THE GROWTH OF YOUTHBUILD: A CASE STUDY

FEBRUARY 2004

From its roots in 1978 as a project of the Youth Action Program in East Harlem, by early 2003, the YouthBuild movement had grown to encompass a network of over 200 local sites nationwide. This case study was designed to tell the YouthBuild story in a way that provides a learning experience for others who are interested in scaling social innovations. We did not select YouthBuild because we thought other organizations should follow the same path. The best strategies for scaling a particular social innovation will vary widely depending on the circumstances. (See our paper "Pathways to Social Impact" for a general framework on scaling out.) We selected YouthBuild because it raises crucial strategic questions that will arise in many scaling efforts.

The case has been written to highlight the strategic decisions made in this scaling process. Accordingly, it has been divided into eight parts, with supplemental material provided in three appendices. While the case unfolds roughly in chronological fashion, each part focuses on specific strategic dimensions of the scaling process. Thus, readers will encounter occasional temporal overlaps as separate parts look at different questions that arose during the same time period. We recommend that interested readers work through the decision-oriented parts in order, referring to the appendices when they are mentioned in the text.

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PART 1: CREATING YOUTHBUILD

YouthBuild grew out of Dorothy Stoneman's work in Harlem in the 1960's and 1970's. In 1964, just after graduating from college, Dorothy decided to join the Civil Rights Movement. She became a member of the grassroots Harlem Action Group, where she set up a summer preschool on West 137th Street as a volunteer during Freedom Summer, 1964. The next year she took a job as a second grade teacher in the public school in that neighborhood, but she found the environment enormously difficult and heartrending. As Dorothy recalled, "Thirty-five second graders, who carried the weight of the world on their shoulders, alone in the classroom with one inexperienced teacher, didn't really work."

Frustrated with teaching in the public school system, in 1966, Dorothy moved to the East Harlem Block Schools, a small, experimental and parent-controlled community-based school that had 3 teachers for each group of 20 children. At that time the Block Schools consisted of two nursery schools, on different blocks, each with a class of 3's, 4's, and 5's. Between 1966 and 1972 it added one grade a year, creating an independent elementary school that was a precursor to today's charter schools and small community based organization schools. It later merged with the public school system in order to get funding, making it the first small school that parents could choose within the East Harlem Public School district, which eventually became famous as a model of choice.

Dorothy was impressed with this school's success. The model of parent control, through which neighborhood parents learned to govern and, in partnership with the director, were empowered to make the most important decisions affecting their children's school, offered a key lesson that informed the later creation of YouthBuild: to form a real partnership between professionals and local residents, the traditional power relationships must be radically changed. As Dorothy put it, "The power relationships need to be reversed in order to create equality and partnership. If I as a professional am clearly accountable to the parent board, and I fully share information with them, then we can work as equal partners with their authority in this situation balancing my professional experience, class privilege, and access to information." Before long the parents had promoted her to Executive Director of the school. In this role, she acquired deep experience in serving the community as a professional educator and administrator accountable to low-income parents, with whom she shared key policy and budget decisions.

By 1978 Dorothy had decided that a powerful strategy for community organizing and movement building would be to mobilize teenagers to become a positive force in their communities. Thousands of teenagers were dropping out of school, spending their lives on the streets, or getting caught up in a cycle of violence. She felt that this reality was "both a sin of society and a waste of a most precious resource." When a former student of hers died in unexplained street violence in 1978, she was moved to immediate action. But prior to that, she had conceived of building a movement for the long haul. Dorothy explained:

> I was part of the sixties generation of activists. My goal was always to build a movement that could change the conditions of poverty and discrimination in which children and youth were growing up throughout America. I didn't set out to create a program to be taken to scale; I set out to create a movement of young people taking charge of their lives and changing their communities.

She reasoned that the best way to mobilize the youth would be first to engage them in concrete community improvement projects of their own design, and then, on that basis of creative involvement, to engage them in social change and the broader democratic process. Dorothy and her husband John Bell, who later joined her as a long-term staff member and leader in the YouthBuild movement, gathered students in their home in Harlem to talk about what the students would like to do to improve their community. Several important ideas came up, one of which was to rebuild abandoned buildings in the neighborhood. Under Dorothy's leadership, ideas were quickly translated into action. She helped the

students select a building, get permission from the neighbors to access the building and get to work. It was a risky volunteer effort with no outside funding. She remembered this first project:

> I will never forget the night when we bricked up the basement windows. It took [four of us - 2 adults and two teenagers] five hours to lay 14 bricks because we were truly learning as we went. We were using water from an open hydrant two blocks away, and as I walked to get the water with my old metal bucket, through the busy evening streets of Spanish Harlem in the dark, I wondered where in the world this project would end up. I imagined my father watching me and knew he would be thinking I was a lost cause.[1]

Starting the Youth Action Program

That same year, Dorothy heard about the federal Community Anti-Crime Program (CACP) of the Law Enforcement Assistance Administration. It funded projects that aimed to build community cohesion as a means of preventing crime. Seeing that this program could fit well with her overall goals, Dorothy put together a proposal that requested funding for a group of youth-run projects aimed at concrete community improvement. She worked on the CACP proposal for three weeks, 14 hours a day: two months later, East Harlem Block Schools was awarded a quarter of a million dollars, sufficient support to turn the young people's ideas into reality.

Dorothy, several adult volunteers, and ten teenagers interviewed 60 candidates over a period of three months to hire seven community organizers to develop seven youth-run community improvement projects in East Harlem. Under Dorothy's direction, this group of seven projects collectively became known as the Youth Action Program (YAP) of the East Harlem Block Schools. Over the next few years, YAP developed thriving initiatives. According to Dorothy, "each project turned out to be cutting edge, because it was informed by the fresh awareness and perspective of the young people." Dorothy and the organizers raised funds for each of the projects, including the building of a park, an alternative leadership high school, a home away from home for young mothers and their children, a crime prevention patrol, an emergency hotline for teenagers, a housing rehabilitation project, and the East Harlem Youth Congress.

The plan to engage youth as a positive force for change by implementing their ideas for concrete community improvement projects worked. By 1981, the East Harlem Youth Congress, of which all the youth in YAP's community improvement projects were members, had come up with a "Youth Agenda for the Eighties." They selected five priorities for action: improve the public schools, provide sex education to teenagers to prevent pregnancy and STD's, give young people jobs rebuilding their communities, hold local public officials accountable, and change national priorities from military to human needs. There was a core of youth leaders committed to community organizing. Among the seven projects, the housing rehabilitation project called the "Youth Action Restoration Crew" was the most ambitious and the most visible to the neighbors. It took five years to complete the full rehabilitation of their first building. But when it was complete, the young people who had spent their adolescence doing this project in the afternoons and weekends said, "We want other young people to have the same opportunity we had to rebuild our communities, learn skills, and become leaders at the same time." Dorothy quotes 18 year old Victor Ortiz who spoke passionately to an audience in the early eighties: "There's a lot of love in the Youth Action Program, and some day we are going to spread it around the world." It was time to spread these ideas beyond the neighborhood.

Organizing Coalitions for City Funding

In 1983 New York's Mayor Koch was launching a new program for disadvantaged workers to rehabilitate housing. Dorothy felt this could be the vehicle through which they could obtain public funds to implement and spread the Youth Congress' priority of giving young people jobs to rebuild their

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[1] The YouthBuild Story of Thanks.

communities. City officials said no, they didn't want to include youth. At that moment Dorothy and the youth leaders decided to organize a coalition to obtain City funds for the program as they themselves would define it.

Around the same time, Dorothy had connected with the leaders of five organizations that had been convened by the Fund for the City of New York to think about a citywide employment training program for youth. This served as the catalyst for like-minded people to form a tight-knit group. As a result, when Dorothy proposed that a coalition organize for the purpose of obtaining City funds for youth employment programs, these five organizations signed on as the Steering Committee. Within three months of hiring an organizer, they had brought together a coalition of 70 community-based organizations to advocate for City funding. They developed a proposal that asked for $10 million from the City Council for youth employment programs, including the replication of YAP's Restoration Crew, which they called the "Housing Model."

Calling themselves the "Coalition for $10 Million," the group launched a major campaign through which they met with key Council members and City officials. Dorothy trained the leaders of the Youth Congress to play a key role and made sure that they participated in every meeting, every planning session, and every public appearance. The adult and youth leaders of the coalition also worked with experienced lobbyists to influence City Hall and swamped the City Council's budget hearings with testimony from dozens of youth about why they wanted this program. As Dorothy described it: "Hundreds of youth attended hearings at City Hall in a most organized and impressive fashion." They held vigils throughout the night as the Council made its final budget decisions.

This momentum eventually led to the creation of CityWorks, an agency within the City's Department of Employment to administer the program models recommended by the Coalition. Although the Coalition requested $10 Million, The City Council appropriated just $4.75 million to fund six different employment-training initiatives that the Coalition had recommended, plus a new alternative high school. Of these funds, $1million in the first year was allocated to the Housing Model.

Despite this success, the Coalition was disappointed by the amount of the appropriation. Realizing that the government's habit was to fund much less than requested, they decided to change their name to the "Coalition for $20 Million" and expand membership to 150 organizations. After lobbying City Hall heavily during the next budget season, they reaped the fruits of these efforts by getting the City Council to budget $12.75 million for the program in 1986. Every year the Coalition continued to lobby for these funds and obtained them, until Dorothy moved to Boston and the Coalition gradually declined. Between 1984 and 1990, a total of $80 million was raised for six different employment models, serving 20,000 youth in New York City. This initiative became the biggest city-funded employment program in the country.

Redesigning the Model

In order to gain funding from the city, the Coalition had realized it needed to lobby for something that filled a niche that no other public funds had filled. This requirement eventually led to the transformation of the program design from a voluntary, after-school job and leadership development program for teenagers to a full-time, comprehensive job-training program for high school dropouts who read below the 8th grade level. These were the youth who were not eligible for the Job Training Partnership Act, the primary federally funded program in this area. To address this population, YAP redesigned the program to include a school component that required trainees to spend half of their time improving their academic skills and working towards their GED.

In implementing the program for this new population, Dorothy discovered that YAP's core emphasis on leadership development and movement building made the program attractive to precisely the population that had been considered most difficult to reach. They had dropped out of school and had significant

academic deficiencies, but they wanted to be part of something in which they believed, where they were respected, and where they were improving their own communities and were treated as potential leaders. As Dorothy put it, "This discovery was a conceptual breakthrough that would influence the entire field of workforce development and national service over time." This redesign to fill an underserved niche gave shape to what would become the standard YouthBuild model. (See Appendix A: The Core YouthBuild Model)

Initial Expansion in New York

At first, City officials wanted to give the whole appropriation to YAP to replicate the Housing Model since they believed that it would require significant expertise to operate. Dorothy refused. She observed, "The surest way to destroy a coalition is for the leader to take all the money." In fact, she declined to take any funds in the first year because at the time YAP was adequately supported with state funds.

By 1986, nine different community-based agencies had been funded by the New York City Department of Employment (DOE) to run the Housing Model, which DOE had renamed the "Housing Related Enhanced Work Experience Program (HREWE)." When expansion began, Dorothy believed that getting the funds into the hands of community groups would be enough to make the program work. But five of the programs failed within two years and were consequently de-funded. It became clear that the lack of training and technical assistance, coupled with the fact that there had been no handbook or prototype from which the organizations could learn, had doomed this early replication. Thus, Dorothy organized a team to write a handbook. The first draft of the HREWE handbook, which would later evolve into the YouthBuild program manual, was completed in 1988. At that time, three of the new organizations in New York were succeeding at replicating YAP's Housing Model.

