, tapping energy and creativity from the neighborhood level on up. The Clinton urban agenda must not end with a competition that creates six urban "big winners", 65 "small winners", and hundreds of losers.

In summary, our proposal has the following premises: (1) a *metropolitan focus* to address the isolation of central city neighborhoods and reflect the interdependencies of city and suburbs; (2) *reinvention and reform* of fragmented programs to attack waste, improve effectiveness, empower communities to help themselves, and move the private sector to center stage; (3) *dialogue* and consensus-building around values, goals and measures to create the predicate for change at both the national and metropolitan levels; and (4) *accountability* to make a break with special interest giveaways and reward bold efforts by local communities.

**

Metropolitan Focus: The economic and social destinies of cities and suburbs are interwoven. Many urban problems spill over local political boundaries and affect every metropolitan area resident to one degree or another. Where city-suburban disparities in income and opportunity are higher, metropolitan job growth is slower. Where central cities are able to forge interjurisdictional partnerships with suburban governments and employers, they are better able to provide educational and employment opportunities for their citizens, ensure safe neighborhoods, prevent disinvestment and business and residential flight, and deal with fiscal pressures. Metropolitan areas are far more likely to have within themselves the economic resources to tackle inner-city problems; and they generally function as single labor and housing markets, despite their political fragmentation. Unfortunately, political fragmentation, reinforced by patterns of Federal and State funding, is often a major obstacle to forging a metropolitan-level coalition and strategy. By fostering (without imposing) a different structure for local decisionmaking, the Federal government can help localities to overcome the problem of fragmentation.

Reinvention and Reform: Similarly, the Federal response to urban problems has historically been fragmented and incomplete, perhaps in part a consequence of jurisdictional boundaries of both Congressional committees and Federal bureaucracies. Major Clinton initiatives -- including the Health Security Act, Welfare Reform, the strengthened EITC, Goals 2000, Community Policing, Headstart expansion, and the Reemployment Act -- will benefit the urban poor. Beyond these, Empowerment Zones, Community Development Banks, and reinvigorated civil rights enforcement will help. However, budget constraints virtually rule out major additional spending. To do more, we must tie together these disparate initiatives, and move beyond a laundry list of resource-starved investment proposals at HUD and elsewhere. We must *reinvent* the jumble of federal regulations and the myriad bureaucratic impediments to effective use of limited public resources across grant programs for community development, housing, transportation, schools, job training, and health care. Similarly, a Clinton initiative must challenge state and local leaders to consolidate and better coordinate *their* programs, as well as overcome impediments created by jurisdictional boundaries. In the process, we will empower local officials to solve problems, including the many that spill over jurisdictional boundaries. Even all of this will fail, however, unless our initiative also makes a direct and effective effort to engage the leadership, ingenuity and resources of individual citizens, private non-profit organizations, and businesses in metropolitan partnerships. As the [draft] President's introduction to the Urban Policy Report (1994) says: "The solution to our pressing urban challenges is not more of the same, but hard work leavened with innovation, grassroots empowerment, and hope."

Dialogue and Consensus: It has been a long time since national leaders brought focus to urban problems. For the past 25 years, problems of concentrated poverty and racial isolation that were once viewed as fundamental challenges have been treated as secondary issues. Before we can fashion fresh solutions that will command national and local majorities, we must have a fresh conversation about fundamental values and goals, what strategies to pursue, how to measure success, and what roles should be played by different levels of government and the private sector. This dialogue is an essential political predicate for meaningful change at the national level, and in participating metropolitan areas. It will require a substantial investment of Federal leadership, and some targeted resources to provide essential data and analysis. No amount of discussion will lead to a perfect consensus for the nation as a whole on what handful of problems are the most important to be addressed in every metropolitan area, and how. The most concrete product of this dialogue will be an "urban report card" which captures, for each major metropolitan area, consensus measures of national and local priority concerns.

Accountability: Finally, new Federal initiatives must break with unsuccessful efforts of the past by incorporating accountability based on performance, in return for new funding and broad discretion in the local choice of means. As New Democrats, we should reject another generation of giveaways to traditional constituencies, and instead offer *a vision in which rewards fuel bold efforts by the people and leaders closest to the problems*. Therefore, in order to reward communities for effort and progress in meeting national and local performance targets, some fraction of grants and generous regulatory flexibility must be based on performance. Furthermore, we need new incentives for suburban jurisdictions and businesses to participate in developing and executing metropolitan-wide strategies, even though such approaches are in everyone's interest: past patterns of funding and neglect have convinced so many jurisdictions, businesses, and citizens to believe that their best or only choice is to try to opt out of and insulate themselves from the problems of the cities.

**

Program Structure

The Metropolitan Empowerment Zones initiative we propose combines programmatic, budgetary and communications elements as follows: (a) Senior Clinton Administration officials would lead a national discussion of the urban condition and our ambitions for change, in parallel with similar neighborhood- and metropolitan-level discussions seeking consensus on an "urban report card." The series of roundtables and forums would identify key measures of selected problems (crime, job opportunities, housing, etc.) and formulate sets of national and metropolitan goals for improvement, with flexible milestones. (b) With the benefit of planning grants, dozens of metropolitan areas would cooperatively develop comprehensive plans to achieve the national and metro-specific goals. The plans would propose integration of public and private resources, and reinvention of bureaucratic and jurisdictional relationships, all tied to measurable outcomes. (c) The Vice President's Community Enterprise Board, assisted by advisory panels, would review the plans and select a dozen Metropolitan Empowerment Zones (MEZs). Each MEZ would receive a share of a pot of flexible new grant funds over several years, perhaps some specialized tax incentives, *plus* significant deregulation of the various existing federal grants-in-aid flowing to MEZ jurisdictions.¹ (d) For accountability, both grant deregulation and flexible funding would be at least partially contingent on the MEZ's good faith execution of its plan and (where feasible) on measured results.

What follows is a more detailed sketch of how this initiative could be structured as a follow-on to our Empowerment Zones effort. It begins with dialogue and planning, but encompasses new resources and program reforms as well.

National Dialogue and an Urban Report Card

We recommend that the President and the Vice President launch a national dialogue, to be led over a period of months by the Secretary of HUD, other members of the Cabinet, and appropriate surrogates. It would include participation by one or more blue ribbon panels of public and private leaders, as well as respected experts. The national dialogue would be complemented by a parallel series of metropolitan-level dialogues. The process that led to Goals 2000 is instructive, in that a sustained national and local dialogue, built in part on research results, has fomented important changes in the education system, with more to come.² At the national level, the discussions and supporting

¹ Initial funding, perhaps limited to planning grants, would be included in the FY 1996 budget. Tax expenditure components might be included in FY 1996 reconciliation, just as the President's Empowerment Zones program was included in FY 1994 reconciliation. This proposal characterizes the Metro Empowerment Zones grant as "new" funding in deference to the practical difficulty of persuading appropriators to carve resources out of existing categorical and block grant programs, together with the need to make additional resources available as an inducement to certain suburban jurisdictions now receiving little grant money. In principle, however, the Metro Empowerment Zones funding could be structured as a consolidation of existing streams of funding, with a portion of that funding recast as a reward contingent on effective planning and implementation.

² Other promising models include: the goal-setting process being used by the Public Health Service to define prevention initiatives for the year 2000; States' allocation of so-called "five percent" funds under the Job Training and Partnership Act based on local performance goals that exceed

research would attempt to forge a consensus about a short list of *national policy priorities* and quantifiable goals for improvement. The national list might include, for example, high rates of violent crime; high unemployment rates among 18-24 year olds; highly unequal levels of educational opportunity in different parts of metropolitan areas; and high incidence of housing, employment and other forms of discrimination which deny mobility and economic opportunity. At the metropolitan level, communities might supplement the national priorities with lists and priorities of their own, such as transportation infrastructure, public health concerns, and affordable housing opportunities.

In addition to organizing this consensus-building process, the Federal government can support it by supplying statistical information that will allow metropolitan areas to see how they stack up on major dimensions that relate to national and local policy objectives. Examples are: (1) openness and civility -- including incidence of racial discrimination in employment and housing, levels of violence; (2) democratic practice -- including voting rates and representation of ethnic and racial minorities in local government; (3) minimum standards of economic and social opportunity -- including rates of extreme deprivation (hunger, homelessness, infant mortality), levels of opportunity (high school dropout rates, unemployment rates); and (4) equality of economic and social opportunity -- including differential individual access (by race, incomes, geography) to education, employment, and capital. Absolute consensus will never be achieved, especially at the national level, because conditions, needs and perspectives are so different. But vigorous debate about what does and doesn't matter, how to measure it, and what ambitions to embrace -- those are the key purposes of national and metropolitan dialogue.

To support goal setting and to measure progress, Federal agencies and cooperating researchers can develop and publicize a set of metropolitan rankings, related to several measures along the policy dimensions listed above; metro areas may elect to use supplementary measures. (This will require a modest investment in new data collection and analysis and possibly acceleration of the Census Bureau's plan for continuous measurement between decennial censuses.) For example, national and metropolitan dialogues would be sharpened by presenting comparative data on violent crime rates, the ratio of central city to suburban crime rates, the incidence of drug-related crimes against person or property, the crime rates in public housing, and so forth -- preparatory work with key leaders would help focus the research support. Planning in this kind of data-rich environment should discipline thinking about these tough problems on both the national and local levels. Locally, comparisons with other metropolitan areas should encourage a healthy competition and desire for self-improvement.

Such dialogues -- on both national and local levels -- are critical for several reasons. To fashion a system of political and programmatic accountability, there must first be some minimal agreement on measures of success and on goals. No such agreement exists at present, nor can we expect to have a single, national report card. We envision an evolutionary process combining measurable national-consensus goals *with* measurable goals identified in each participating metropolitan region. The necessary dialogue will be an opportunity to engage the public on the plane of values and aspirations, so that public and private leaders can seek agreement on *what* matters, *why*, and *how much*. In the process, neighborhood and community leaders will build new capacity for cooperative problem-solving. Moreover, this discussion will create the elusive political context for

Labor's national "performance standards"; State initiatives in Indiana, Oregon, and elsewhere that are using measurable objectives to organize public debate and set priorities.

the necessary legislative and administrative actions -- in Washington D.C. and throughout the country.