YouthBuild is Officially Born

Spurred by the good press the HREWE program was receiving, people around the country interested in bringing this program to their communities had begun calling YAP. Dorothy proposed to start a national coalition based on the same model as the New York City Coalition for $20M. It was clear that nobody in the federal government in 1988 was advocating for low-income youth, and it seemed that the organizing methods that had been so effective in New York City ought to work just as well on the federal level. There was a gap that needed to be filled not only in opportunities for youth, but also in advocacy.

A group of representatives from ten diverse community based organizations from around the country met at the Youth Action Program to discuss whether to expand beyond New York City. They viewed a video on the YAP Housing Model that had been developed with sponsorship from the Fund for the City of New York. At the end of the meeting, the attendees unanimously decided to create a national Coalition for $200 Million to persuade the US government to fund the Housing Model nationally.

Meanwhile, YAP had attracted attention at the Charles Stewart Mott Foundation and The Ford Foundation. Program officers from both foundations were urging Dorothy to replicate the model. In 1988, the Ford Foundation awarded a $50,000 grant towards a national replication project, and Mott promised $100,000/year for three years starting in 1989. In the summer of 1988, Dorothy launched the National Replication Project of the Youth Action Program of the East Harlem Block Schools to build on the existing advocacy efforts and to provide assistance for organizations interested in bringing the Housing Model to their communities. The project was launched near Boston, where she and John Bell had moved to assume responsibility for an ill family member.

In 1989, shortly after the Replication Project was launched, John Bell and Margherita Pagni, the national coalition organizer, came up with the name "YouthBuild." The National Replication Project was renamed YouthBuild USA and was incorporated in 1990 as a separate national organization, spinning off from the Youth Action Program and the East Harlem Block Schools. With Dorothy as president, San

Francisco's Leroy Looper, who had been a member of the initial group of 10 representatives from communities around the country who had met at YAP in 1988 to discuss starting a national Coalition for $200 Million, became the founding board chair of YouthBuild USA. To these early leaders, it had become clear that a national organization was required to orchestrate the overall movement-building process and replication.

Questions:

- **What can we learn from YouthBuild's initial expansion in NY?**
- **How does a leader know that the time is right for expansion?**
- **Why did Dorothy move so quickly to expand the YAP Housing Model? What would have been the advantages and disadvantages of waiting until the model was more rigorously tested, formally evaluated, and standardized?**
- **Do you think Dorothy made the right or wrong decision in not accepting the initial funding from the Department of Employment for her organization to replicate the Housing Model in NYC? What are the risks and benefits of this approach?**
- **What do you think of the decision to form a national coalition to go after federal government money for this initiative?**
- **What alternative strategies could this group have used to pursue its goals of national expansion and movement-building?**
- **Why create YouthBuild USA as a separate organization from the YAP?**
- **What should be the next steps for YouthBuild USA?**

<div align="center">PART 2: GAINING NATIONAL SUPPORT</div>

From the beginning, the basic philosophy guiding YouthBuild's growth had been building collaborations to bring in more resources. Although there were other organizations that were serving the same population, Dorothy never saw these organizations as competition. The articulation of this belief system went back to the late seventies. Dorothy recalled a day that marked the distinction between the activist movement-building orientation and the business-oriented model:

> In 1979, we had a consultant come and talk to us at YAP. She said: "Think of this as a business. The product of the Youth Action Program is what you give to young people. The market is the young people who need help. Your competitors are other nonprofit organizations in the community who also offer opportunities to young people. You are competing with them for a limited pool of resources to fund your program and produce your product." And I said: "No. We're not going to think of it that way. The other nonprofits are our partners. Our job is to collaborate with them to increase the pool of resources so we can collectively meet the needs of all the young people. Competition is counterproductive under these circumstances."

Dorothy went on to use this approach both in New York City and nationally. As described in the last section, she and her colleagues had brought together a significant coalition and won the support of the New York City Council in 1984. This time, for the National Replication Project to be successful, she knew that they had to build a much larger constituency to lobby for considerably greater funding. She believed that a federal problem deserved a federal solution and that the federal government was the only entity that had enough money to make YouthBuild's national replication possible and to solve the problem of disconnected youth. YouthBuild USA's leaders believed that one of the mechanisms for getting the federal government's attention was persistent advocacy by the national coalition for which they had planted the seeds. (See Exhibit 2.1 for a summary of the Advocacy Principles of YouthBuild USA.)

National Outreach

With the introduction of the YouthBuild name in 1989, the Coalition for $200 Million became known as the YouthBuild Coalition. To build the coalition and to create an infrastructure of community based organizations prepared to run YouthBuild programs, coalition organizer Margherita Pagni sent out informational packets explaining the YouthBuild program to every available national mailing list of local organizations interested in housing, job training, youth development, education, homelessness, community service, or community development. The packets included a two-page statement of purpose that had been written by Dorothy in collaboration with the young people in East Harlem. (Exhibit 2.2) The aim of this document was twofold: getting as many organizations as possible to join the coalition (joining required neither money nor time from the organizations) and reaching out to the people potentially interested in bringing YouthBuild to their communities.

The conciseness, clarity and power of the document, and the fact that YouthBuild was only asking for endorsement, enabled them to attract the attention of a wide range of diverse organizations. In less than a year, the Coalition attracted 250 member organizations. Additionally, every individual who sent in a membership form and indicated that they would be interested in learning more about YouthBuild got a call from Margherita, who explained the program in detail and invited them to a YouthBuild seminar in New York City. These seminars were designed to attract the "hardiest and least opportunistic community organizers" since no travel money or lodging was provided and for three days, much emphasis was placed on the difficulties of running a YouthBuild program. Participants visited YouthBuild sites in East Harlem and the South Bronx, and YouthBuild leaders attempted to convey the complexity of running a YouthBuild program while inspiring them with the YouthBuild philosophy, design, and vision.

Also in 1989, the YouthBuild Coalition organized the first national youth conference in Washington, bringing together 75 young people and 30 adult allies from ten cities from across the country who might be interested in bringing YouthBuild to their communities. At the conference, Dorothy laid out a proposed 15-step process for replicating the YouthBuild program with public support. (See Exhibit 2.3) The YouthBuild Coalition had already been making progress on the first two steps – building a geographically diverse sample of strong local programs and a broad constituency of community support through a national coalition. Plans and community organizing for YouthBuild Boston were underway, and other communities represented at the New York seminars and national youth conference were beginning to explore opportunities in their cities as well. YouthBuild USA was established as the national support center in 1990, and grants had been secured from the Ford and Mott Foundations, and later the DeWitt Wallace Reader's Digest Fund, to support early replication of YouthBuild in twelve sites around the country. (See Part 3: Replicating YouthBuild for a discussion of these early replication efforts.) While these seeds were being planted for national expansion, the YouthBuild Coalition was also focusing on several of the other steps necessary for going to scale with public funds, including gaining bi-partisan political endorsement and several committed champions in Congress, building strong partnerships with federal agencies that would administer and enhance the federal programs, and getting federal legislation passed and appropriations made year after year.

Working towards Federal Support

Although the YouthBuild Coalition had gathered a considerable set of organizations that advocated for the same purpose, getting the federal government's attention promised to be challenging. At the time, there had been a steady decrease in federal funding for programs that served low-income communities. When Dorothy first approached members of Congress, she was warned that support for this program was unlikely since it was going in the opposite direction of the current trend in the government, which consisted of giving more money to the states and not creating new domestic discretionary line items.

Determined to obtain resources for other communities to replicate YouthBuild, Dorothy approached the staff of New York Congressman Major Owens (D-NY), who had attended several graduations of YAP in East Harlem. Owens became the initial supporter of YouthBuild in the House of Representatives. Dorothy asked his staff to introduce YouthBuild as a freestanding bill, rather than a line item or inclusion as an item eligible for funding in an existing bill. She chose this approach because she believed that a visible freestanding bill would be a better way of organizing a constituency than through an insider game of adding language to an existing bill. And this way, the constituency could see clearly what they were supporting and could have input on its content. Representative Owens introduced The YouthBuild Act in 1990 with 78 co-sponsors. After the constituency was organized, taking into account the fact that the Act would have better chances of passing if it were associated with a larger bill, he attached YouthBuild to The National Service Act as a separate title. On the same schedule, Senator John Kerry (D-MA) introduced it in the Senate. He had visited YouthBuild Boston and was impressed that the combination of education with job training, housing construction, and leadership development was effective.

The relentless advocacy efforts of the YouthBuild Coalition and the strong support from Congressman Owens and Senator Kerry contributed to the unusually swift passage of the legislation in 1990, surprising YouthBuild's national constituency and boosting YouthBuild's credibility with both its foundation supporters and members of the Coalition. However, the act failed to provide YouthBuild with the appropriation it needed. The YouthBuild subtitle had gone to a different appropriations subcommittee than the rest of the National Service Act, and there had been no interest there in funding it, making the legislation merely a symbolic victory.

Not accepting defeat, Dorothy decided to start over. The Coalition hired Bob Rapoza, a lobbyist savvy in navigating the legislative process, to manage the process on the Hill. Rapoza introduced Dorothy to Bruce Katz, the general counsel for the Authorizing Subcommittee that included the US Department of Housing and Urban Development (HUD). The Steering Committee of the Coalition had decided HUD

would be the ideal agency to support YouthBuild since HUD had an interest in diminishing poverty, understood community development, and could provide integrated housing and employment funds. Katz told her that he was "sympathetic to the bill, but it was highly unlikely that they could get any funding, unless John Kerry (who was on the Authorizing Subcommittee for HUD) cared about poor people more than any Senator had ever cared about poor people." Two weeks later, John Kerry called Katz directly to communicate his support, and Katz then used his staff position to move the legislation. With Kerry acting as the champion of YouthBuild in the Senate, and Maxine Waters (D-CA) and Joseph Kennedy (D-MA) on the House Subcommittee for HUD, the unchanged YouthBuild legislation passed as a subtitle of the Housing and Community Development Act of 1992. It included an appropriation of no less than $17.5 million and no more than $40 million, with the precise level to be determined by the Secretary of HUD. (See Appendix B for a copy of the legislation.)

In addition to YouthBuild's formal lobbying efforts in Washington, many of the youth supporting and participating in YouthBuild programs played significant roles in the advocacy efforts that led to the passage of the legislation. As part of their leadership development, each year, youth from the different sites that were springing up around the country traveled to Washington, DC to visit members of Congress and their aides. They recounted their personal experiences and argued that YouthBuild should become a federally sponsored program. These meetings, along with the growing number of site visits by key political supporters such as Senator Kerry and Representative Owens, were instrumental in YouthBuild USA's efforts to build federal support for the YouthBuild movement.

Notably, in the course of developing the YouthBuild legislation, there had been discussion about the option of having YouthBuild authorized as a demonstration under the jurisdiction of the Neighborhood Reinvestment Corporation, an autonomous organization that would have passed the management of the program directly on to YouthBuild USA. This approach would have given YouthBuild USA control, but it would have limited the size of the program to a demonstration of less than $25M. Dorothy's goal was to create a major national program that would reach as many people and communities as possible, and she was concerned about the funding limitations associated with the Neighborhood Reinvestment Corporation demonstration. Thus, she rejected the idea of a demonstration that YouthBuild USA would control, in favor of pursuing a potentially larger, riskier venture that would require on-going negotiation with a major federal agency.

Once the YouthBuild legislation passed in 1992, members of the YouthBuild Coalition flooded HUD with letters of support for the highest level of appropriation. The victory was complete when these efforts resulted in HUD Secretary Henry Cisneros setting the level at $40 million to be distributed to local sites by HUD through a competitive process in the form of planning and implementation grants.