Finally, the dialogue will provide an important opportunity for the President and other officials to demonstrate leadership through action and example. This is far more than symbolic, however, in as much as the dialogue will produce a valuable concrete product: an urban report card, tailored to each metropolitan area, reflecting the national and metropolitan priorities for change and providing an assessment of how a given area compares with comparable communities across the nation.

Issue: Is it reasonable and valuable to make comparisons across metropolitan areas in a report card, or should the report card be purely the design of the metropolitan region, measuring itself against its stated goals? (The Oregon Benchmarks project, which concerns "human investments," is an example of this approach.) It may be that there is too much dissimilarity in the technical measures used by different metropolitan areas to permit easy comparisons, and it may be that the measures and explanations are too complex to play a constructive role in policy debate. On the other hand, some form of instructive comparison can be an important aide to locally-based accountability, and a core set of report card measures would tie to *national* priorities -- a linkage justified by the federal resources and flexibility being provided.

Dialogue is no panacea, but without it bureaucracies are likely to recycle stale nostrums, and bold legislative proposals are almost certain to fail.

Metropolitan Plans and Covenants

With the assistance of Federal planning grants, interested metropolitan areas would continue the consensus-building effort described above and formulate their Metropolitan Empowerment Plans indicating how the participating jurisdictions, working with federal, state, local and private resources, expect to make measurable progress over time on key indicators of opportunity, community security, and so forth.³ The plans would be the basis for competitive awards, including both federal funding and significant deregulation of grants-in-aid provided by participating Federal agencies. One gain for communities that win a planning grant could be a substantial reduction in the number of overlapping Federal program planning and reporting requirements they would otherwise have to prepare during the same period.

In essence, the plans would identify measurable goals and timelines for the various dimensions of the urban report card, and specify the various public and private strategies to be pursued in

³ Planning grants would be awarded automatically to Metro areas centered on cities which were unsuccessful finalists in the first round of Empowerment Zone awards.

Issue: Is this an appropriate and sufficient "leg-up" for participants in the first round of Empowerment Zones?

achieving those goals.⁴ The program elements of a plan will depend, of course, on the national and local priorities identified in the dialogue process described above, and on local views about what strategies are most likely to be effective. There are several efforts underway within the Clinton Administration to foster flexible, intergovernmental approaches to critical problems which might fall within the broad ambit of an MEZ plan. For example, the Department of Justice is leading a new interagency effort to prevention of violent crime in four demonstrations: metropolitan Atlanta, metropolitan Boston, Washington D.C., and Nebraska. The effort, Pulling America's Communities Together (PACT), involves several Federal law enforcement and human services agencies, and multiple agencies of the relevant state and local jurisdictions. PACT would be an appropriate mechanism to include in an MEZ plan's strategy for reducing violent crime.⁵ Similarly, there are several other Federal reinvention efforts, either established or under development, focused on a particular problem area. These Clinton Administration efforts are strikingly compatible with the overarching urban strategy proposed here, and include: Family Preservation and Support; Healthy Start; Weed & Seed; Metropolitan Fair Housing; flexible education demonstrations; transportation infrastructure congestion relief; and proposals being developed by the NEC/DPC working group on Education, Training and Retraining. These comprise a very partial menu of measures which local MEZ planners might adopt in pursuing national and metro priorities.

MEZ plans also would describe the proposed metropolitan-level structure for consultation and for oversight of the strategy's implementation. This would include a proposal for how the participating jurisdictions would share governance, would distribute rewards for cooperation, and would respond to disagreement and dissent as they implement the plan over time.⁶ This is one place where States could play an important organizing role. Other ways the States could contribute include: convening and supporting metropolitan-wide dialogues and strategy development; reinventing their programs to reduce red tape and emphasize performance; and granting waivers to permit multiple State programs to work better together.

Among the themes we expect would emerge from the strategies are the reinvention and integration of various Federal, State and local programs; the creation of public-private partnerships

⁴ Appended are three summary examples of how a metropolitan plan might identify a particular concern, such as unequal educational opportunity, then select performance measures, choose one or more goals, and propose a particular set of strategies to achieve those goals.

⁵ PACT does not involve new resources, and is thus far limited to a few demonstration jurisdictions. MEZs would, of course, include some added funding which might be used to enhance the PACT or similar effort.

⁶ We do not envision a uniform structural solution the problems of metropolitan coordination -- along the lines, say, of the old Councils of Government. In fact, we want to encourage locally designed solutions, including possible leadership roles for non-governmental coalitions. Similarly, there need not be a single model for the distribution of rewards and sanctions. Proposals may suggest different approaches, and the plausibility of the scheme would be a factor in awarding the MEZ designation. Moreover, metropolitan Boston might have an exciting idea about how to structure coordinate local governments or how to distribute flexible funds. Through consultation and negotiation, Boston's approach might be adopted by metropolitan Atlanta in order to improve their application.

and cross-jurisdictional coalitions; waivers of program regulations; and improved forms of citizen and neighborhood participation in decisionmaking. The intention is to provide participating jurisdictions with maximum flexibility regarding their choice of means, or strategies. A review process involving public, private and expert "jurors" would study the plans and make recommendations to the Vice President's Community Enterprise Board. (Again, finalists in the Empowerment Zones competition would receive some form of preference in this process, perhaps an "automatic" consideration by the Vice President's Board.)

The most important criterion for selection as a Metropolitan Empowerment Zone would be the reasonableness of the proposed strategies for achieving the stated goals. Our expectation is that these strategies would incorporate the best thinking concerning effective approaches to critical problems, from job creation to housing construction to teen pregnancy prevention to community policing;⁷ in the common situation in which there is no strong general consensus on "best practice," the winning MEZ plans would undoubtedly encompass a range of promising approaches. In addition, the quality of MEZ plans could be judged by such factors as: (1) the number of participating jurisdictions (percent of metropolitan population); (2) the strength of the State's participation; (3) private sector participation; (4) the value of the resource and other commitments by all participants; (5) the role of neighborhoods and non-profit organizations in developing and executing the plan; (6) the ambition and realism of the specific performance targets promised in the application, especially in terms of the hoped for benefits to central cities and the poorest of the poor.

Issue: Should MEZ designation be awarded competitively, with the number of awards depending on available appropriations and the number of acceptable proposals, or should all metro applicants meeting some threshold (measured by the quality factors in the preceding paragraph) receive MEZ designation? The latter, "eligibility" approach would reduce the risk that awards would be criticized for their inevitable subjectivity, but would place enormous importance on defining in advance the threshold of quality to be achieved for award. This eligibility approach also may be in tension with "maximizing flexibility" for metro jurisdictions.

It will be difficult to formulate sound MEZ plans. It may be essential for States to play a critical role in convening and supporting the cooperation of metropolitan jurisdictions. There will be an important role for the Federal government in providing technical assistance in various forms, and mobilizing the best research and experience available nationwide. Our challenge is to begin the process in a sensible direction, with the expectation that over time the participating public and private leaders will grow increasingly skillful.

⁷ For example, Professor Michael Porter, in "The Competitive Advantage of the Inner City", outlines new strategies to stimulate central city economies by building on their innate competitive advantages and on "clusters" of economic strength in the metropolitan area (Harvard Business School, 1995). Other recent work of substantive interest includes a report by Susan V. Smith on "Strategies to Reduce Urban Poverty" (Carnegie Corporation of New York; June 1994) and *Confronting the Nation's Urban Crisis: From Watts (1965) to South Central Los Angeles (1992)*. (The Urban Institute, 1992).

Funding, Flexibility and Accountability for MEZs

As documented in the National Performance Review, the present system of Federal grants and subsidies is too fragmented, complicated, and rigid. It is inefficient not only because it is costly to administer but also because it wastes Federal funds on ineffective, partial approaches. Block grants, on the other hand, give communities wide flexibility without creating accountability; formula-driven, they come to be viewed by the receiving communities as entitlements. An effective system of performance-based accountability will allow localities broad discretion in the choice of means so long as they demonstrate effort and progress.⁸ As with the initial designation, the monitoring of implementation in the MEZs would be assisted by blue-ribbon panels of experts and civic figures, reporting to the Vice President's Community Enterprise Board.

In several years, it may be possible to consolidate a great many Federal programs into this structure, and have all metropolitan areas participate in a system of goal-setting, planning, flexible funding, and accountability. Meanwhile, there is much we can do in the President's FY 1996 budget and legislative proposals to get started. We propose participation by selected metropolitan areas in a voluntary goal-setting process, rewarding them from a limited pool of new resources, and use of new statutory authority for a broader set of performance-based waivers in key program areas. The range of program areas encompassed by this framework of flexibility and accountability is largely a matter of our ability to "reinvent" the Federal government's balkanized structure of agencies and Congressional committees. Added flexibility in a few programs within just one Department, such as HUD, would suffice in FY 1996 as a minimal achievement; complementary flexibility in programs at several additional Departments would be all to the good. A national dialogue on urban policy goals, and the urban report card, may help win legislative approval for FY 1996 of the needed resources and reinvention.

While participation in the planning and competition would be voluntary, once selected, the Metropolitan Empowerment Zone would be *accountable*, in the sense that the special funding and broad deregulation are *rewards* for adopting and implementing comprehensive plans reasonably calculated to achieve the measurable national and local goals identified earlier. A metro area that wins an MEZ designation, but fails to attempt what its plan promises, would be subject to a slowly escalating set of restrictions on the flexibility and, ultimately resources, provided under the MEZ program. If the plan is implemented, but fails to achieve the results intended, the metro area would be required to revise its plan in light of the new understanding about what is or isn't effective.

Issue: While this proposal focuses on rewards, the accountability framework implies at least the mild sanction of partially rescinding the special MEZ benefits previously conferred. An alternative would be to avoid any such Federal accountability and rely entirely on local political processes to enforce the goals and purposes of the MEZ initiative and the metro area's plan.

⁸ Some of these concepts are realized in the Clean Air Act, which has evolved over two decades into an effective process for focusing attention and resources on metropolitan-level air quality problems.

A Work Plan

1. In July, discussions with EOP and interested Departments to develop a consensus on the overall framework. This process should include discussions with key Cabinet officers who are potential partners. The forthcoming Urban Policy Report drafted by HUD and a working group of NEC/DPC staff, has already been revised to foreshadow this or similar initiatives. In particular, it calls for a national conversation on urban policies with the goal of developing consensus on measures and goals, and it explicitly stresses the importance of a metropolitan focus in future initiatives. Also in July, lay the foundation for developing performance goals by mobilizing the research and policy communities inside and outside of the Administration to examine data and debate alternative measures.
2. In July, identify pending legislative and regulatory initiatives that should be immediately redirected to reflect the urban policy principles. These include, for example, the Housing Bill that will reach the House and Senate floors in July; the HUD Consolidated Planning regulation now at OMB for clearance; the Reemployment Act; and implementation plans for Goals 2000.
3. In the 1996 budget process, develop a Metropolitan Empowerment Zones initiative for the President to consider. The "low option" would focus on a limited pot of new discretionary funding to reward successful metro applicants, plus statutory authority for waivers in as many federal grant programs as politically feasible. The "high option" would include a tax-based reward as well, flowing to individuals and firms, for inclusion in FY 1996 Reconciliation.
4. In Fall of 1994, begin the National Conversation with meetings between key cabinet officials, and State/local officials, noteworthy experts, and representative citizens to build consensus on the approach and on metropolitan "problem dimensions".
5. In November/December, announce that the sequel to the Empowerment Zones competition will be a Metropolitan Empowerment Zones initiative, to be proposed in the President's FY 1996 Budget and legislative program. Jurisdictions that submitted high quality proposals in the first round of Empowerment Zones competition could form the core of a new round.
6. To develop the information needed for performance measures, take the following steps: (a) Support Census's move to a continuous "rolling Census". This would be necessary to measure progress for individual metro areas in reducing inequalities, racial and income separation. (b) Provide resources to selected Federal agencies to begin data collection and research on performance measures and to design the "technology" needed for problem ranking and measuring progress. (c) Encourage States and metropolitan areas to experiment with similar techniques.
7. The Community Enterprise Board could lead a rigorous review of other Federal urban programs for consistency with the new approach, refashioning where possible to stress metropolitan cooperation, flexibility and accountability.

Conclusion

More is at stake than sating the appetite of political constituencies or pundits for another bold stroke in the urban policy arena. And there are risks to undertaking another effort when the legislative agenda is crowded with other critical measures of great concern to urban America. We must take care not to promise too much. We need to design a process that is open-ended and adaptable, so that both we and localities can adjust goals and approaches as we learn more.

The overriding imperative, however, is clear: after so many years of neglect, we now have an opportunity too precious to put aside -- an opportunity created by the broad public support for certain fundamental ideas. Part of this is America's renewed commitment to shared economic growth and competitiveness, to public civility and personal security, and to each other. But another part of the opportunity comes specifically because the President's domestic program as a whole contains the philosophical underpinnings of what can be a significant departure in urban policy, based on new patterns of metropolitan and public-private cooperation, on the reinvention and reform of inflexible bureaucratic gridlock, on a national dialogue to forge consensus, and on a new accountability that rewards bold local efforts to achieve measurable results.

We have studied the lessons of history, and are wiser for it. Success is by no means assured. But we will be judged by whether we act boldly with that wisdom, or simply pass it along in the hope that others will.

EXAMPLE 1: EMPLOYMENT ACCESS

Goal: *Reduce Disparities in Employment Access*

Measures: *Disparities (geographic, racial) in:*

- *employment rates for younger high school graduates*
- *wage rates for comparable jobs*
- *high school achievement and graduation rates*

Partial Menu of Local Actions to Address:

- *create reverse commuting opportunities for inner-city residents*
- *re-orient transit systems*
- *create regional integrated jobs information system*
- *provide additional training slots for inner-city hard-to-employ youth*

Requirements and Progress Targets (for Lowest Attainment Areas)

- *Metro communities would have to develop and subscribe to a specific plan for moving the area to the goal established in the MEZ Plan (which might be related to a national goal and timeline). For example:*
 - By 1998: Increase employment rate of inner-city recent high school graduates by 10 percent*
 - By 2005: Reduce intra-metropolitan disparity in labor participation rates by 20 index points*
- *Those jurisdictions in the metro area failing to carry out their assigned responsibilities under the approved MEZ Plan could have their Federal grants restricted (loss of flexibility) or, eventually, reduced.*

Example 2: HOUSING DISCRIMINATION

Goal: *Reduce Racial Discrimination in Housing*

Measures:

- *incidence of racial discrimination in metropolitan rental housing market (sources: HUD and local fair housing organization),*
- *racial disparities in mortgage lending rates controlling for risk (source: modified HMDA data)*
- *evidence of racial steering by real estate agents (source: testing programs)*

Partial Menu of Local Actions to Address:

- *use testers to detect violations, publicize, and enforce equal access to housing laws*
- *develop/participate in metropolitan housing strategy to improve housing choice and mobility of racial minorities*
- *train all real estate agents and firms regarding potential activities resulting in disparate treatment of homebuyers*
- *create local fair housing organizations to investigate cases of racial discrimination and monitor activities of metropolitan housing market*

Requirements and Progress Targets (for Lowest Attainment Areas)

- *Metropolitan communities would have to develop and subscribe to a specific plan (perhaps a modified version of proposed fair housing plan) for moving the area into attainment with national minimum standard.*
 - By 1997: Implement testing program in all "hypersegregated" metropolitan areas and publish results.*
 - By 2000: Reduce number of racial housing discrimination cases reported to metropolitan fair housing organization by 20 percent.*
 - By 2010: Reduce metropolitan dissimilarity index by 25 points (from 1990 base).*
- *Those jurisdictions in the metro area opting out of the process could have their Federal grants reduced or restricted.*

EXAMPLE 3: INFANT MORTALITY RATE

Goal: *Reduce infant mortality rate*

Measures: *Disparities in:*

- *Infant, neonatal, and postnatal deaths and mortality rates by metro area for race and income;*
- *Metro area mortality rates due to AIDS virus; and*
- *Access to basic infant, neonatal, and postnatal health care*

(Note: these statistics can be obtained from the annual Vital Statistics prepared by HHS)

Partial Menu of Local Actions to Address:

- *increase access to prenatal and postnatal care;*
- *develop community health clinics;*
- *increase educational outreach on prenatal care;*
- *increase provision of basic nutrition and vaccination services;*
- *increase access to drug and alcohol abuse centers; and*
- *increase outreach and counseling programs for unwed mothers*

Requirements and Progress Targets

- *MEZ Plan would describe interim milestones for meeting a (hypothetical) national minimum standard.*

By 1998: Decrease infant mortality by 10 percent.

By 2005: Reduce intra-metropolitan disparities in infant mortality rates by 5 percent.

THE WHITE HOUSE
WASHINGTON

OCTOBER 31, 1994

A MEMORANDUM TO BILL GALSTON
BRUCE REED
PAUL WEINSTEIN
KATHI WAY
JEREMY BENAMI
MICKEY LEVITAN

FROM: GAYNOR McCOWN ~~XXXX~~
SUBJECT: YOUTH DEVELOPMENT BLOCK GRANT
CC: CAROL RASCO

file Urban Policy

As you all know, the Domestic Policy Council has submitted a proposal to Sheryll Cashin, co-chair of the Youth Development sub-group, for a bold new legislative option that would call for sweeping consolidation of all youth programs. This new legislation - a "Youth Development Fund" - would involve the restructuring of dozens of categorical youth programs into a single youth development funding mechanism.

You may recall that in our October 21 memorandum (copy attached) to Sheryll, we included three alternatives to the option of sweeping consolidation of all youth programs. The second alternative supports a limited reallocation of funds from existing programs for an initial stage of flexible block grants. An example of this is the Youth Development Block Grant (YDBG), a proposed \$400 million per year federal initiative to expand community-based youth development programs for 6-19 year olds, sponsored by Senators Kassenbaum and Dodd and Representatives Payne and Morella.

On Tuesday, we will begin discussions with the chairs and co-chairs of the entire Urban Policy Working Group to decide what options we want to pursue. Therefore, I thought it would be helpful for you to have more information about some work that has already been done on the reallocation of funds from existing youth programs. If we do proceed with the option of sweeping consolidation or one of the alternatives, it makes no sense to reinvent the wheel in order to reinvent government; particularly when the efforts underway have been developed by youth serving organizations.

I am attaching a copy of the Youth Development Block Grant Bill, along with a summary of the bill and estimated allocations

to the states. (Please note that the original proposal was for \$2 billion per year but the actual bill called for the reallocation of \$400 million per year.) YDBG would send money to the states, by formula, and they in turn would allocate it to localities based on a county's school-age youth population and the percentage of that population living in poverty. This bill - developed by the National Collaboration for Youth (NCY) - has already been introduced to the House (HR4086) and the Senate (S1746). NCY members are:

American Red Cross
Association of Junior Leagues
Big Brothers/ Big Sisters of America
Boy Scouts of America
Boys and Girls Clubs of America
Camp Fire Boys and Girls
Child Welfare League of America
4-H Extension Service
Girls Scouts of the USA
Girls Incorporated
National Network of Runaway and Youth Services
The Salvation Army
WAVE, Inc.
YMCA of the USA
YWCA of the USA

The key features of the YDBG are:

- ◆ **AN EMPHASIS ON POSITIVE YOUTH DEVELOPMENT AND PREVENTION** -- Like the entire Youth Development sub-group, the YDBG proposal focuses on positive youth development and prevention. Rather than waiting until the crisis occurs, the YDBG would fund programs that help children and youth develop the values and life skills they need to succeed.
- ◆ **FUNDS GO DIRECTLY TO THE COMMUNITIES** -- 95% of the funds go directly to local communities; 4% would go to states, primarily to fund technical assistance to local providers.
- ◆ **TARGETS LOW-INCOME COMMUNITIES** -- Allocation is based on both a county's total school-age youth population, and the percentage of that population living in poverty. Therefore, priority will be given to communities with the highest concentration of low-income youth.
- ◆ **COMMUNITY FLEXIBILITY TO DEFINE LOCAL PRIORITIES** -- YDBG funds would support local initiative and an inclusive community planning process by allocating funds through a Local Youth Development Board. YDBG also encourages comprehensive planning and integration of services.