Questions:

- **Why do you think YouthBuild was so successful in gathering a large number of organizations into the national coalition?**
- **What strategies and tactics were most effective in YouthBuild's successful drive to get federal support?**
- **Does the 15-Step Process provide a good roadmap for any social entrepreneur wanting to go to scale using federal funding? What elements, if any, might need to be changed, deleted, or added for other situations?**
- **What are the advantages and disadvantages of focusing, as YouthBuild did, on a specific model rather than lobbying for more general funding to support a variety of programs aimed at the same goals of employing and educating teenage dropouts?**
- **If the legislative effort had failed, what alternative strategies would you recommend to YouthBuild USA?**

- **What do you think about the strategic decision to go for a program under HUD with less control for YouthBuild USA as compared to a demonstration under the Neighborhood Reinvestment Corporation?**
- **How do you think YouthBuild USA will manage the sudden influx of HUD funding? What do you think some of the challenges associated with trying to grow rapidly will be?**

Exhibit 2.1
Advocacy Principles of YouthBuild USA

The set of attitudes and principles that have made YouthBuild's approach to community organizing effective thus far have been as follows:

1. People have been organized on the basis of vision, caring and responsibility, not on the basis of anger;
2. They have been organized for the common good, not for self interest;
3. They have been organized to propose solutions, not to protest wrongs;
4. They have been organized to win, not just to be morally right;
5. Their approach has been consistently to persuade and win over ever more allies, never to identify so-called 'enemies' or to attack or embarrass the opposition.
6. People who will benefit from the campaign, such as youth in low-income communities, have been in the forefront of speaking and lobbying and have participated in planning and policymaking.
7. We have organized for broad diversity, bringing as many relevant perspectives into the thinking as possible.

The result has been that we have produced no enemies whatsoever, we have attracted extremely responsible people who are able to sustain their energy over time, and we have achieved most of our objectives so far.

Exhibit 2.2
YouthBuild Coalition Statement of Purpose [abridged]

Central Goal We want to persuade the United States Government to fund local communities to employ and train their young people to serve their neighborhoods by building affordable housing for homeless and other low-income people.

Basic Philosophy The positive energy and intelligence of young people need to be liberated and enlisted in solving the problems facing our society. Young people in poor communities want to rebuild their communities and their lives, and will do so if given the opportunity. The desire to serve, to do meaningful work, is universal. Community-based organizations need to be given the resources to solve local problems and to mobilize local people, including neighborhood youth. Leadership development is a central element of effective community development and youth service.

Immediate Objective We propose that the US Congress put $200 million into appropriations designated for the purpose of youth employment and training in building housing for the homeless and other low-income people. The program, now called YouthBuild, is geared to attract young people who have dropped out of school. Academic remediation is emphasized on a par with construction training. The development of leadership skills reinforces a key philosophical underpinning of the program—that leadership involves young people taking responsibility to make things go right for themselves and for other people. The program includes the following features:

- Intensive academic remediation for 50 percent of program time
- Close on-site training in construction skills while building affordable housing and community facilities
- Counseling and other assistance with personal problems
- Wages for work performed
- Job placement and
- Leadership training in democratic processes and community involvement.

Construction requiring licensed tradespeople is contracted out; the remainder is done by the young people, supervised by skilled trainers. Once completed, the housing can be owned and managed by local community organizations and permanently designated for homeless and low-income people. YouthBuild programs can also build community facilities in low-income neighborhoods.

Final Comments There are approximately four million unemployed young people who have dropped out of school in the US; there are an estimated two million homeless people; there are uncounted government owned properties crying for rehabilitation and construction. We believe – and we have demonstrated— that part of the solution to all three of these tragedies lies in creatively putting them together, employing the young people to fix the buildings to solve the housing crisis, stemming the tide of homelessness.

Young people initiated this coalition. We invite other young people to join in the effort to obtain real jobs, training, and education for our friends and for all young people who need them, while building housing for our families and neighbors. The Coalition has two categories of members: organizations and individual young people.

We are eager to work with all interested parties, and with the federal government, in implementing this solution.

Exhibit 2.3
The 15-Step Process of Going to Scale with Public Funds

YouthBuild USA has laid out a 15-step process of going to scale, as follows:

1. Build a geographically diverse sampling of strong local programs committed to a common program design and a united national movement.

2. Build a broad constituency of community support through creation of a national coalition.

3. Build a new national non-profit organization as the support center, to provide technical assistance, training, inspiration, evaluation, funding, and advocacy.

4. Obtain sufficient private support to fund the effort prior to federal funding and to compensate for any weaknesses in the structure and process of federal funding.

5. Gain bi-partisan political endorsement and several committed champions in the Congress.

6. Build strong partnership relationships with federal agencies which would administer and enhance the federal program(s).

7. Obtain independent corroboration and documentation of the value of the program.

8. Develop youth leaders as spokespeople to communicate the depth of importance to them and their communities of this initiative.

9. Obtain sufficient press coverage for a credible public presence and reputation.

10. Get federal legislation passed and appropriations made year after year.

11. Influence effective operation of the federal agencies.

12. Set quality standards and establish a strategy for inspiring and enforcing adherence to them.

13. Provide the training and technical assistance necessary to all sites to meet quality standards.

14. Diversify the funding sources and build private sector support.

15. Learn how to manage the tendency toward turf and power struggle within local programs.

PART 3: REPLICATING YOUTHBUILD

Between 1989 and 1992, as the advocacy efforts on the federal level continued, the individuals who had attended the YouthBuild seminars in New York City had already begun to replicate the program with whatever funds they could find. While there were some local and national funders willing to support the replication efforts, there were certainly some skeptics in the funding community. Dorothy described some of the early reactions from funders:

> When we began to try to replicate YouthBuild, experts said: "Oh, no - you can't replicate it. This is dependent on your personality. You have a charismatic leader and those types of things can't be replicated." I said: "Absolutely not true. There are a lot of people like me and what we have is a set of ideas that are correct ideas. Anybody can implement these ideas as long as they have a sound personality, sufficient resources, and they care enough to work hard at it." And that's been proven to be the case.

Creating the First Site Outside of New York City

Tim Cross, Director of Teens as Community Resources in Boston, had heard a graduate of Youth Action Program (YAP) speak at a conference in 1988 and was excited about the potential of replicating this program in Boston. He called YAP and learned that by coincidence Dorothy Stoneman had just moved to Boston and was available to help. After attending the YouthBuild seminars in New York City, Tim returned to Boston to convene a series of meetings with different community leaders interested in housing, job training, community development, women and minorities in the trades, homelessness, and youth leadership development. This group gathered to explore whether the YouthBuild program should be replicated in Boston and if so, what existing agency should sponsor it. Dorothy and Margherita attended these meetings in support of Tim, and a video about YAP's success in New York proved to be extremely useful in communicating the vision and philosophy of YouthBuild. In the course of the meetings, a steering committee of people who showed deep interest in bringing YouthBuild to Boston coalesced. At the end of the series of meetings, this committee decided that there was no existing organization ideally positioned to start YouthBuild in Boston and that a new organization should be created. Dorothy reflected on the decision:

> Setting up a new organization turned out to be the ideal approach. Freestanding YouthBuild programs have often fared better than those embedded in larger organizations that can only give YouthBuild part of their attention. This Boston process embodied YouthBuild's typical grassroots approach: YouthBuild was brought to Boston by a local leader who spent a year as a volunteer carefully laying the groundwork of community support.

Tim hired a talented director named Jackie Gelb to develop the new organization. Believing that "getting a strong program up in Boston would be the most effective first step in the national replication project," Dorothy put her on YouthBuild USA's payroll for six months until the new director could raise enough money for YouthBuild Boston. By 1991, YouthBuild Boston was up and running and was, according to Dorothy, "setting new standards for what would follow all across the country."

The YouthBuild Demonstration Project

In an effort to test the replicability of YouthBuild, the Ford Foundation had agreed to fund a five-site demonstration to be launched in 1990. However, YouthBuild USA felt that five sites would be too small a sample from which to draw broad conclusions and decided to include 12 sites in the first round of replication. Due to funding limitations, only five sites would be included in the formal evaluation, but the remaining seven would receive the same training and technical assistance from YouthBuild USA as those

participating in the formal YouthBuild Demonstration Project. To support this expansion, additional funds were raised from the DeWitt Wallace-Reader's Digest Fund and The Charles Stewart Mott Foundation. YouthBuild USA managed a competitive proposal process through which 22 aspiring organizations competed to become the first five formal demonstration sites included in an independent evaluation managed by MIT, Harvard, and Public/Private Ventures. The seven runners-up became replication sites, and, along with the original three sites still operating in New York City, brought the total number of operating YouthBuild sites to 15 by 1993.

The formal evaluation of the YouthBuild Demonstration Project began in 1991 and ended in 1994, covering two full program cycles at the five different participating sites, which included YouthBuild Boston. By design, the evaluation was formative, focusing on discovering how the YouthBuild program operated, how program design and implementation could be improved, and whether it was replicable. The researchers described their initial impressions upon embarking upon the evaluation process:

> "What YouthBuild USA had in 1991 was a philosophy, a vision, the outline of an effective program, and an obviously talented leader. Funders did not support the YouthBuild demonstration project because of the details of the curriculum. None existed. Instead, they supported it based on what they heard of (Dorothy) Stoneman's success in New York, the vision that Stoneman articulated and the strength of her personality. Beginning with lists of program components and qualities, but no corresponding standards to calibrate compliance with either list and no well-defined curriculum, neither Stoneman nor anyone else knew for sure what was about to happen as the demonstration got underway. … In the end, the point was not to replicate what happened at the two sites [in New York City] where YouthBuild was born… Instead, the point was to develop a system of guidance for sites around the nation that wanted to serve communities and young people according to the philosophy and principles of human development embodied in YouthBuild's list of components and qualities."

In fact, YouthBuild USA did have a comprehensive handbook for implementing a YouthBuild program. Once they realized that the first publicly-funded replication sites in New York City had lacked adequate guidance and a clear enough prototype, between 1985 and l988, early site directors in New York City had written the 250-page manual that was edited by Dorothy. The executive director of YouthBuild St. Louis, a very successful program, would later say, "We just followed the handbook."

Nonetheless, the demonstration project and evaluation were designed to help YouthBuild develop a "system of guidance" while also satisfying the interest, particularly from private foundations, in having an external, independent evaluation of the YouthBuild model. YouthBuild USA chose not to have a random assignment impact study done for several reasons: it would be very costly; it would not leave YouthBuild USA with any capacity for on-going data collection, management, and self-study after it was completed by an outside evaluator; it would have been premature and run the risk of producing a final verdict before the replication was mature; if negative, it could be used against the long-range goal of obtaining opportunities and resources for low-income youth and their communities; it would require excluding the control group from future participation in YouthBuild.

The comprehensive evaluation report was published in 1996, though the learnings were shared with YouthBuild USA and all 12 replication sites throughout the evaluation period. Based on extensive site visits, interviews, and both quantitative and qualitative analysis, the researchers concluded that YouthBuild was replicable, with two major keys to success being fidelity to the YouthBuild philosophy and design as well as strong executive leadership. (See Exhibit 3.1 for a list of ten critical conditions for success.) The researchers also found that YouthBuild performed well relative to five other national programs that served the same general population, determining that YouthBuild surpassed all but one in the average length of stay and had the highest completion rate for GED while serving a much higher percentage of minority males, which has been generally shown to be the most difficult population to

serve.[2] And the evaluation process and results offered some very significant learning for YouthBuild USA regarding the reliable transformation process that YouthBuild students could be observed to go through, providing valuable information that was incorporated into YouthBuild USA's training and technical assistance programs and materials.

Early Relationships between YouthBuild USA and Local Sites

For the initial YouthBuild replication sites, YouthBuild USA offered very close guidance (including weekly telephone calls with program directors), provided some funding, and convened the site directors frequently for training by YouthBuild USA staff and consultants as well as opportunities to share and learn from each other and build solidarity. The national office also developed new instructional materials regularly in response to the needs of the staff members attending the trainings. However, in these early days, the national office did not own, control, or even have a licensing agreement with the sites. The sites were autonomous organizations sponsoring the program, and new organizations could use the YouthBuild name freely. Dorothy's goal was to spread good ideas as freely and widely as possible, to see the movement spread, with YouthBuild programs springing up as quickly as local organizations could muster the will and the resources to benefit local communities. She thought that YouthBuild could become a generic and widespread concept, like day care centers, libraries, or youth corps. There was no thought of "intellectual property" or "branding." The main point was to get enough good programs going to demonstrate to Congress that it should appropriate a substantial sum of money to spread this concept.