- ◆ **BUILDS ON THE STRENGTH OF YOUTH SERVING COMMUNITY-BASED ORGANIZATIONS** -- The majority of youth development programs are provided not by community-based organizations such as the members of NCY. The YDBG proposal builds on their strength, credibility and expertise by allowing them a leadership role in both the planning and delivery of services for young people. At least 85% of the funds would go to expand programs of community-based youth development organizations and CBO representatives would comprise of a majority of the policy-making boards at the local, state and federal level.

- ◆ **LEVERAGES FEDERAL FUNDS WITH PRIVATE RESOURCES** -- The YDBG would capitalize on the ability of community-based organizations to leverage federal funds with private resources by requiring YDBG grantees match federal funds at up to 75 cents on the dollar.

The information I have submitted here does include how the funds would be allocated and distributed under the Youth Development Block Grant. However, the YDBG proposal does not include a list of the specific programs that would be affected by the reallocation of funds.

I hope this is helpful!

October 21, 1994

A MEMORANDUM FOR SHERYLL CASHIN

FROM: JEREMY BENAMI
MICKEY LEVITAN
GAYNOR McCOWN
KATHI WAY

SUBJECT: SINGLE YOUTH DEVELOPMENT GRANT FUNDING

CC: CAROL RASCO
BRUCE REED
BILL GALSTON

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 the 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.

Summary of the Youth Development Block Grant

OVERVIEW

The Youth Development Block Grant (YDBG) is a proposed \$2 billion per year federal initiative to expand community-based youth development programs for six to 19 year olds.

KEY DEFINITIONS

Youth Development Program: All YDBG program funds would go to "youth development programs" -- that is, non-academic programs that employ active and experiential learning methods to help youth age six to 19 develop social, moral, emotional, physical, and cognitive competencies. Examples of such programs include youth clubs, sports and recreation, mentoring, leadership development, and community service.

Rationale: The central goal of the YDBG is to promote positive youth development. Rather than waiting until young people are in crisis, the YDBG would fund developmental programs that help children and youth develop the values and life skills they need to succeed. The YDBG reflects the belief of leaders in the field of youth development, including the Carnegie Council on Adolescent Development and the Center for Youth Development and Policy Research, that youth programs should address the development of social, moral, emotional, physical, and cognitive capacities. Likewise, the YDBG reflects the strong consensus among youth development experts that programs should not segregate so-called "high-risk" youth, and should use participatory, experiential methods to engage youth in learning and help them acquire critical life skills.

Community-based Youth Development Organization: The YDBG gives a central role, both in planning and delivery of services, to "community-based youth development organizations," defined as tax-exempt 501(c)(3) youth-serving organizations with a major emphasis on providing youth development programs as defined above.

Rationale: Most existing youth development programs are provided not by government agencies but by community-based organizations like the members of the National Collaboration for Youth. The YDBG builds on the strength, credibility, and expertise of these community-based organizations (CBOs) by giving them a leadership role in both the planning and delivery of YDBG-funded services. The YDBG distinguishes these youth development organizations from other youth-serving organizations that focus primarily on credentialing (e.g. education) or treatment.

FUNDING:

Total Funding: \$2 billion in FY 1994, and "such sums as necessary" in subsequent Fiscal Years.

Rationale: There is a broad and growing consensus among youth policy experts on the importance of increased investment in positive youth development programs. For example, in major recent studies, both the Chapin Hall Center for Children at the University of Chicago and the Carnegie Council have concluded that if youth are to succeed, there must be a well-developed infrastructure of youth development services in their communities. While community-based youth development organizations are providing critical services to millions of youth, millions more go unserved or underserved without a major infusion of federal funds into the youth development field.

The proposed \$2 billion in annual funding reflects the conviction of the National Collaboration for Youth and other youth policy experts that the federal government must go beyond small demonstration programs and make a major investment in strengthening community-based youth development programs. By way of comparison, the proposed \$2 billion in annual funding is comparable to federal funding for Headstart (\$2.8b) and markedly less than the Chapter 1 education program for disadvantaged children (\$6.7b).

Source of Funding: The National Collaboration for Youth (NCY) believes that even if there is no new funding available for the YDBG, the bill can and should be funded through reallocation of existing federal resources. Indeed, under the Budget Enforcement Act (BEA), such reallocation is the only feasible means of financing the YDBG.

Rationale: Given America's growing social problems and the limited resources available to the federal government to address those problems, it is now more important than ever to shift federal resources from unproductive programs to new initiatives that promise a higher return on investment. The NCY believes that no program offers a higher return than investment in the positive development of America's children and youth, and that there are many far less productive federal programs which could be cut to provide resources for the YDBG.

Allocation of Funding: 95% of YDBG funds would be allocated to the county level and administered by Local Youth Development Boards; 4% would be allocated to the states; and 1% would remain at the federal level.

Rationale: The principal purpose of the YDBG is to make quality youth development programs available to as many children and youth as possible. Consistent with this objective, to the maximum extent possible, YDBG funds should go directly to the local level to support the expansion of youth development programs.

Allocation Formula: Funds would be distributed to counties based on a formula that gives equal weight to the size of the youth population age six to 19 and the proportion of the youth population living below the poverty line.

Rationale: The allocation formula balances two objectives: the need to strengthen positive development programs in all communities, and the need to give priority in funding to youth in disadvantaged communities.

LOCAL YOUTH DEVELOPMENT BOARD:

Local Board Composition: The chief elected officer of the county will determine the size of the Board -- between nine and 18 members. Two-thirds of the members will be representatives of community-based youth development organizations actively working in the community. The remaining third of the board will represent other key stakeholders, including government, business, schools, parents, and youth.

The YDBG defines a "national youth development organization" as an organization whose purpose and activities are national in scope, and which, either directly or through its local affiliates, provides youth development programs in at least seven states.

Rationale: Communities have traditionally relied on community-based organizations -- not government -- to provide non-school-based youth programs. As a result, these community-based organizations have the experience, expertise, and credibility with the community to play the lead role in defining community youth development priorities.

Selection of Local Board: The two-thirds of the board representing community-based youth development organizations would be selected annually by the organizations themselves; the remaining third of the board would be selected by the chief elected officer of the county.

Rationale: For the reasons outlined above, two key goals of the YDBG are to strengthen the role of community-based organizations in the development of a comprehensive community youth development plan and to encourage those organizations to work together more closely and effectively to implement that plan. As a key first step in accomplishing both goals, representatives of all community-based youth development organizations in the community would come together annually to select representatives to the Local Youth Development Board. The carefully balanced composition of the Board, as well as term limits on individual members, would prevent any organization or interest from dominating the Board's deliberations, and would thus ensure that the YDBG remains responsive to the broad interests of the community.

Responsibilities of Local Board: The Board would conduct a community needs assessment, define a set of youth development goals, establish a grant application process, coordinate the distribution of funds to local providers, monitor and evaluate funded programs, and submit a Youth Development Plan to the State Commission.

Rationale: In most communities youth development efforts are both fragmented and under-funded, and no process exists through which key groups regularly come together to develop a comprehensive youth development strategy. Without such a mechanism for coordination, existing "single-problem" federal programs (e.g., substance abuse, gang, and AIDS prevention programs) may even compound the fragmentation problem by working against development of a comprehensive youth development program.

Youth policy experts like the Chapin Hall Center for Children agree that the primary impetus for effective integration of services must come from the local community. Local communities -- not state or federal governments -- are in the best position to determine the needs of their own youth and families, the most productive way of addressing those needs, the best means of leveraging additional local resources, the most effective way to coordinate existing program efforts, and the best way to increase the accessibility of community services.

The YDBG promotes local initiative and combats fragmentation of services in two ways. First, it provides local communities with flexible youth funding that can be targeted to what the community views as its priorities, without the constraints of traditional categorical programs. Second, it mandates an inclusive planning process, administered by the Local Youth Development Board.

Administrative Costs: A Board may use up to 5% of the funds received for planning, administration, coordination, evaluation, and expenses of the Fiscal Agent.

Rationale: To maximize funds available for program delivery, the YDBG establishes a stringent limit on administrative expenses of local boards.

LOCAL YOUTH DEVELOPMENT PROGRAMS:

Eligible Grantees: At least 85% of YDBG funds would be awarded to community-based youth development organizations; the remaining funds could be awarded to partnerships of youth-serving organizations and governmental entities conducting youth development programs.

Rationale: The most effective means of meeting the youth development needs of America's children and youth is to expand the existing network of community-based youth development programs -- not to create a new system of government agencies and programs. Accordingly, at least 85% of YDBG program funds will go to community-based organizations.

The YDBG does, however, recognize that under certain circumstances communities may want to support the creation or expansion of youth development programs by government agencies or community groups that do not qualify as youth development organizations. Accordingly, up to 15% of YDBG program funds may go to these groups.

Program Requirements: All YDBG-funded programs must address community youth development priorities as defined by the Local Board, recognize the role of the family in youth development, involve parents, youth, and community leaders in the program, coordinate services with other programs in the community, establish process and outcome objectives, be open to all youth, meet the matching funds requirement, and devote between 5 and 10% of grant funds to staff training.

Rationale: The YDBG attempts to balance the need for providing local communities with broad flexibility to define local youth development priorities and programs with the need to ensure that all funded programs incorporate certain characteristics that research and experience have demonstrated are crucial to program effectiveness. The foregoing list of YDBG program requirements has been developed based on a review of the literature and discussions with experts in the field of youth development, including the Carnegie Council on Youth Development and the United Way of America.

Matching Funds Requirement: A private nongovernmental match of 25% in the first year of funding, 50% in the second year, and 75% in the third year and subsequent years of funding is required of all funded programs. In-kind contributions are restricted to no more than 25%.

Rationale: Just as the Headstart program has stimulated a host of state and locally-funded early childhood programs, a key goal of the YDBG is to use federal resources to leverage increased community investment in youth development. The matching funds requirement is the key to accomplishing this goal.

The matching funds requirement will also protect the YDBG from opportunists who might otherwise be tempted to create youth development organizations simply to receive YDBG funds. Only organizations with solid community support will be able to meet the matching funds requirement.

Administrative Costs: Grantees may use up to 10% of their funds for planning, administration, and coordination. Evaluation expenses shall be treated as program expenditures, and shall not exceed 5% of the funds received by the grantee.

Rationale: While it is important to provide organizations with enough funding to properly administer their programs, it is important to set a stringent limit on administrative costs in order to maximize funding for service delivery.

Training Costs: Grantees must devote not less than 5% and not more than 10% of grant funds to pre-service and in-service training and educational materials and services for staff.

Rationale: Leaders in the youth development field agree that staff development and training is vitally important and inadequately addressed in most youth development programs. To ensure the quality of adult leadership in youth development programs, both the Carnegie Council and the Center for Youth Development and Policy Research recommend that programs expand greatly the availability of appropriate training and other forms of staff development for all adults who work with young people. This training should focus on helping staff develop the ability to act as a guide and facilitator, respect for youth, and the ability to empower youth to make good decisions and to encourage individual self-determination.

STATE YOUTH DEVELOPMENT COMMISSION:

Commission Composition: The Governor would determine the size of the composition -- between nine and 18 members, equally divisible by three -- and would select its members. Like the Local Board, two-thirds of Commission members would be representatives of community-based youth development organizations; the remaining third would represent government agencies and other community groups interested in youth development.

Rationale: For the same reasons outlined above with respect to the composition of Local Youth Development Boards, it is equally appropriate to give community-based youth development organizations a leadership role in implementing the YDBG at the state level.

Responsibilities of Commission: The Commission's primary responsibilities would be to distribute funding to Local Boards, based on a review of their Youth Development Plans, monitor and provide technical assistance to Local Boards, recommend to the Governor a set of State Youth Development Objectives, and submit to the National Commission an annual report.

Rationale: Creation of the State Youth Development Commissions would encourage states to make youth development a priority, and would establish a state-level resource to assist local communities in developing comprehensive youth development strategies.

NATIONAL YOUTH DEVELOPMENT COMMISSION:

Commission Composition: The National Commission would have 21 members. The composition is the same as for the Local Board.

Rationale: For the same reasons outlined above with respect to the composition of Local Youth Development Boards, it is equally appropriate to give community-based youth development organizations a leadership role in implementing the YDBG at the national level.

Responsibilities of Commission: The primary responsibilities of the National Commission would be to promulgate regulations, monitor and evaluate local programs, coordinate efforts with other federal agencies, establish an information clearinghouse, provide technical assistance to states and counties, and submit an annual report to Congress.

Rationale: To be in a position to strengthen state and local youth development networks, develop appropriate regulations and evaluation materials, and raise the level of awareness among national leaders of the needs of youth, the Commission must be a free-standing, single-focused governmental entity. Such a structure ensures that the Commission will have the expertise, prominence, and support to successfully focus the nation on youth.

Youth Development Block Grant

- Section 1. Short Title
- Section 2. Findings
- Section 3. Purposes
- Section 4. Definitions
 - (a) Youth Development Program
 - (b) Community-based Youth Development Organization
 - (c) Community-based Youth-Serving Organization
 - (d) National Youth Development Organization
 - (e) State
- Section 5. Allocation and Distribution of Funds
 - (a) Authorized funding
 - (b) Allocation and distribution of funds to Local Youth Development Boards
 - (c) Allocation and distribution of funds to State Youth Development Commissions
 - (d) Allocation of funds to National Youth Development Commission
 - (e) State Reallotment
 - (f) County Reallotment
 - (g) Funds Must Be Obligated Within Two Years of Receipt
- Section 6. Local Youth Development Board
 - (a) Establishment of Board
 - (b) Number of seats on the Board
 - (c) Composition of Board
 - (d) Selection of Board members
 - (e) Duties of Board
 - (f) Duties of Chairperson
 - (g) Duties of Fiscal Agent
 - (h) Process for awarding grants
 - (i) Community Youth Development Plan
 - (j) Annual reports from grantees
 - (k) Annual report to State Youth Development Commission
 - (l) Planning, administration, coordination, evaluation, and Fiscal Agent expenses

Section 7. State Youth Development Commission

- (a) Establishment of Commission
- (b) Relationships to Independent State Body established under the Young Americans Act
- (c) Size, composition, and appointment of Commission
- (d) Powers and duties of Commission

Section 8. National Youth Development Commission

- (a) Establishment of the National Youth Development Commission
- (b) Relationship to Federal Council on Children, Youth, and Families established under the Young Americans Act
- (c) Size, composition, and appointment of Commission
- (d) Powers and duties of Commission

Youth Development Block Grant

Sec. 1 Short Title

This Act may be cited as the "Youth Development Block Grant Act of 1993."

Sec. 2 Findings

(a) In an increasingly complex and competitive world economy, America's "human capital" is its most important resource. Yet too many of America's young people are reaching adulthood unprepared to be productive workers, effective parents, or responsible citizens. America cannot remain strong unless the nation ends this tragic waste of human potential.

(b) Over the past decade, public concern related to young people has focused primarily on improving academic performance and combatting youth problems like substance abuse and juvenile delinquency. The federal government has established ambitious "National Education Goals" and declared a "War on Drugs," and government investment on both fronts has increased dramatically.

(c) However, it is becoming increasingly clear that America will neither achieve the nation's education goals nor make significant progress on problems like substance abuse and delinquency unless the nation addresses the broader developmental needs of our children and youth. Young people who lack self-confidence, self-discipline, respect for others, and a sense of connection to their families and communities, are unlikely to be successful in school, and far more likely to engage in high-risk behaviors.

(d) Parents have primary responsibility for the physical, emotional, moral, social, and intellectual development of their children. However, tremendous social and demographic changes during the last 30 years have had a significant effect on family life and youth development, creating the need for programs to strengthen the family unit and help parents meet their children's social, moral, emotional, physical, and cognitive needs.

(e) The nation expects too much of its schools if it asks them single-handedly to meet these broader youth development needs in addition to accomplishing their basic educational mission. Only a strong partnership among families, schools, local government, religious institutions, community-based youth- and family-serving agencies, business, and labor can create a community environment that truly supports the nation's children and youth in reaching their highest potential.

(f) Nonschool-based youth development programs, including youth clubs, sports and recreation programs, mentoring, and leadership development and community service programs, make a major contribution to helping children and youth develop the life skills and moral values that will prepare them for the challenges of adolescence and the independence and responsibilities of adulthood.

(g) Participation in positive youth development programs can lead to a reduction in high-risk behaviors, including school failure, teenage pregnancy, use of alcohol and drugs, and juvenile delinquency. However, youth from low-income, at-risk communities, who would greatly benefit from such programs, are least likely to have access to them.

(h) Community-based youth-serving organizations are an effective resource in developing and implementing community youth development strategies, both because of their responsiveness to local community values and concerns, and their ability to mobilize community resources. For example the 15 member organizations of the National Collaboration for Youth collectively serve over 25 million children and youth, and mobilize over 4 million volunteers to provide these services.

(i) Notwithstanding these efforts, in most local communities youth development efforts are so fragmented and under-funded that millions of youth go unserved, and no process exists through which key groups regularly come together to develop a comprehensive youth development strategy. Without a mechanism for coordination, narrowly focused federal programs compound this problem.

(j) Increased Federal investment in Headstart and other early childhood development programs signal an encouraging shift toward a long-term, holistic, investment-oriented strategy in promoting the healthy development of America's young children.

(k) It is critical that the federal government adopt this same comprehensive investment strategy in promoting the positive development of older children and youth, and encourage and empower communities to develop and implement a comprehensive youth development strategy.

Sec. 3 Purposes

It is the purpose of this Act to expand community-based youth development services, and to support communities in designing youth development strategies that:

- (a) Give priority to prevention through youth development.
- (b) Support the primary role of the family in positive youth development.
- (c) Support community-based organizations in expanding youth development opportunities.

(d) Promote increased community coordination and collaboration in meeting the developmental needs of children and youth.

Sec. 4 Definitions

(a) Youth Development Program.

(1) A youth development program is a program that:

(A) helps youth age 6 to 19 develop the following competencies that will enable them to deal successfully with the challenges of adolescence and prepare them for the independence and responsibilities of being parents, workers, and citizens:

(i) Social competencies, such as: work and family life skills, problem-solving, and communication skills.

(ii) Moral competencies, such as: establishing personal values and ethics, developing a sense of responsibility and citizenship (including participation in civic life and community service) and respect for diversity.

(iii) Emotional competencies, such as: developing a sense of personal identity, self-confidence, autonomy, and the ability to resist negative peer pressure.

(iv) Physical competencies, such as: improving physical conditioning and endurance, and developing an appreciation for and strategies to achieve lifelong physical health and fitness.

(v) Cognitive competencies, such as: expanding one's knowledge, reasoning ability, and creativity, and establishing a life-long commitment to learning and achievement.

(B) conducts activities with a primarily non-academic focus; and

(C) employs primarily active and experiential learning methods.

(2) The following group and one-to-one mentoring activities are vehicles through which the social, moral, emotional, physical, and cognitive competencies may be promoted: youth clubs, sports and recreation, mentoring, arts, values education, leadership development, crime and delinquency prevention, community service/volunteerism, child care, career counseling, job skills training, life skills training, health education including drug and alcohol prevention, parenting skills, camping, environmental education, ethnic/cultural enrichment, tutoring, and academic enrichment.

(b) Community-based Youth Development Organization.

(1) A youth development organization is a youth-serving organization with a major emphasis on providing youth development programs as defined in subsection (a)(1).

(2) For the purposes of this Act, a youth development organization will be considered "community-based" if it is tax-exempt under section 501(c)(3) of the Internal Revenue Code and is not a governmental entity.

(c) Community-based Youth-Serving Organization.

(1) A youth-serving organization is an organization with a primary focus on providing medical, educational, special education, psychological, vocational and training, rehabilitative, or housing services to youth.

(2) For the purposes of this Act, a youth-serving organization will be considered "community-based" if it is tax-exempt under section 501(c)(3) of the Internal Revenue Code and is not a governmental entity.

(d) National Youth Development Organization. A national youth development organization is an organization whose purpose and activities are national in scope, and which, either directly or through its local affiliates, provides youth development programs in at least seven states.

(e) State. The term state means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the Territories of American Samoa, Guam, and the Virgin Islands.