Establishing the Affiliated Network

Ultimately, it was the site directors who persuaded Dorothy that brand protection should be an important part of the scaling process. By the time the federal legislation had passed and an appropriation was made in 1993, in addition to New York and Boston, there were YouthBuild programs in cities ranging from San Francisco to Cleveland, Gary to Tallahassee, and Pittsburgh to Philadelphia. At that point, the directors of all fifteen existing sites sat Dorothy down and expressed concern that the new groups that would be funded by HUD might be opportunists coming just for the money who wouldn't be true to the philosophy of YouthBuild. They proposed that YouthBuild USA take steps to control the name that they had worked so hard to build into a credible concept. Their reputations and fundraising ability depended on having brand protection. They said that they couldn't depend on federal funding; it might disappear unpredictably for political reasons. Regardless, each of them would continue to be dedicated to YouthBuild and therefore would form an Affiliated Network that would protect the philosophy, the brand, and the long-term existence of YouthBuild no matter what happened with HUD. The youth representatives and the YouthBuild USA Board of Directors agreed with this concern and supported this proposal from the directors, so Dorothy moved decisively in this direction, even though it ran counter to her original instincts to give the name and concepts freely to whoever could make good use of them.

Enjoying Rapid Growth

The HUD funding did not actually reach any sites until two years after the legislation was passed. But once the grants began flowing, growth accelerated rapidly. In 1994, with the $40 million appropriation, HUD awarded 31 implementation grants (at approximately $1 million each) and 105 planning grants (between $60,000 and $100,000 each). Under the guidance of John Bell, staff at YouthBuild USA worked hard to provide all the necessary training to enable this rapid expansion to occur smoothly. Between 1994 and 1996 YouthBuild grew from 15 to 108 sites. Dorothy reflected on those days:

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[2] Comparisons were made with the Urban Corps Expansion Project (UCEP), the New York City Volunteer Corps (CVC), Job Corps, the Job Training and Partnership Act (JTPA), and Jobstart. Researchers noted that it was difficult to find comparisons, that the programs differed significantly in both design and implementation, and that the two impact measures reported were the only ones consistently collected across programs, not necessarily the most important outcomes.

The most amazing part was that over and over again young people came together in national conferences and reported their experience in such a way that we knew YouthBuild was actually working in their local communities. The replication was working at a rapid pace and a fairly large scale. It was working due to the clarity of the legislation and the comprehensiveness of the program design, the inspiration of YouthBuild USA's trainings and written materials, the close relationships our staff formed with the local directors, the dedication of the local leadership, the responsiveness of HUD's management, the flexible support of private foundations filling the gaps in public funding at YouthBuild USA, and the availability of adequate funding [primarily through HUD] for each local program.

Throughout the Demonstration Project and the subsequent period of rapid expansion, YouthBuild USA and the YouthBuild Coalition continued to grow with a democratic spirit and a commitment to youth leadership at the national level. National youth conferences were held annually, where youth were elected to serve on the national young Leaders' Council and the Alumni Council to provide input and leadership for the national movement. Each year, youth from the conference and the council spent time on Capitol Hill explaining to the aides of their elected officials why YouthBuild was important to them. These presentations were critical pieces of the ongoing campaign to obtain and preserve funding for local YouthBuild programs, and each year they coincided with the annual "Dear Colleague" letters that Senator Kerry and Representative Owens wrote to ask their colleagues for support.

Dorothy welcomed the growth that came with the HUD funding. From her perspective, "During the entire history of YouthBuild, fast growth did not turn out to be a problem; despite conventional wisdom that fast growth would be hard to manage. The most significant problems were caused later by slowed growth through decreased federal funding when the political winds changed."

Questions:

- **How would you assess YouthBuild's early approach to replication?**
- **How can YouthBuild maintain its grassroots philosophy as it grows to a larger scale?**
- **What are the pros and cons of a "formative" evaluation (designed and used to improve an intervention, especially when it is still being developed) versus a more conclusive evaluation focused on outcomes, impact, cost-benefit analysis, and the relative merit of a program or organization?**
- **Should Dorothy have waited for a more conclusive, impact-oriented evaluation of the demonstration sites before pushing for federal legislation and funding?**
- **What challenges do you think YouthBuild USA will face as it works with HUD? How do you think the two parties should handle those challenges?**
- **What do you think the benefits of working with HUD will be?**
- **What do you think are likely to be the primary differences between the first 15 sites' replication and the HUD funded replication?**

Exhibit 3.1
Ten Critical Conditions for Success for Local YouthBuild Programs

- Strong commitment to maintaining **fidelity to the YouthBuild model and philosphy**

- **Executive leadership** sufficiently qualified and devoted to perform all of the core duties required, including both internal management and fund raising

- Sufficient time between cycles to allow for necessary **planning**

- A **suitable construction site** for training YouthBuild participants

- **Freedom from inappropriate constraints** or meddling associated with being embedded in a financially weak host organization or one that does not share YouthBuild's culture or mission

- **Adequate funding that is sufficiently flexible** to cover staffing and materials for **all** aspects of the YouthBuild model

- **Recruitment, screening and selection criteria and methods that produce a cohort of participants who truly want what the program has to offer** and who seem determined to break away from any influences that might in the past have held them back or led them into trouble

- **Directors and staff who are more than concerned and friendly**; who, in addition to being likeable and emotionally supportive, are also steadfast in their insistence that youth should make the most of what YouthBuild has to offer. These are **directors and staff who work steadily and competently to lead youth into developmental engagement toward personal growth, and not merely social engagement for an enjoyable experience.**

- **High ratio of staff to youth**

- **Willingness to use technical assistance**, including the services of YouthBiuld USA

PART 4: WORKING WITH HUD

The first director of YouthBuild at HUD was Roy Priest, who had been impressed by the legislation and asked the Secretary if he could have it assigned to his department. The first thing he did was visit local programs and YouthBuild USA to understand the roots of the program. Then, starting with $40 million in 1994 and increasing to $68 million in 1995, HUD began releasing grants to YouthBuild programs around the country. The demand was great. 880 organizations applied for funding in the first year alone, with 31 receiving implementation grants and 105 being awarded planning grants. In 1995, HUD funded 77 implementation programs, increasing the total number of YouthBuild sites in operation to 108 by 1996.

Implementation grants made in 1994 and 1995 were $1 million per site, enough to fully fund a program with 50 students at $20,000/student. This level of funding produced strong staff groups, strengthened the organizations receiving it, and resulted in very strong outcomes, exceeding those reported by the much more experienced and larger Job Corps program. YouthBuild USA held 20 trainings a year for staff from YouthBuild sites and produced six handbooks covering each component of the program - counseling, construction training, education, graduate follow-up, and leadership development - in great detail. There were training sessions for each staff position: directors, teachers, construction managers, site supervisors and counselors. The movement was gaining momentum.

Despite the rapid growth and early success working with HUD, there was one terrible initial shock to the project when HUD announced the first grants. Most of the fifteen sites who had built the movement were not selected by HUD for funding. Of the 880 applicants in the first year, there were many larger, more established organizations, including public agencies, that HUD felt had greater capacity. HUD only selected four existing YouthBuild programs. The other 11 were devastated. Dorothy and other YouthBuild USA staff spent hours on the phone with the directors of these 11 sites. They also sent a long, analytical letter to the Secretary of HUD explaining why HUD's apparent preference for public agencies was counter-productive. The following year HUD shifted its emphasis to smaller community-based organizations.

Responding to Funding Cuts

Unfortunately, in 1996, after national elections changed the direction of Congress, the annual YouthBuild appropriation dropped to $20 million. This hit the burgeoning YouthBuild sites as another damaging shock. In response, HUD eliminated planning grants and cut the size of the implementation grants in order to spread the funds further. They experimented with various size grants, finally settling on a ceiling of $700,000. HUD also funded about 20 new programs each year. There was no guarantee that any program would be funded from year to year.

The YouthBuild Coalition, by then 650 organizations, redoubled its efforts after the 1996 cut. With the support of its champions in Congress, the Coalition was able to build the funding back up to $65 million by 2002 through steady annual expansion of bi-partisan support as elected officials visited local YouthBuild programs in their communities and became supporters. In 2001, the YouthBuild Coalition had the thrilling experience of winning a roll call vote on the floor of the House when a Congresswoman unexpectedly introduced an amendment to increase the funding.

Between 1993 and 2002, HUD released over $400 million in grants to YouthBuild programs. (See Exhibit 4.1 for HUD Funding Patterns) By 2002, there were approximately 200 YouthBuild programs in operation. In 2002, HUD funded 116 of these sites (including new and existing YouthBuild programs), with grants ranging from $217,000 to $700,000. (See Exhibit 4.2 for the Number of YouthBuild Programs 1993-2002) Although there was steady growth, the instability of funding and the widening gap between funds available and the funds needed resulted in closures of more than 50 YouthBuild programs between 1996 and the end of 2002. Dorothy considered this highly inefficient and even tragic, since organizations geared up to take on a challenging project, and then in some cases lost funding. But she also saw a

positive side to this story. She observed, "The most creative and entrepreneurial directors dug in deep, found other funding locally to protect them from loss of HUD funding, and became community treasures, protected by their Mayors, school systems, Rotary Clubs, and other supporters."

In addition to funding local YouthBuild sites between 1994 and 2002, HUD also contracted training and technical assistance provision to the national office, YouthBuild USA. In the YouthBuild legislation, 5% of the funds had been designated for training and technical assistance. This provision was important in order not to repeat the earlier mistakes of replication in New York City when new sponsoring agencies had not received sufficient help and failed. Close relationships between the leadership of YouthBuild USA and the managers at HUD made the partnership work extremely well, despite many bureaucratic delays and hiccups.

The Site Selection Process

In line with the legislation, each year HUD organized its competitive grant application program through the YouthBuild Notification of Funding Availability (NOFA). Public agencies and private nonprofits were encouraged to apply provided that they served low-income, unemployed and undereducated 16 to 24 year olds and that they were committed to implementing the YouthBuild model.

HUD controlled the site selection decisions. It used a point system to evaluate each application based on the capacity of the applicant and relevant organizational experience, need/extent of the problem in the local area, soundness of the organization's approach (including program components, strategy for job placement, expected outcomes and housing access/availability), ability to leverage resources, and potential for self-sufficiency and sustainability. Since this process was repeated annually, HUD would occasionally change the priorities given to certain factors. As a result, a program that had been successful and was of high priority in an earlier year might very well not get funded during the next round.

Defining Accountability for Sites

Working with HUD meant that YouthBuild USA was no longer the primary decision maker on program and performance standards. YouthBuild had suggested that HUD implement the program standards and quality control system developed by the Affiliated Network, but HUD had rejected this idea, indicating that they wanted to "respect local control." This decision complicated the accountability and control dynamics between the sites, YouthBuild USA, and HUD. From different sites' perspectives, it was possible to be accountable to HUD only, YouthBuild USA only, or both.

- *Sites accountable to HUD:* Each site that was funded by HUD had to set goals at the beginning of its grant from HUD, manage against those goals throughout the year, and report the results at the end of the designated term. Some of these organizations' rules and regulations precluded them from being affiliated with YouthBuild USA, and a few of them were just not interested in belonging to the YouthBuild USA Affiliated Network, believing that they could implement the program without the benefits of affiliation and that they did not want dual accountability. Therefore, these sites would only be accountable to HUD, while they would still have access to information, training, and on-site technical assistance from YouthBuild USA in its role as HUD's contractor.

- *Sites accountable only to YouthBuild USA:* These entities tended to be community based organizations which heard about the YouthBuild model and decided to implement the program in their communities. Some of them chose to apply for HUD grants after first becoming affiliated with YouthBuild USA and receiving technical assistance and training, believing that this approach would position them better in competing for the HUD funds. During the time they applied for HUD funding and in cases in which they did not get funded by HUD, they would be accountable only to YouthBuild USA. This accountability was based on a licensing agreement which gave them the right to use the YouthBuild name if they adhered to the Program Design and Performance Standards,

developed by the YouthBuild USA Affiliated Network. (See Part 5: Maintaining the Integrity of the Model for more information on the program standards.)

▪ *Sites accountable to both*: Every site that was awarded HUD funding and opted to join the Affiliated Network naturally became accountable to both organizations. In general, after getting to know YouthBuild USA through its role as HUD's contractor providing various forms of assistance, most HUD-funded organizations realized the advantages of affiliation and chose to join the Affiliated Network. One highly valued benefit was belonging to a peer group of directors who were committed to building a movement. About two thirds of the sites that received HUD funding joined the Affiliated Network even though this meant taking on additional responsibilities such as submitting monthly data to YouthBuild USA and being expected to work hard to sustain the federal appropriation.

Managing at the National Level

YouthBuild USA had to respect the boundaries between itself and HUD. For instance, YouthBuild USA could assist applicants in learning more about the HUD grant process, but it was precluded from providing direct assistance in preparing or evaluating applications. YouthBuild USA was also directly accountable to HUD as a contractor. HUD issued a new Request for Proposal (RFP) for technical assistance on the YouthBuild program every four years. Although the chance seemed remote, it was always possible that HUD would award this contract to another organization. Additionally, this process presented financial risks for YouthBuild USA. Despite YouthBuild USA's persistent reminders in advance that the RFP be issued on time, HUD was almost always late and inevitably took a long time navigating a contract through its bureaucracy. This delay caused YouthBuild USA to develop significant deficits every four years when it had to compete for the TA contract.   Twice, in 1994 and 1998, the Ford Foundation stepped in to cover the gap caused by HUD's delays. This support demonstrated a critical role played by a private foundation in facilitating the public/private partnership between HUD and YouthBuild USA in the institutionalization of YouthBuild as a federal program. Ford Foundation also provided a loan fund to YouthBuild USA so that it could provide cash flow loans to the local sites when HUD was slow in getting funds to them.

Although HUD managed the grant program independently, it often did pay attention to YouthBuild USA's recommendations. For example, according to Dorothy, HUD as a housing organization had historically been inclined to projects that had a distinct start and finish, and not to programs that were continuous over time, pushing organizations to create their own way of maintaining continuity for their program. But with YouthBuild USA's encouragement, it had started considering past outcomes when rating a site's next proposal. In a similar fashion, although it had originally leaned towards favoring applications from public agencies, partly at YouthBuild USA's urging it shifted to funding more community-based organizations. When HUD wanted to cut the $1M grants to $500,000 to spread the funds further after the cuts, YouthBuild USA strongly urged them to keep a category of funding at the $700,000 level in order to have at least a subset of exemplary, adequately funded programs to keep the full model in existence; HUD decided to adopt this approach. In the early years, the managers at HUD consulted with the leadership at YouthBuild USA on most policy matters affecting the program.

Dealing with Bureaucracy

HUD often lacked the systems that would enable things to move quickly. Dorothy described this situation by saying that the "system was less than the sum of its parts." First of all, HUD had to approve everything YouthBuild USA did: Every document that would be given out to the field, every training session that was organized, and every handbook that was written needed HUD's signoff. This process had the benefit of forcing YouthBuild USA to plan far in advance, but it also slowed things down. For example, it took two years to get the YouthBuild Handbooks published after they were given to HUD. YouthBuild USA got around the delay by distributing draft versions to sites that needed them more

promptly, but this was not optimal. Furthermore, HUD required YouthBuild USA to develop a technical assistance work plan for each and every site and document every hour spent against this plan, which meant managing extensive amounts of detailed paperwork.

Coping with Political and Agency Changes

On top of the fact that YouthBuild USA had to go through the competitive application process for the technical assistance contract every four years and one day could come home empty handed, the fickleness of the political landscape continuously posed more challenges. The abrupt drop of funding to $20 million in 1996 reflected this situation. YouthBuild USA and the sites had survived a near lethal crash after the 1996 elections. Both the House of Representatives and the Clinton Administration had zeroed HUD's YouthBuild program out of the budget. At the time, even the survival of HUD had been in question in Congress. However, YouthBuild's primary champion in the Senate, John Kerry (D-MA), joined forces with Kit Bond (R-MO), who was chairman of the appropriations subcommittee, and together they saved the program in the Senate. The Senate kept the appropriation at $40 million, the House of Representatives split the difference with the Senate in Conference, and YouthBuild survived, but certainly did not expand, with $20 million in 1996.

Congress was not the only shifting variable on the government side. Maintaining strong relations with HUD leaders was not easy. There was rapid turnover of leadership and staff at HUD. Between 1994 and 2002 there were five different directors of YouthBuild at HUD, 3 different HUD Secretaries, at least 5 different chiefs of staff, 3 assistant secretaries in charge of YouthBuild, and a variety of other individuals who turned over regularly.   Some of these individuals had enormous commitment to the program and a great understanding of it. Others had different priorities. New relationships had to be established with every new staff member at HUD.

Solving Problems

Despite the difficulties, during the first ten years, there were times when, according to Dorothy, HUD did some "unbelievably wonderful things." For example, in 1995, after HUD had announced $78 million of grants to sites, combining '94 and '95 funding, Congress decided to rescind $10 million. The General Counsel at HUD ruled that HUD would recover the $10 million by de-funding 30 grantees who had not yet signed their contracts—even though there had been no deadline for signing contracts. At this point, the HUD Program Director came up with a creative proposal of taking a 12.8% cut off the top of all grants instead of completely de-funding some sites. He told the sites that if they all agreed to take the cut, every site would be funded. The HUD Program Director and Dorothy presented this idea to the field and all 90 of the programs accepted this proposal in an effort to save programs in other communities. Dorothy attributed this "miracle of solidarity" partly to having built a community in which people were committed to each other and partly to the creativity and commitment of the HUD Program Director. As this incident also illustrated, the partnership was one that many would envy. YouthBuild USA and HUD had created a trust driven relationship in which they were able to learn from each other and strive to make the YouthBuild program better. In 2002 HUD and YouthBuild USA jointly produced a YouthBuild video, with footage supplied by YouthBuild USA that honored the partnership.

Questions:

- **Evaluate the HUD-YouthBuild USA partnership from both organizations' perspectives.**
- **What would you recommend to both organizations (YBUSA and HUD) as they think about the future of this program?**
- **What do you think about the role of the YouthBuild national office? How, if at all, do you think it should evolve going forward?**
- **What are the risks of being so dependent on HUD for funding? How can these risks be managed?**

Exhibit 4.1
HUD Funding Patterns 1993-2002
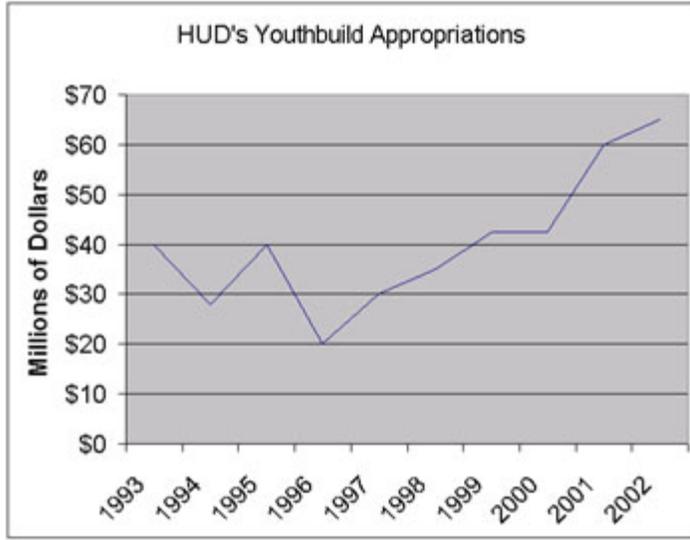
Source: YB USA website.

* In 1995 $50M was appropriated, but $10M were rescinded, bringing it back down to $40M.

Exhibit 4.2
Number of YouthBuild Programs 1993-2002

Note: Does not include planning sites.
Source: YouthBuild USA Annual Report.

PART 5: MAINTAINING THE INTEGRITY OF THE MODEL

YouthBuild USA had invested significantly in defining and documenting the core of the YouthBuild model (See Appendix A: The Core YouthBuild Model for details). Nonetheless, a challenge present from the beginning was how to implement the program consistently, assure quality, and strike the right balance of centralizatio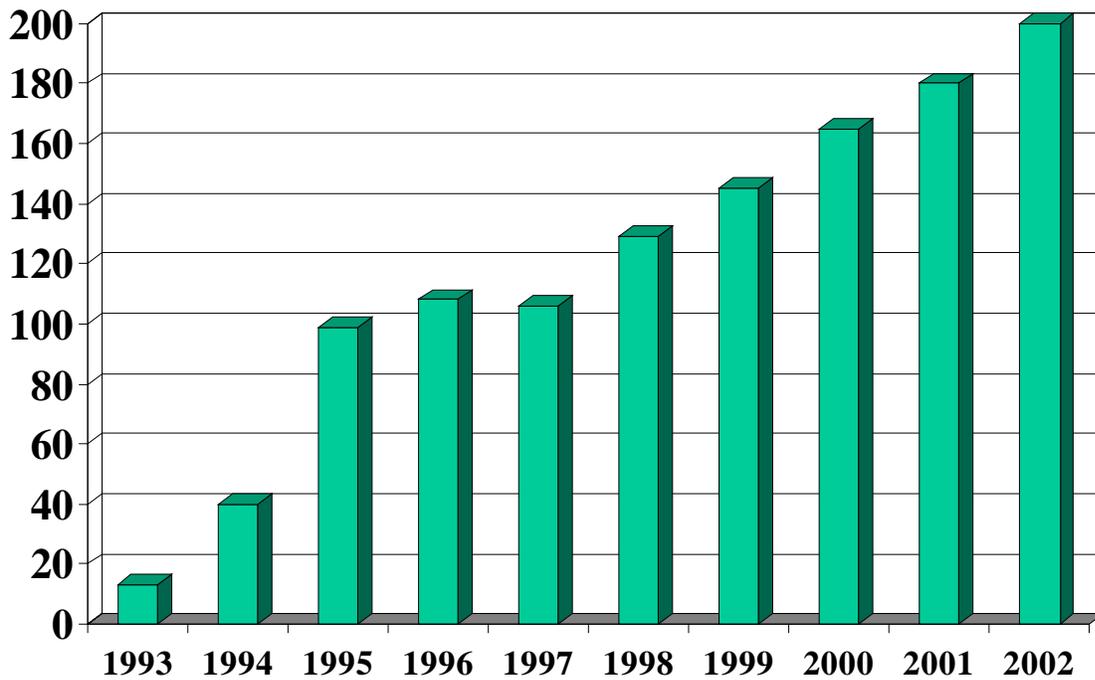n and decentralization. The expanded number of programs meant that YouthBuild USA had to train a larger group of site staff to be highly effective, assist in the development of new programs, and work with existing programs that were having difficulty.