Sec. 5 Allocation and Distribution of Funds

(a) Authorized funding. Authorized funding for this Act shall be \$2 billion for Fiscal Year 1994, and, in subsequent fiscal years, such sums as shall be necessary to carry out the purposes of the Act.

(b) Allocation and distribution of funds to Local Youth Development Boards.

(1) **Total Local Allocation.** In each fiscal year, 95 percent of the funds appropriated for the purposes of this Act shall be allocated for use by Local Youth Development Boards for the purposes defined in section 6.

(2) Allocation for each Local Youth Development Board. Subject to the requirements of paragraph (3), the Local Youth Development Board in each county shall receive an amount equal to the total Local Allocation, multiplied by a fraction, the numerator of which is the sum of the county's population of children and youth between the ages of 6 and 19 plus the county's population of children and youth between the ages of 6 and 19 living in families with incomes below the poverty level, and the denominator of which is the sum of the national population of children and youth between the ages of 6 and 19 plus the national population of children and youth between the ages of 6 and 19 living in families with incomes below the poverty level.

(3) Special rule for fiscal years in which the Act is funded at less than \$500 million. In any fiscal year in which the total funds appropriated for the purposes of this Act are less than \$500 million, the allocation of funds to Local Youth Development Boards shall be made under the provisions of this paragraph, rather than under paragraph (2). In such years, the State commission shall make grants on a competitive basis to Local Boards based on submission by Local Boards of Community Youth Development Plans meeting the requirements of section 6(i). No such grant shall be for an amount less than the amount the Local Board would receive under the allocation formula established by paragraph (2) for a year in which total appropriations under the Act equalled \$500 million. All grants awarded under this paragraph shall be renewed for at least two subsequent years, unless a Local Board receiving such a grant substantially fails to implement its Community Youth Development Plan, or because, as a result of a reduction in funding under this Act, the State Commission is required to reduce the number of grants awarded under this paragraph.

(4) Distribution of Local Allocation.

(A) Initial distribution to State Youth Development Commissions. Upon submission by the State Youth Development Commission of a statement certifying that the State Commission is prepared to administer the funds in compliance with all the requirements of this Act, the National Commission shall distribute to the State Commission an amount equal to the sum of the allocations for each Local Youth Development Board in the state.

(B) Distribution to Local Youth Development Boards.

(i) Distribution of planning funds. As soon as the Local Youth Development Board is established, the Board may apply to the State Youth Development Commission for distribution of five percent of its Local Allocation to fund planning, administration, coordination, evaluation, and expenses of the Fiscal Agent. The Board's application must include: a list of the members of the Board, including sufficient information about their organizational affiliations to demonstrate compliance with the membership requirements of section 6(d);

(ii) **Distribution of program funds.** Upon submission by a Local Youth Development Board of a plan meeting the requirements of section 6(i), the State Youth Development Commission shall distribute to the Board the balance of its Local Allocation, as defined in paragraph (2).

(c) Allocation and distribution of funds to State Youth Development Commissions.

(1) **Total State Allocation.** In each fiscal year, four percent of the funds appropriated for the purposes of this Act shall be allocated for use by the State Youth Development Commission for the purposes defined in Section 7.

(2) **Allocation and distribution of State Allocation.** The Total State Allocation shall be distributed among the states in the same proportion as the Total Local Allocation (see section 5(b)(2)). These funds shall be distributed to each State Youth Development Commission concurrently with the distribution of the state's local allocation as provided by paragraph (4)(A).

(d) **Allocation of funds to National Youth Development Commission.** In each fiscal year, one percent of the funds appropriated for the purposes of this Act shall be allocated to the National Youth Development Commission for the purposes defined in Section 8.

(e) **State Reallotment.** In any fiscal year in which a state does not receive funding under this Act, the National Commission shall make available the allotment of that state to other states as the National Commission may determine appropriate.

(f) **County Reallotment.** In any fiscal year in which a county does not participate in programs under this Act, the National Commission shall make available the allotment of that county to other counties in that state as the National Commission may determine appropriate.

(g) **Funds Must be Obligated Within Two Years of Receipt.** Funds transferred to Local Youth Development Boards and State Youth Development Commissions must be obligated for expenditure within two years of receipt or returned to the entity from which the funds were received.

Sec. 6 Local Youth Development Board

(a) Establishment of Board.

(1) **In general.** To be eligible to receive a grant under this Act, a county, or comparable regional governmental entity, must establish, or designate an existing local entity that meets the requirements of this section, to serve as a Local Youth Development Board.

(2) **Establishment of multi-county Board.** The Chief Elected Officers of two or more counties may agree to establish, or designate an existing entity that meets the requirements of this section, a multi-county Local Youth Development Board to administer the funds provided under this Act on a joint basis for their respective counties. If such a multi-county Board is established, all duties assigned by this section to the Chief Elected Officer of a county shall be discharged jointly by the Chief Elected Officer of each participating county.

(b) **Number of seats on the Board.** The Chief Elected Officer of the county shall determine the total number of seats on the Board. The total number of seats must be between nine and 18, and must be equally divisible by three.

(c) **Composition of Board.**

(1) **Representatives of Youth Development Organizations.**

(A) **In general.** Two-thirds of the members shall be representatives of community-based youth development organizations as defined by section 4(b).

(B) **Special rule for less populated counties.** In the case of a county with a population of 100,000 or less, if the Chief Elected Officer of the county determines that, because of the absence of community-based youth development organizations, the county cannot establish a Board meeting the requirements of paragraph (1), representatives of community-based youth serving organizations may participate on the Board on the same basis as representatives of community-based youth development organizations.

(2) **Other Community Representatives.** One-third of the members shall be representatives of the community, such as: youth-serving organizations, local government, educational institutions, adult service organizations, business, labor, private funding organizations, parents, or youth.

(d) **Selection of Board members.**

(1) **Representatives of youth development organizations.**

(A) **Initial members.** The Chief Elected Officer of the county shall provide public notice to community-based youth development organizations providing services within the county to send a representative to an organizational meeting. At the organizational meeting, the representatives of the organizations shall elect individuals from among their number to fill the seats designated for these organizations.

(B) **Successors.** During the month prior to the expiration of the terms of Board members representing youth development organizations, the Chairperson shall convene an annual meeting for the purpose of electing new members of the Board. The Chairperson shall provide public notice to community-based youth development organizations providing services within the county to send a representative to the meeting.

(C) **Special rule for less populated counties.** In the case of a less populated county in which the Board is constituted under subsection (c)(2), all community-based youth serving organizations in the county shall be eligible to participate on the same basis as community-based youth development organizations in the selection process established under subparagraphs (A) and (B).

(2) **Other Community Representatives.** The Board members not representing youth development organizations shall be appointed by the Chief Elected Officer of the county.

(3) **Term of Office.** Each Board member shall serve for a term of 2 years, except that the Chairperson shall designate half of the initial members of each of the three categories of members to serve for a term of one year. Members may not serve more than three consecutive terms.

(4) **Vacancies.** If a member leaves the Board prior to the expiration of the member's term, the Chairperson shall appoint a new member to serve the remainder of the term. Such appointment may not cause the Commission to fail to comply with the requirements of subsection (d).

(5) **Age of members.** At least two of the members of the Board appointed by the Chief Executive Officer of the county shall be under the age of 20 at the time of such appointment.

(6) **Background of Members.** The membership must fairly represent urban and rural populations as well as reflect the racial, ethnic, and gender composition of the county population.

(e) **Duties of Board.**

(1) **Election of Chairperson.** The members of the Board shall elect one of the members of the Board to serve as Chairperson. The Chairperson shall perform the duties defined in subsection (g).

(2) **Appointment of Fiscal Agent.** The Board shall appoint a Fiscal Agent to perform the duties defined in subsection (h).

(3) **Determination of community youth development goals and objectives.**

(A) **Community youth development goals.** Based on an assessment of conditions that support or hinder the healthy development of youth and families, and the availability of existing youth and family services, including the coordination of these services, the Board shall define a set of community youth development goals, and determine how the funds provided under this Act shall be allocated among these goals. The Board shall perform a needs assessment at least every three years.

(B) **Community youth development outcome objectives.** With respect to each community youth development goal, the Board shall establish one or more measurable community outcome objectives which will enable the Board to measure progress toward achieving the goal. These community outcome objectives shall be defined in terms of changes in competencies or changes in the incidence of positive or negative behaviors among children and youth in the community.

(4) **Administration of grant application process.** The Board shall establish and administer a grant application process meeting the requirements of subsection (i), through which the Board shall award grants to eligible grantees to provide programs or services addressing the community youth development priorities established under paragraph (3).

(5) **Assistance to applicants and grantees.** The Board shall provide assistance to applicants and grantees in the development and implementation of youth development programs.

(6) **Submission of Community Youth Development Plan to State Youth Development Commission.** Prior to the release of any funds under this Act, (except for those specified in section 5(b)(3)(B)(i)), the Board shall prepare and submit to the State Youth Development Commission an annual Community Youth Development Plan meeting the requirements defined in subsection (j).

(A) The State Youth Development Commission must review and approve this plan, as provided in section 7(c)(1) before funds (except for those specified in section 5(b)(3)(B)(i)) can be released to the Local Youth Development Board; and

(B) In the event that a State Youth Development Commission does not approve a Local Youth Development Board's Community Youth Development Plan, the Local Board may, pursuant to regulations to be established by the National Commission, appeal the denial to the National Commission. The Local Board must file its appeal within 60 days of receipt of the notice of denial from the State Commission, and the National Commission shall render a decision on the appeal within 60 days of the filing of the appeal.

(7) **Monitoring and evaluation of funded programs and community priorities.** The Board shall be responsible for regularly reviewing the reports provided by the Fiscal Agent on each grantee's use of grant funds. The Board shall also be responsible for establishing monitoring and evaluation procedures, consistent with such requirements as may be established by the National Commission, to assess grantees' progress in achieving program objectives and addressing community priorities.

(8) **Submission of annual report to State Youth Development Commission.** Within 60 days following the end of the fiscal year, the Local Youth Development Board must submit to the State Youth Development Commission an annual report on the programs funded during the prior year under this Act. The annual report must meet the requirements defined in subsection (1).

(f) **Duties of Chairperson.** The Chairperson shall:

(1) Convene and chair meetings of the Board.