YouthBuild's original strategy had been to organize around a network of autonomous organizations. YouthBuild USA's role in the expansion of the first 15 sites had been to inspire, influence and help these organizations by providing resources such as the program manual, frequent seminars, and on-site TA, instead of treating them as branches of a parent organization. However, as the HUD funding came on line, push from the field had indicated the need for a tighter affiliation model, leading to the creation of the YouthBuild USA Affiliated Network and its respective standard setting mechanisms. (See Appendix C: The YouthBuild Organization as of 2002 for the structure in which this Network operated.) Dorothy reflects:

> How do you get decentralized involvement with centralized control? That's a tension I've had to manage for 25 years! The underlying issue in replication is how much control the replicating entity chooses to maintain. Some leaders can't tolerate not having total control. They're not interested in democratic decision-making. I'm very interested in generating maximum energy at the local level and therefore have to decentralize a lot of authority. At the same time, I want to build a cohesive national organization, which requires paying a fair amount of attention to maintaining considerable central control. A lot of the balance comes through maintaining a lot of personal relationships with many players and being personally committed to their success. In fact, every success we have achieved has been dependent on the absolute and brilliant commitment of scores of local site directors whose energy seems unlimited. They are an amazing group whose creativity has fueled this movement. Trying to over-control them would be counter-productive.

Providing Support

The original method of conveying the program philosophy and design was the Program Handbook, the publication put together by YouthBuild USA for any organization attempting to run a YouthBuild program. This manual detailed the core concepts of the YouthBuild model, along with guidelines for implementation. Although the goal of the manual was to help the organizations replicate the YouthBuild program, it still tried to refrain from being overly prescriptive. The preface read:

> Our goal is not for someone to take this manual, bury his head in it, and follow it line by line. If there is one thing a YouthBuild Director needs to do, it is to keep thinking, to keep responding sensitively and flexibly to reality. This book should be used as a guide to beginning your program before making it your own. We hope it paves the way for your own creativity. We hope it protects you from some of the mistakes we made.

This creativity orientation and continuous learning philosophy turned out to be one of the most important factors of success, especially as the model was being implemented in different settings. The local differences spanned participant demographics, type of housing, background of the sponsoring organizations, and personalities of the Executive Directors and their staff. YouthBuild Brockton Director John Bengal explained:

75% of [YouthBuild Brockton]'s design is based on the standard model and the rest is my and the staff's take on how to implement it. [The program manual] is sort of at a higher level and there are infinite levels below that in terms of what it takes to make that model work.

YouthBuild USA provided training and technical assistance both to members of its Affiliated Network and to other YouthBuild sites that had not joined the Network. These sites were in various stages of planning or implementation. YouthBuild USA's Training and Learning Center organized conferences and workshops to inspire the attendees by communicating the vision and philosophy of YouthBuild, to develop the skills of program directors and staff and to spread effective practices quickly. Bringing different groups of site staff together approximately ten times a year, the trainings also served as a means of networking and community building. The Technical Assistance Department provided on-going support services for sites on general program implementation and leadership development through telephone contact and on-site visits. This department had a few full time staff for every region. They tried to visit every site at least three times a year and contracted with independent consultants as needed. Although the sites felt a 'close connection' with YouthBuild USA through these efforts, they also often wished for even more training and assistance. In the early years of replicating the first 15 sites, staff from YouthBuild USA had visited the sites 8 to 12 times a year. According to Dorothy, the decrease to three times was a result of limitations of HUD's funding for technical assistance.   The statute provided that 5% of the total appropriation would be for TA; as HUD funded a larger number of sites at lower grant levels, YouthBuild USA also had to provide less service to each site or find other resources.

In the first three years of HUD funding, the DeWitt Wallace Reader's Digest Fund provided a million dollars to YouthBuild USA to supplement HUD funding and provide flexibility in the provision of technical assistance. This funding allowed sufficient support during the period of most rapid expansion and provided another example of a foundation decisively enhancing the YouthBuild delivery system.

Setting Standards for the Affiliated Network

At the time the Affiliated Network was formed, the directors of the first 15 sites asked for a more concise version of the definition of what constituted a YouthBuild program. If, they reasoned, YouthBuild USA was to license YouthBuild programs to use the name, then new programs needed to know precisely what defined a YouthBuild program. The program handbook was long and detailed, with no distinction between what was required, optional, or was just a good idea if you could do it. Thus, the first task of the YouthBuild USA Affiliated Network was to create a set of program design and performance standards. The details were hammered out by experienced directors, students, and YouthBuild USA staff, facilitated by Dorothy. The group agreed on 88 design factors and a set of outcome standards. In doing so, they also distinguished between required and recommended standards. The standards were defined and finalized through an elaborate democratic process that included elected students, graduates, directors, and YouthBuild USA staff in equal numbers. Subsequently, they were implemented by YouthBuild USA through a licensing agreement with the sites that chose to be part of the Affiliated Network.

Belonging to the Affiliated Network was encouraged but could not be forced on the local programs since HUD had chosen not to impose these standards. As the HUD program unfolded, about 2/3 of YouthBuild programs joined the Affiliated Network. Of the 200 programs operating in 2002, 107 were members of the Network, and many of the 50 closed sites had also been affiliates. It usually took about a year or two for a newly funded HUD site to join the Network, and since HUD funded over 20 new sites a year, there was always a new group assessing whether or not to join.

Among the performance indicators that YouthBuild USA tracked were average monthly attendance for all enrolled students, retention, job or school placement, wages, educational achievement, construction skills mastery, individual leadership, and community leadership development. The sites could be rated highest, very good, satisfactory, needing attention or unacceptable across these dimensions. Sites were expected to achieve and maintain a satisfactory balance of standards.

The original standards system required that sites meet the program design and performance standards within 2 years or be disaffiliated. However, over time, local site directors advocated for a non-punitive approach that would provide sites with something to which they could aspire rather than punish them with disaffiliation for not achieving targets. In 2000, a new system was implemented. Members of the Affiliated Network were placed in the category of provisional affiliates, affiliates, or accredited affiliates. These categories corresponded to different levels of membership requirements and benefits. This system provided an incentive for sites to move up the ladder towards higher performance standards and hence more benefits instead of penalizing them for not meeting the requirements of a certain category of membership.

The most tangible benefit of becoming an affiliate was the ability to receive grants from YouthBuild USA. These were pass-through grants that ranged from $2,500 to $250,000 and stemmed from HUD, AmeriCorps, Department of Labor, private foundations, and The Home Depot. The **provisional affiliate** status was designed for organizations in the process of planning a YouthBuild program. It was intended to ensure that programs were committed to the standards of the Affiliated Network and were not just interested in accessing the YouthBuild USA grants. If sites demonstrated this commitment and capacity, they could apply for affiliate status after one year. **Affiliates** were functional YouthBuild programs with all of the necessary program components in place. They had to submit monthly web-based performance reports to YouthBuild USA and to complete all the required actions across the program elements designated by YouthBuild performance standards, as well as pay annual dues. Affiliated sites that had completed a minimum of two full years could opt to go through a comprehensive **accreditation** process. This third level of membership aimed to provide the local sites an incentive to strive to reach the highest level of program design and performance standards and required that the sites go through a comprehensive program assessment implemented by YouthBuild USA. Accredited members were given priority for certain grants and for being hired as peer consultants to other sites. (See Exhibit 5.1 for detailed descriptions of the different membership categories and benefits.) As of September 2002, out of the total 107 Affiliated Network members, 15% were provisional affiliates, 67% were affiliates and 18% were accredited affiliates.

Up until 2002, the dues charged for affiliation were only $300/year, based on the concept that YouthBuild USA intended to bring resources into low-income communities rather than take resources out. However, due to difficulties sustaining the Affiliated Network through private foundation grants, the fee structure was redesigned in 2002 when YouthBuild USA adopted a sliding scale fee system based on local site budgets, with $1000 being the ceiling for annual dues.

Striking the Right Balance

Even with the Affiliated Network with its standards in place, it was a challenge to maintain quality standards at all YouthBuild sites. Of course, there was the whole group of sites that did not belong to the Affiliated Network but still could use the YouthBuild name, 25 of which were new each year.   They were accountable only to HUD, who funded them based on their application, which required that the core elements of the YouthBuild model be met but made no reference to joining the Affiliated Network or adopting those standards. YouthBuild USA had to rely on inspiration, guidance, and training to assure quality in these non-affiliated sites. At the same time, since affiliation was voluntary, YouthBuild USA had to stay on its toes to retain the allegiance of its affiliates. As a result, YouthBuild USA could never rest on its laurels or slip in its attention to quality.

Even though organizations that belonged to the Affiliated Network were under a tighter degree of supervision aimed at maintaining the integrity of the YouthBuild model, they still exhibited considerable variations. The philosophy of encouraging flexibility in implementing the program model resulted in modifications and experimentation. For example, while YouthBuild USA encouraged use of the term "students" because they felt it commanded the most respect in society, the name given to the youth in the

program differed from site to site and could take the form of 'students,' 'trainees,' 'ambassadors' 'members', or simply 'participants,' depending on the culture of the organization. Some programs adjusted the age requirements and only accepted youth of ages 18 to 24, believing that 16 and 17 year olds could not handle the tough construction workstyle. Some experimented with the idea of increasing the program length to two years from one, believing that a two year education would help the students be better prepared for jobs and college in their local area. Others made alterations in the stipends paid to youth participants. For instance, YouthBuild Brockton implemented a point system, using attendance and quality of work to determine the amount of stipend the participant would get. The goal was to provide a more targeted incentive system to the students. In Illinois, YouthBuild McLean County paid almost double the stipend of the average YouthBuild program.

When local sites decided to test new ideas like these, the local leaders did not feel they had to get permission from the national office. In fact, YouthBuild USA viewed it as part of its responsibility to foster local innovation and highlight new effective practices. This local flexibility and creativity could help everyone figure out ways to execute the program more effectively.

A Critical Function of the Affiliated Network

In addition to satisfying the local sites desire for quality control and brand protection, having a system for on-going reporting of data, and the solidarity in place for people to do it voluntarily, turned out to be critical for advocacy to sustain the funding. YouthBuild USA had the kind of data needed by Congress and OMB, even when HUD had not had the capacity to gather, organize, and interpret such data. The early decision to spend money on building the internal capacity for data management rather than expensive external evaluation served the Network well for longterm advocacy. Thus, YouthBuild was able to compile and publicize its outcome and demographic data as necessary and continue to demonstrate the impact it was having at a national level, both in and of itself and in comparison to similar programs. (See Exhibits 5.2 and 5.3 for YouthBuild outcome and demographic data.)

Questions:

- **Why do you think YouthBuild moved from a looser network model to a tighter (but optional) affiliation model?**
- **Under what circumstances is a tighter structure preferable to a loose network? When, if ever, is a looser network a better choice?**
- **How could YouthBuild USA persuade more local sites to join the Affiliated Network?**
- **Should HUD seriously consider adoption of the standards set by the Network? What would persuade the program director at HUD to make this kind of modification? What are the risks for HUD?**
- **Do you think the structure of the Affiliated Network provides sufficient incentives for high quality performance? If not, how would you change it?**
- **Consider the outcome and demographic data collected by YouthBuild (Exhibit 5.2). Does it provide compelling evidence that YouthBuild programs are having an impact? If not, what is missing? What else would you like to know and how would you approach gathering any additional information?**
- **Does YouthBuild have a "brand" to protect? If so, what is its brand identity? To whom does it matter?**

Exhibit 5.1
Affiliated Network Membership Information

Membership Category & Description	Benefits
Provisional Affiliate	
Any organization in the process of designing a YouthBuild program or operating a YouthBuild program and meeting the following requirements: • Having a mission which includes youth development and leadership development and which is in alignment with the YouthBuild philosophy. • Being committed to working toward the YouthBuild Affiliated Network program standards. • Having the capacity to implement a program. • Sites remain provisional for a minimum of one year and may apply for affiliate status through an application process.	• Eligibility to participate in the Directors Association, the Young Leader's Council, Policy Council, and other such bodies influencing the direction of YouthBuild USA and the YouthBuild movement as a whole. • A regular funding newsletter presenting funding opportunities appropriate for YouthBuild programs. • Discounts on technical assistance, training, consultation, conferences and written material. • Use of the YouthBuild name, logo, and service marks.
Affiliate	
Sites having served a minimum of one year as a provisional member, and having met the following minimum standards: • Policy committee exists and is active. • Youth substantially participate in the building of housing for low-income members of their community. • Program provides education toward a GED or high school diploma. • Program has a leadership development component. • Program has submitted Student Tracking Data for most recently completed cycle and be up to date on Student Tracking Data submission for current cycle. • No performance outcomes are in the "unsatisfactory" range, and no more than three outcomes may be in the "needing attention" range. • Site is current on their annual dues.	• Access to a variety of leadership opportunities, internships, scholarships, exchange programs and national conferences for current YouthBuild trainees and YouthBuild graduates. • Eligibility for grants and loans made by YouthBuild USA. • Eligibility to benefit from direct mail fundraising appeals managed by YouthBuild USA.
Accredited Affiliate	
Sites which have completed a minimum of two full cycles, and a comprehensive accreditation process which includes independent verification of the site's ability to meet accreditation requirements in the following areas: • Program performance standards • Program design standards • Financial and fiscal stability • Functional Policy Committee	• Participation in peer technical assistance • Priority for certain grants • Priority for high visibility opportunities

Source: YB USA Website

Exhibit 5.2
YouthBuild Average Demographic and Outcome Data, 1998-2002

Year	1998-2002
Attendance	83%
Graduated	60%
Received GED or diploma (of those needing either)	36%
Placed in jobs or school	83%
Average length of stay	8.2 months
Average age	19.3 years
Average reading level at entrance	7.2 grade
Average wage after program	$7.79
Male	72%
Female	28%
African American	51%
Latino	21%
White	21%
Native American	3%
Asian American	2%
Other	2%
On public assistance at entrance	29%
Adjudicated students	31%
Convicted of a felony	13%
In public housing at entrance	18%
Are parents	34%
Without GED/diploma at entrance	85%

Source: YBUSA website

Exhibit 5.3
Comparison of YouthBuild and Job Corps Performance Data

	Job Corps		YouthBuild	
	1996* federally funded at $1B	2001** federally funded at $1.4B	1997 federally funded at $30M	2001 federally funded at $60M
Information submitted on	9,400 students	67,833 (all students enrolled)	1,714 students^	1,932 students^
# of programs represented in data collection^	n/a	118 (operating centers)	33	51
Attendance	n/a	n/a	77%	82%
Graduated	n/a	57% ~	64%	59%
Received GED or diploma (of those needing either)	22%	35% ~	40%	35%
Placed in jobs or school	82%	90%	81%	82%
Average length of stay	7.4 months	7.6 months	8.7 months	8.2 months
Average age	19 years	18 years	20 years	19 years
Average reading level at entrance	8.1 grade	7.5 grade	7.2 grade	7.5 grade
Average wage after program	$5.98	$7.96	$7.43	$8.00
Male	59%	60%	75%	73%
Female	41%	40%	25%	27%
African American	48%	48%	56%	47%
Latino	18%	18%	19%	20%
White	27%	29%	18%	26%
Native American	4%	4%	4%	4%
Asian American	2%	2%	1%	1%
Other	2%	0%	2%	3%
On public assistance at entrance	58%	20%	40%	28%
Adjudicated students	17%	n/a	21%	29%
Convicted of a felony	12%	n/a	14%	12%
In public housing at entrance	20%	n/a	25%	19%
Are parents	18%	n/a	43%	28%
Without GED/diploma at entrance	80%	77% ~	90%	84%

* Schochet, Peter. "National Job Corps Study." 1998 obtained from Job Corps website.
** Job Corps Annual Report PY 2001. Some figures are extrapolated, marked with ~.
^ YouthBuild USA Affiliated Network Aggregate Data. 1997 and 2001. 1996 is not available.
   Percentages may not add up to 100% due to rounding.
Note: Job Corps is used as a benchmark because random assignment studies have shown Job Corps to be cost-effective

Source: YBUSA Website

PART 6: MANAGING MULTIPLE FUNDING RELATIONSHIPS

Although HUD was the dominant funder of YouthBuild sites and had an "ownership" interest in the YouthBuild program, YouthBuild USA attracted other partners and funders. Diversifying funding sources has been good for YouthBuild USA, but it naturally brought about the challenge of managing these multiple relationships simultaneously and dealing with the consequences of being accountable to different funders. (See Exhibit 6.1 for the distribution of grant and contract funding in 2001. Also, Appendix C: The YouthBuild Organization as of 2002 contains financial statements for 2000 and 2001.)

Joining AmeriCorps

Dorothy had been in the middle of the national service movement in the eighties. The YouthBuild legislation was initially introduced as part of The National and Community Service Act in 1990. YouthBuild was also described as an "eligible activity" in the National Service Trust Act of 1993, paving the way for local programs to obtain funding through State Commissions on National and Community Service. Dorothy influenced the shape of national service initiatives. In fact, the national direct grantee program of the Corporation for National and Community Service, the parent organization of AmeriCorps, was originally conceived and proposed by Dorothy along with Roger Landrum, the founder of Youth Service America. Through this "national direct program," the Corporation would fund national nonprofits to run service programs in multiple states. Interestingly, when the Corporation accepted YouthBuild USA as a national direct grantee, it also accepted the precepts of the Affiliated Network and agreed that only affiliates committed to performance standards could become YouthBuild AmeriCorps programs, making this relationship substantially different from the one with HUD.

With this national-direct grantee status, YouthBuild USA was funded to develop YouthBuild AmeriCorps programs in 12 communities across the nation and to provide education awards to YouthBuild graduates at 15 additional sites. In 2001, the 12 YouthBuild AmeriCorps grantees received close to $2.4 million, out of the $3.2 million of total AmeriCorps funds allocated to YouthBuild that year.

The major benefit of integrating AmeriCorps into the YouthBuild program model was the addition of the education award for the students. If trainees completed the hours of community service required by AmeriCorps, they earned the right to a higher education credit of $2,300 for part-time service or $4,600 for full-time. The addition of AmeriCorps into a local site strengthened the commitment of the program to community service, which was already a fundamental tenet of the YouthBuild program. In addition to building affordable housing, the YouthBuild AmeriCorps trainees also engaged in human services at least a few hours every other week, providing an important additional form of leadership development.

The fact that the AmeriCorps funds flowed through YouthBuild USA to the sites reinforced the national office's role as a significant funding source for local sites. YouthBuild USA also had to track and report detailed data regarding the time and money spent to fuel the AmeriCorps aspect of the program. Of course, this additional workload added to the complexity of the system both at YouthBuild USA and consequently at the sites. To handle the increased management of detail, both YouthBuild USA and the sites had to create new staff positions. Nonetheless, Dorothy was convinced that "the YouthBuild-AmeriCorps marriage was a good one that strengthened both the benefiting sites and YouthBuild USA and put more focus on higher education as a goal for graduates."

Constructing a Relationship with Home Depot

Seeking corporatesupport had not been a part of YouthBuild USA's strategy originally. However, as more and more YouthBuilds were formed and as the program became more successful and visible, corporations started knocking on YouthBuild's door to see if there could be potential areas of

collaboration. One of those was The Home Depot, whose charitable priorities were providing affordable housing and helping at-risk youth. Many local YouthBuild programs had been receiving monetary or in-kind assistance from the Home Depots in their areas. Home Depots and local YouthBuild programs had also developed event-based relationships where YouthBuild students would participate in trainings at the stores to familiarize themselves with tools.

Starting in 1998, The Home Depot gave YouthBuild USA half a million dollars a year, 60% of which was targeted to support local programs. The Home Depot was interested in being in as many "markets" as possible, so they had to be persuaded to accept that only affiliates would receive Home Depot grants through YouthBuild USA. This relationship also required significant coordination at the YouthBuild USA level, even though the organization did not have a position dedicated to managing corporate relationships. However, the partnership not only turned into a long term beneficial relationship for both parties, it also served as a learning experience for YouthBuild in figuring out what it took to make corporate partnerships work. Nonetheless, proactively pursuing corporate partnerships remained outside the priorities of YouthBuild USA, and as of October 2002, Home Depot was the only major corporate sponsor. YouthBuild USA and local sites did, however, receive smaller contributions and significant in-kind donations from a number of other corporations.

The Role of Large Foundations

YouthBuild USA and the YouthBuild Coalition were started with a modest $50,000 grant from The Ford Foundation and a promise of $100,000 per year for three years from the Charles Stewart Mott Foundation to support the process of replicating YouthBuild and obtaining federal funds. Each year thereafter for several years, one additional major national foundation came on board.

Early on, the Ford Foundation had written a public report on YouthBuild, which turned into YouthBuild USA's first brochure. It gave them national recognition and enhanced YouthBuild's credibility. The Mott Foundation also wrote an annual report featuring YouthBuild USA, further strengthening their credibility. Soon the DeWitt Wallace-Reader's Digest came on board as a major funder. These three foundations generously funded the transition to public funding. The moment the first federal appropriation was passed, and before the actual flow of federal funds, these three foundations funded YouthBuild USA to staff up in preparation for rapid expansion. When HUD was 8 months late in selecting YouthBuild USA as its technical assistance provider, The Ford Foundation granted $700,000 to fill the gap, thus sustaining YouthBuild USA's capacity. The foundations were so pleased to see the federal government institutionalize the program that filling the gaps to ensure the success of the endeavor was a natural commitment for them. Moreover, while foundations do not often provide endowment gifts, in 1999 the Mott and the Ford Foundations established a small endowment for YouthBuild USA, which generated approximately $275,000 of flexible annual revenue.

YouthBuild USA continued to raise funds from an expanding number of national foundations to support specific projects. Examples included work with YouthBuild graduates, national and local capacity building initiatives, development of rural and Native American YouthBuild sites, other new site development in areas of interest to foundations, development of data management systems, research, charter school development, curriculum development, and other cutting edge areas of program management.

Working with the Department of Labor

Dorothy had been building relationships within the Department of Labor (DOL) since the beginning of YouthBuild. In fact, a number of sites had been funded through the Job Training Partnership Act (JTPA) although opportunities for a partnership on the national level had not really existed due to the limitations of JTPA. However, when the DOL announced the Welfare-to-Work initiative in 1998, YouthBuild

applied for and won a $5.4 million grant to support ten sites. These sites recruited trainees that met the eligibility criteria set out by Congress and the DOL in the regulations. YouthBuild USA again used its internal data management process to produce its own carefully researched report on outcomes, which it sent to Congress and to other funders. According to this report, outcomes of the YouthBuild Welfare-to-Work program were better than the national average of other Welfare-to-Work programs, and YouthBuild USA was apparently able to collect more complete data than Mathematica, Inc. reported in its funded study for DOL. Unfortunately, the Welfare-to-Work program was ended by the DOL after three years, so there was no opportunity to continue this program. However, this relationship demonstrated that once again, YouthBuild USA's role as national intermediary was to attract funds for the local sites and publicize their success.

Summary of YouthBuild USA's Funding Sources

As illustrated in Exhibit 6.1, grant and contract income accounted for over 92% of YouthBuild USA's total revenue in 2001. The remaining 8% consisted of relatively small amounts of income from a variety of sources. Total investment income, including the endowment mentioned above, approached $400,000 in 2001. Donated services slightly exceeded $240,000, and contributions exceeded $220,000. Taken altogether, other sources including affiliation fees, conference fees, products, and other income approached just $125,000.