(2) Make appointments to fill vacant seats on the Board.

(3) Appoint individuals to such staff positions as the Board may deem necessary to assist it in fulfilling its duties.

(g) **Duties of Fiscal Agent.** The Fiscal Agent shall receive, disburse, and account for all funds received by the Board under this Act, and discharge such other duties as the National Commission may, by regulation, prescribe.

(h) **Process for awarding grants.**

(1) **Request for Proposals.** The Board shall issue a request for proposals which sets forth the community youth development priorities, as determined by the Board pursuant to subsection (f)(3), and invites community-based youth development organizations and partnerships of youth-serving organizations and governmental entities conducting youth development programs to apply for funding for youth development programs that address one or more of the community youth development priorities. The request for proposals shall include the requirements for grant applications, as stated in paragraph (8).

(2) **Eligible grantees.** At least 85 percent of the grant funds awarded by the Board shall be awarded to community-based youth development organizations. The remaining grant funds may be awarded to one or more partnerships of youth-serving organizations and governmental entities conducting youth development programs.

(A) The Local Board must establish a procedure, pursuant to regulations to be established by the National Commission, for certifying organizations as community-based youth development organizations as defined in Section 4(b).

(B) In the event that a Local Youth Development Board does not certify an organization to be a community-based youth development organization as defined in Section 4(b), the organization may, pursuant to regulations to be established by the National Commission, appeal the denial to the National Commission. The organization must file its appeal within 60 days of receipt of the notice of denial from the Local Youth Development Board, and the National Commission shall render a decision on the appeal within 60 days of the filing of the appeal.

(3) Requirements for all funded programs. All programs funded under this Act must:

(A) address one or more of the community youth development goals established by the Board;

(B) incorporate components that promote the social, moral, emotional, physical, and cognitive competencies of youth;

(C) recognize the primary role of the family in positive youth development and seek to strengthen the family unit;

(D) promote the involvement of youth, parents, and other community members in the planning and implementation of the program;

(E) coordinate services with other youth and family services in the community, and help participants access these services;

(F) establish measurable process and outcome objectives, as defined by paragraph (5), for evaluating program effectiveness;

(G) be open to all youth regardless of race, sex, creed, social or economic background, ethnicity or disability, provided, however, that nothing in this Act shall preclude a program from targeting a population defined on the basis of one or more of these factors if such targeting is necessary to remedy the effects of past discrimination against or to combat the perpetuation of archaic stereotypes associated with the targeted population or from limiting participation in the program to members of the targeted population if necessary to enable them to achieve their full potential;

(H) demonstrate how the grantee will meet the matching funds requirement as defined in paragraph (7); and

(I) devote not less than five percent and not more than 10 percent of grant funds to provide pre-service and in-service training and educational materials and services for staff.

(4) Additional criteria for evaluating grant proposals. The Board shall give

preference to grant applications that most fully satisfy the following additional characteristics of effective youth development programs:

- (A) exposes youth to a variety of adult role models and mentors;
- (B) encourages youth leadership and civic involvement;
- (C) seeks to establish a long-term relationship with participating youth;
- (D) employs strong outreach efforts to low-income youth and their families;
- (E) is based on effective program models; and
- (F) is age-appropriate.

(5) **Process and Outcome Objectives.** The following criteria apply for the purposes of paragraph (3)(F).

(A) **Process Objectives.** Process objectives are program objectives that relate to the manner in which the program is carried out. These objectives may be defined in terms of variables such as: the degree to which the program is reaching its intended target population; the number, age, gender, and ethnicity of the youth involved; the degree to which the services delivered are consistent with the intended program model; and the cost of delivering program services.

(B) **Outcome Objectives.** Outcome objectives are program objectives that relate to the impact of the program on the participants or the community. These objectives may be defined in terms of such variables as: changes in the competencies of individual participants or changes in the incidence of positive or negative behaviors among program participants and/or among children and youth in the community as a whole.

(6) **Minimum funding period.** All grants awarded by the Board shall be for one year and may be renewed. In determining whether to renew funding, the Board shall give substantial weight to program performance as measured by the process and outcome objectives defined under subsection (f)(3).

(7) **Matching funds requirement.** Each program receiving grant funds must have private nongovernmental support equal to at least 25 percent of funding under this Act in the first year of funding, at least 50 percent in the second year of funding, and at least 75 percent in the third and subsequent years of funding. Nongovernmental support includes both financial and in-kind contributions, such as contributions of facilities, equipment, personnel, and services from nongovernmental sources. Not more than 25% of the private nongovernmental match shall be from in-kind contributions.

(8) Grant applications. Each grant application must provide the following information:

(A) A statement of the applicant's qualifications as a community-based youth development organization (as defined in Section 4 (a)(1)), and, if so, sufficient information to substantiate this claim;

(B) How the program will meet the requirements of paragraph (3);

(C) The extent to which the program satisfies the additional criteria established by paragraph (4); and

(D) A proposed budget for the program, including the amount (up to 10% of the grant allotment) that will be used for planning, administration, coordination, and evaluation expenses.

(i) Community Youth Development Plan. To be eligible to receive funds under this Act (except for those specified in section 5(b)(3)(B)(i)), a Local Youth Development Board must submit to the State Youth Development Commission a Community Youth Development Plan setting forth the following information:

(1) A list of the members of the Board, including sufficient information about their organizational affiliations to demonstrate compliance with the membership requirements of subsection (c) (including, in the case of Boards constituted under subsection(c)(2), a statement by the Chief Elected Officer of the county setting forth the reasons why the county was unable to constitute the Board in accordance with the provisions of subsection (c)(1));

(2) The community youth development priorities established by the Board, and a description of the needs assessment process through which the Board developed these priorities as defined in subsection (f)(3).

(3) A statement that the Board has completed a grant application process that complies with the requirements of subsection (i);

(4) A description of the youth development programs which the Board proposes to fund;

(5) A statement that the funds received under this Act will be used to supplement, not supplant, existing government expenditures for youth services, with sufficient supporting documentation to substantiate this statement;

(6) The name and address of the Fiscal Agent selected by the Board; and

(7) A proposed budget for the Board, including the amount of funds to be used for planning, administration, coordination, evaluation, and expenses of the Fiscal Agent.

(j) Annual reports from grantees. Each grantee receiving funding under this Act must submit to the Board within 45 days following the end of the Board's fiscal year, an annual report containing the following information:

(1) A detailed financial statement showing the program's income and expenses for the year;

(2) The grantee's most recent financial statement;

(3) A description of the outreach efforts used to bring low-income youth and families into the program;

(4) The number of program participants, specified by age, gender, economic background, race, ethnicity, and disability;

(5) An assessment of program effectiveness based on the process and outcome objectives established under subsection (i)(5); and

(6) A discussion of any problems, delays, or adverse conditions that have affected or will affect the attainment of program objectives.

(k) Annual report to State Youth Development Commission. Within 60 days following the close of the Board's fiscal year, the Board shall submit to the State Youth Development Commission an annual report containing the following information:

(1) A detailed accounting for all funds received under this Act during the prior year;

(2) A detailed accounting of the number of program participants in the county, specified by age, gender, economic background, race, ethnicity, and disability;

(3) A summary description of the programs and services funded under this Act;

(4) An assessment of the extent to which funded programs did, or did not, meet the process and outcome objectives established under subsection (i)(5); and

(5) An assessment of the extent to which funded programs did, or did not, have an impact on community priorities established under section 6(f)(3);

(6) A statement that the funds received under this Act were used to supplement, not supplant, existing government expenditures for youth services, with sufficient supporting documentation to substantiate this statement; and

(7) Copies of the annual reports submitted by each of the grantees receiving support under this Act.

(l) Planning, administration, coordination, evaluation, and Fiscal Agent expenses. The Local Youth Development Board may use up to five percent of the funds received under this Act for planning, administration, coordination, evaluation, and expenses of the Fiscal Agent. The grantees may use up to 10% of the funds received under this Act for planning, administration, and coordination. Evaluation expenses incurred shall be treated as program expenditures rather than administrative expenditures, but shall not exceed 5% of the funds received by the grantee under this Act.

Sec. 7 State Youth Development Commission

(a) Establishment of Commission. To be eligible to receive funding under this Act, a state must establish, or designate an existing entity to serve as, a State Youth Development Commission.

(b) Relationship to Independent State Body established under the Young Americans Act. To provide improved coordination of public and private services for youth and their families, the Commission shall:

(1) Consult with the Independent State Body established under the Young Americans Act, P.L. 101-501, sec. 930, in the development of the State Youth Development Plan;

(2) Consult with the Independent State Body in developing and implementing strategies for improved coordination between programs funded under the Act and other public and private services for youth and their families; and

(3) Submit to the Independent State Body, concurrently with its submission to the National Commission, a copy of the annual report required under paragraph (d)(6).

(c) Size, composition, and appointment of Commission.

(1) Number of seats. The Governor shall determine the total number of seats on the Commission. The total number of seats must be between nine and 18, and must be equally divisible by three.

(2) Composition of Commission.

(A) Representatives of Nationally-affiliated Youth Development Organizations. One-third of the members shall be representatives of community-based youth development organizations that are affiliated with national youth development organizations, as defined in section 4(c).

(B) **Representatives of Non-affiliated Youth Development Organizations.** One-third of the members shall be representatives of community-based youth development organizations which are not affiliated with national youth development organizations.

(C) **Other members.** One-third of the members shall be appointed from among representatives of youth-serving organizations, state or local governments, educational institutions, business, labor, private funding organizations, parents, or youth.

(D) **Age of members.** At least two of the members appointed to the Commission shall be under the age of 20 at the time of their appointment.

(E) **Background of Members.** The membership must fairly represent urban and rural populations as well as reflect the racial, ethnic, and gender composition of the state population.

(F) **Local Board Representation.** At least two of the members appointed to the Commission shall be members of separate Local Youth Development Boards from within the state at the time of their appointment.

(3) **Appointment by the Governor.** The members of the Commission shall be appointed by the Governor.

(4) **Term of office.** Each Commission member shall serve for a term of two years, except that the Governor shall designate at least half of the initial members of each of the three categories of members to serve for a term of one year. Members may be reappointed, but may not serve more than three consecutive terms.

(5) **Vacancies.** If a member leaves the Commission prior to the expiration of the member's term, the Governor shall appoint a successor to serve the remainder of the term. Such appointment may not cause the Commission to fail to comply with the requirements of subsection b(2).

(6) **Chairperson and Vice Chairperson.** The members of the Commission shall annually elect a Chairperson and Vice Chairperson from among the membership.

(d) Powers and duties of Commission.

(1) Review of Community Youth Development Plans. Pursuant to regulations promulgated by the National Commission, within 30 days of the submission by a Local Youth Development Board of the Community Youth Development Plan required by section 6(j), the Commission must either approve the plan and disburse to the Board its allocation of funds or notify the Board of the additional steps which must be taken to bring its plan into compliance with this Act. The Commission shall ensure that the composition of the Local Board is representative of the diversity of the youth development organizations present in the county (including those affiliated and not affiliated with national youth development organizations).

(2) Monitoring operations of Local Youth Development Boards. The Commission shall have primary responsibility for ensuring that the Local Youth Development Boards operate in compliance with the requirements of this Act. The Commission shall review the annual reports submitted by Local Youth Development Boards, and shall take such other steps to ensure compliance with this Act as the National Commission may, by regulations, prescribe.

(3) Coordination with Independent State Body Established Under the Young Americans Act. In addition to the annual report required under subsection (b)(3), the Commission shall provide information obtained from the annual reports submitted by the Local Youth Development Boards to the Independent State Body, including a detailed accounting of the number of participants in programs funded under this Act, specified by age, gender, economic background, race, ethnicity, and disability.

(4) Technical assistance to Local Youth Development Boards. The Commission shall provide technical assistance to Local Youth Development Boards, grantees, and applicants for development and implementation of Community Youth Development Plans.

(5) State Youth Development Goals, Objectives and Plan.

(A) State youth development goals. Based on a review of community youth development goals, the Commission shall recommend to the Governor a set of State Youth Development goals.

(B) State youth development objectives. With respect to each state youth development goal, the Board shall establish one or more measurable state outcome objectives which will enable the Commission to measure progress toward achieving the goal. These state outcome objectives shall be defined in terms of changes in competencies or changes in the incidence of positive or negative behaviors among children and youth in the state.

(C) **State youth development plan.** Based on a review of community youth development plans, and an independent assessment of the effect of state and local policies and programs on youth development, the Commission shall recommend to the Governor a state youth development plan designed to achieve the state's youth development goals and objectives.

(6) **Annual Report to National Commission.** Within 90 days following the close of the State Youth Development Commission's fiscal year, the State Commission shall submit to the National Commission an annual report containing the following information:

(A) A detailed accounting for all funds received under this Act during the prior fiscal year;

(B) A summary description of the local programs and services funded under this Act, including information on the number of program participants, specified by age, gender, economic background, race, ethnicity, and disability;

(C) A description of the technical assistance services provided by the State;

(D) A summary of the extent to which the Local Boards did, or did not, have an impact on the community priorities established pursuant to section 6(f)(3);

(E) A statement that the funds received under this Act were used to supplement, not supplant, government expenditures for youth services, with sufficient supporting documentation to substantiate this statement; and

(F) Copies of the State Youth Development Objectives and Plan established pursuant to subsection (c)(4).

(7) **Commission staff.** The Chairperson shall appoint individuals from the state government to fill such staff positions as the Commission may deem necessary to assist it in fulfilling its duties.

Sec. 8 National Youth Development Commission.

(a) **Establishment of National Youth Development Commission.** There is established a National Youth Development Commission that shall administer all programs funded under this Act.

(b) **Relationship to Federal Council on Children, Youth, and Families established under the Young Americans Act.** To provide improved coordination of public and private services for youth and their families, the Commission shall:

(1) Consult with the Federal Council on Children, Youth, and Families established under the Young Americans Act, P.L. 101-501, sec. 918, in developing and implementing strategies for improved coordination between programs funded under the Act and other public and private services for youth and their families; and

(2) Submit to the Federal Council, concurrently with its submission to the National President and the Congress, a copy of the annual report required under paragraph (d)(10).

(c) Size, composition, and appointment of Commission.

(1) Number of seats. The Commission shall have 21 members.

(2) Composition of Commission.

(A) Representatives of Nationally-affiliated Youth Development Organizations. One-third of the members shall be representatives of National Youth Development Organizations, as defined in section 4(c), or their affiliates.

(B) Representatives of Non-affiliated Youth Development Organizations. One-third of the members shall be representatives of community-based youth development organizations which are not affiliated with national youth development organizations.

(C) Other members. One-third of the members shall be appointed from among representatives of youth-serving organizations, state or local governments, educational institutions, religious organizations, business, labor, private funding organizations, parents, or youth.

(D) Ex-officio members. The Secretary of Health and Human Services, Secretary of Education, Secretary of Labor, Secretary of Housing and Urban Development, Secretary of Agriculture, and the Attorney General, or their designates, shall serve as ex-officio members of the Commission.

(E) Age of members. At least one of the members appointed to the Commission shall be under the age of 20 at the time of such appointment.

(F) Background of Members. The membership must fairly represent urban and rural populations as well as reflect the racial, ethnic, and gender composition of the nation's population.

(3) **Appointment of Commission.** The members of the Commission shall be appointed by the President, with the advice and consent of the Senate. Seven members shall be appointed from among individuals nominated by the Speaker of the House, and seven members shall be appointed from among individuals nominated by the Majority Leader of the Senate. The President shall make the appointments within 90 days of the enactment of this Act.

(4) **Term of Office.** Members of the Commission shall serve for a term of three years, except that the Chairperson shall designate at least half of the initial members of each of the three categories of members to serve for a term of two years. Members may be reappointed, but may not serve more than two consecutive terms.

(5) **Vacancies.** If a member leaves the Commission prior to the expiration of the member's term, the President shall, with the advice and consent of the Senate, appoint a successor to serve the remainder of the term. Such appointment may not cause the Commission to fail to comply with the requirements of subsection (b)(2).

(6) **Chairperson and Vice Chairperson.** The Commission shall elect a Chairperson and Vice Chairperson from among its membership.

(7) **Staff.** The Commission shall have an Executive Director and Assistant Director who shall be employees of the Commission, selected by the Commission and serving at its pleasure. In addition, the Commission shall have the authority to enter into agreements with other Executive Branch agencies under which employees of such agencies are assigned to serve as staff to the Commission.

(d) **Powers and duties of Commission.**

(1) **National Youth Development Goals, Objectives and Plan.**

(A) **National youth development goals.** Based on a review of community youth development goals, the Commission shall recommend to the President and the Congress a set of National Youth Development goals.

(B) **National youth development objectives.** With respect to each national youth development goal, the Commission shall establish one or more measurable national outcome objectives which will enable the Commission to measure progress toward achieving the goals. These national outcome objectives shall be defined in terms of changes in competencies or changes in the incidence of positive or negative behaviors among the nation's children and youth.

(C) **National youth development plan.** Based on a review of state youth development plans, and an independent assessment of the effect of national, state, and local policies and programs on youth development, the Commission shall recommend to the President and the Congress a national youth development plan designed to achieve the national youth development goals and objectives.

(2) **Regulations.** The Commission shall promulgate all regulations necessary for the administration of this Act, including interim regulations governing the first fiscal year of operation under this Act, which shall be issued within 120 days of appointment of the Commission.

(3) **Monitoring and evaluation.** The Commission shall establish a system for monitoring and evaluating the effectiveness of programs funded under this Act. As part of this system, the Commission shall review the annual reports submitted by State Youth Development Commissions to ensure compliance with the requirements of this Act.

(4) **Appeals from Local Youth Development Boards.** The Commission shall rule on appeals filed by Local Youth Development Boards pursuant to section 6(f)(6)(B).

(5) **Appeals from community-based organizations.** The Commission shall rule on appeals filed by community-based organizations pursuant to section 6(i)(2)(A).

(6) **Coordination.** The Commission shall consult with appropriate federal agencies to ensure effective coordination of programs funded under this Act with other federal programs serving youth and families.

(7) **Clearinghouse.** The Commission shall operate, directly or through contract with another organization, an information clearinghouse on youth development issues, including program information, sources of funding, and methods of evaluation.

(8) **Training and technical assistance.** The Commission shall provide, directly or through contract with one or more nonprofit organizations that have experience in youth development programs, training and technical assistance to State Youth Development Commissions and Local Youth Development Boards.

(9) **Certification of National Youth Development Organizations.** The Commission shall establish a process for certifying that an organization qualifies as a National Youth Development Organization, as defined by section 4(c), and shall annually publish a list of such organizations.

(10) **Annual report.** Within 120 days following the close of the fiscal year, the Commission shall submit to the President and the Congress a report describing the programs and services funded under this Act, and an assessment of the effectiveness of these programs.

ESTIMATED YOUTH DEVELOPMENT BLOCK GRANT STATE ALLOCATIONS
(Based on \$2 Billion Appropriation Level)

Alabama	36.0M	Missouri	41.5M
Alaska	4.9M	Montana	7.3M
Arizona	31.2M	Nebraska	13.1M
Arkansas	21.3M	Nevada	8.6M
California	237.1M	New Hampshire	7.8M
Colorado	26.1M	New Jersey	53.0M
Connecticut	21.6M	New Mexico	15.3M
Delaware	4.8M	New York	133.9M
District of Columbia	3.7M	North Carolina	50.3M
Florida	89.5M	North Dakota	5.6M
Georgia	55.3M	Ohio	88.4M
Hawaii	8.2M	Oklahoma	27.6M
Idaho	9.8M	Oregon	22.4M
Illinois	91.8M	Pennsylvania	86.4M
Indiana	45.0M	Rhode Island	6.7M
Iowa	22.4M	South Carolina	30.0M
Kansas	20.2M	South Dakota	6.4M
Kentucky	32.7M	Tennessee	39.8M
Louisiana	43.8M	Texas	160.4M
Maine	9.5M	Utah	19.2M
Maryland	33.6M	Vermont	4.3M
Massachusetts	39.9M	Virginia	45.1M
Michigan	77.4M	Washington	38.2M
Minnesota	34.9M	West Virginia	15.8M
Mississippi	27.6M	Wisconsin	39.7M
		Wyoming	4.3M