Questions:

- **What are some of the more difficult aspects of managing multiple major funding relationships?**
- **What strengths do you see in this funding mix? What weaknesses or risks?**
- **Should YouthBuild be more aggressive in seeking corporate partnerships? If so, which companies would make good candidates?**
- **Should YouthBuild consider developing a larger individual donor base? What would it take?**
- **Can you think of other potential income sources to support YouthBuild USA as it scales?**

Exhibit 6.1
Distribution of Grant and Contract Income: 2001

Pie chart labels:
- DOL 0.2%
- Other 0.5%
- The Charles Stewart Mott Foundation, Other Foundations & Corporations 13.8%
- Kellogg Foundation 4.1 %
- Ford Foundation 4.1 %
- Home Depot 4.1 %
- HUD 17.2 %
- HUD - CBI 29.7 %
- Americorps 26.2%
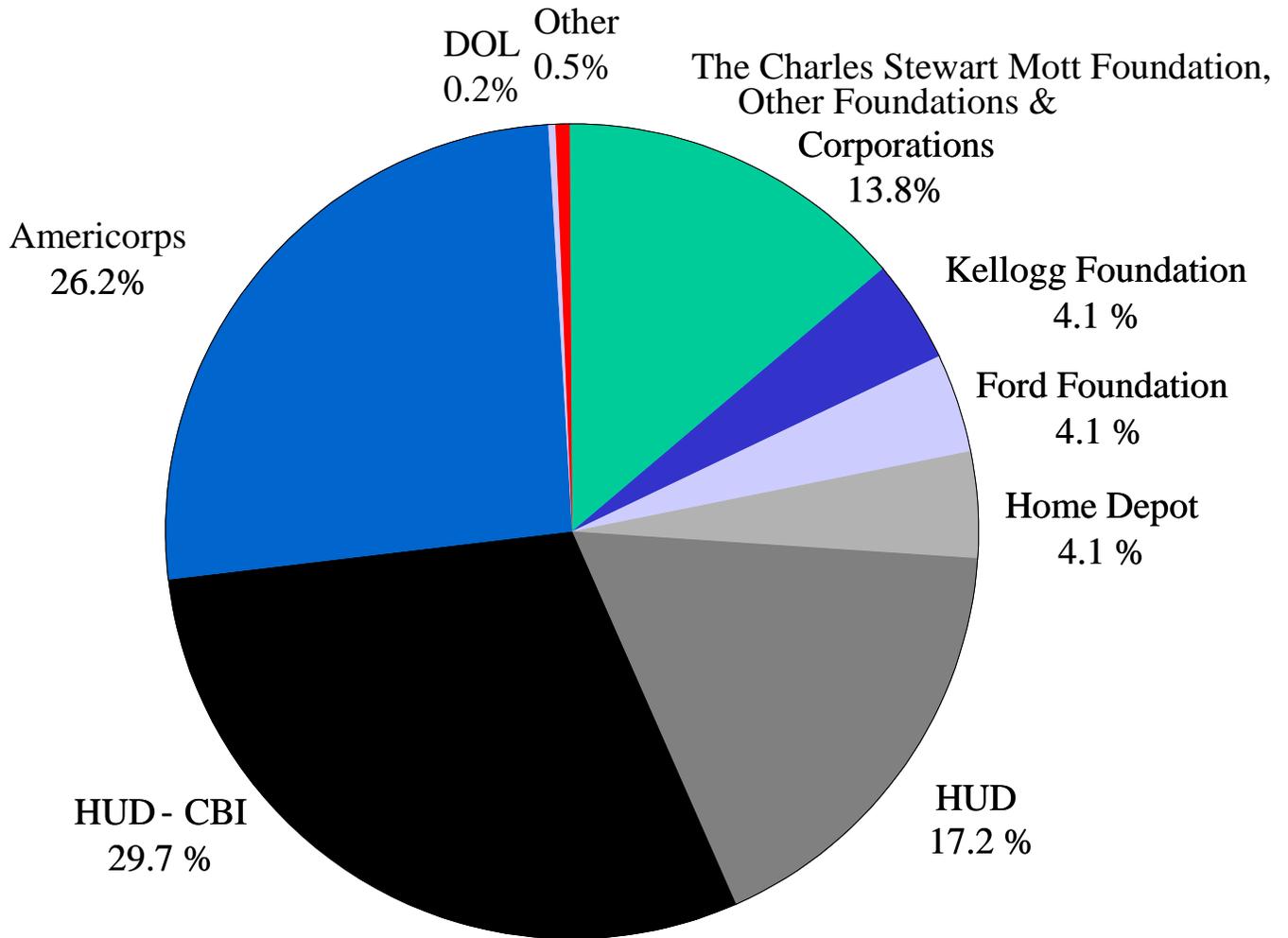
Total Grant and Contract Income = $12,113,462

Notes:
1. HUD CBI refers to HUD's Capacity Building Initiative and forms the pool for the pass through grants.
2. HUD CBI and AmeriCorps figures include grants both to local YouthBuild programs and to YouthBuild USA. Out of the HUD CBI of $3.6 Million, $2 Million, and out of the AmeriCorps grant of $3.2 Million, $2.4 Million was redistributed to local sites.
3. Total revenues equal to $13,097,574. Over half of the difference is composed of investment earnings ($397,879), donated services ($240,989), contributions ($223,227), products ($36,598), affiliation fees ($26,000), conference fees ($17,689), and other income ($41,739).
4. Kellogg and Ford Foundations' totals are estimates.

Source: YouthBuild USA 2001 Annual Report.

PART 7: CRAFTING A STRATEGY FOR STATE SUPPORT

The pursuit of state funding had existed on an ad hoc basis throughout YouthBuild's history. However, in 1995 the Congress went through a major shift in ideology, and key staff informed Dorothy and a YouthBuild graduate with whom she was lobbying that there had been "a revolution" and that they could "forget about YouthBuild as a national program." Dorothy rejected the idea of forgetting about funding at the national level, but she decided then that they should begin positioning YouthBuild to advocate systematically on the state level as well.

Creating State Coalitions

After that, 17 YouthBuild state coalitions were organized and trained by YouthBuild USA. They met regularly and advocated collectively to obtain either a line item in the state budget or to get YouthBuild legislation passed. They tackled the different state political environments flexibly. Many states had allocated funds for youth and/or community development activities following the trend in Washington DC towards "devolution," transferring more money and spending decisions from the federal to the state budgets. Armed with the advocacy and organizational guidelines YouthBuild USA had provided them, by the end of 2002, eight state coalitions had obtained funding for their members at the state level.

Not only were the state coalitions instrumental in tapping into the state resources, they also served as a means of collaboration through which YouthBuild sites could share lessons learned, conduct statewide assessment of programs, and most importantly, feel like they were part of a larger, supporting community. This is the same role YouthBuild USA had always played in building the national movement. In authorizing and staffing these state coalitions, YouthBuild continued its fundamental movement-building orientation and built new infrastructure for solidarity at the state level.

Of the 17 state coalitions, the Massachusetts Coalition was one of the oldest and most effective. Comprised of the 12 YouthBuild sites in the state, it had succeeded in getting the Massachusetts legislature to provide $250,000/year for each of the state's YouthBuild programs. In order to take this partnership beyond just an effort for funding, the members of the coalition met every four weeks and talked about ways to tackle their common challenges and to support each other. One of the most remarkable examples of collaboration at the state level occurred when six members of the coalition got together to provide planning funding from their own budgets for a startup Massachusetts site. Soon they collaborated in organizing state-wide events and building relationships with the State Division of Youth Services as well as with corporations. They hired a fundraiser with a grant from YouthBuild USA and began collaborative fundraising on private as well as public levels.

Becoming Charter Schools

During the 1990's, the charter school movement began to sweep the country, creating a new funding possibility for YouthBuild programs. Charter schools created an alternative to traditional public schooling through a "nonsectarian public school of choice" format that operated with freedom from many of the regulations applied to traditional public schools.[3] The schools were funded with public money, had to be open to public school students, and were free to explore alternative approaches to education. The "charter" establishing each such school was a performance contract detailing the school's mission, program, goals, students served, methods of assessment, and ways to measure success. Charter schools could be authorized by a variety of entities including local education agencies, state education agencies, institutions of higher education, municipal governments and special chartering agencies formed for the

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[3] http://www.uscharterschools.org/pub/uscs_docs/gi/definitions.htm

purpose of awarding charters.[4] After the first charter school opened in 1992, the number of charter schools increased steadily to more than 2000 in 34 states.

Embracing the charter school movement as an opportunity to sustain their programs with reliable annual funding and expand the number of students served since the funding followed the students, 19 local YouthBuild programs succeeded in becoming charter schools between 1997 and early 2003. This source of state funding was crucial in supporting these local programs, providing about 3/5 of the annual cost of each student. (Remember, unlike most public school students, YouthBuild students received a living allowance since they were building housing.)   In early 2003, YouthBuild USA received a major grant from the Gates Foundation to systematize this move and demonstrate the methods that can succeed with students who have dropped out of traditional schools With the grant, YouthBuild USA planned to create a model YouthBuild High Performing School that would define its program design and performance standards somewhat differently, based on the experience of the YouthBuild charter schools that had already pioneered the transition to becoming public schools that worked.

Dorothy and her staff viewed this undertaking as another exciting stage in YouthBuild's development. They envisioned charter schools becoming a larger portion of the entire site population and YouthBuild starting to play a role in advocacy around small school reform. They believed that since YouthBuild had figured out an effective approach for engaging and educating the students who were leaving public schools, bringing this philosophy and methodology back into the public school system could have a real impact on the education system. Charters provided the flexibility to do this.

Although this shift offered sites a source of funding and the ability to offer high school diplomas, compliance with the charter school regulations also required significant alterations to the standard YouthBuild model (as described in Appendix A). For example, students might need two full years to complete their high school diploma; all students had to be accepted regardless of motivation; legal authority required charter schools to be in a separate corporation rather than under a nonprofit corporation that sponsored many community initiatives; high stakes testing would probably be imposed on the charter schools. Executive Directors were struggling to determine whether the benefits of becoming a charter school would compensate for the compromises they would have to make. As of the end of 2002, the verdict was not yet in according to one YouthBuild executive who posed the question: "Once you become a charter school, are you then a school that happens to have a YouthBuild program, or are you still a YouthBuild program?"

Questions:

- **What do you think about the strategy of going after state funding? What do you see as the challenges and risks associated with this strategy? How can they be addressed?**
- **Do you see state funding becoming more or less important in the future? Could this be a path to greater scale?**
- **What is the right role for YouthBuild USA in securing state funding for local YouthBuild sites?**
- **What do you think are the risks and rewards associated with a YouthBuild site becoming a charter school?**
- **Should YouthBuild USA consider becoming or launching a national charter school management company? If not, what role should it play relative to YouthBuild programs becoming charter schools?**

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[4] http://www.sri.com/policy/cep/choice/yr2.pdf

PART 8: TAKING YOUTHBUILD TO THE NEXT LEVEL

In the decade since federal funding was first approved, YouthBuild had grown to be the envy of many other nonprofit organizations struggling to go to scale. It had attracted a steady stream of federal funding, leveraged this money with support from a diverse set of other funders, built a strong national support network through the coalition, and had 200 operating sites. Nonetheless, YouthBuild USA's leadership believed that it was still greatly underfunded and the current network of sites was still too small. Dorothy saw 200 sites as "intermediate" scale, far short of the "full" scale to which she and her team aspired. They viewed the problem in terms of the number of young people still waiting to be served. The average YouthBuild program had 3 to 6 times as many applicants as it could accept, and HUD had 5 to 10 times as many proposals as it could fund. Clearly demand far exceeded supply.

According to the National Center for Education Statistics, there were approximately 4.3 million high school dropouts between the ages of 16 and 24 in the US as of 2001. 45%, or 1.9 million, of this population belonged to the lowest family income quartile, with another 1.3 million being listed as low to middle quartile. Although the total number of dropouts had been decreasing at a modest rate of around 1% each year, more than 500,000 young people were annually being added to this population. Of the 4.3 million dropouts, only around 150,000 of them were accommodated by programs like AmeriCorps, Job Corps, Conservation Corps and YouthBuild, with YouthBuild, the smallest of these programs, enrolling 6000 young people annually. Dorothy wanted YouthBuild to play the largest possible role in closing this gap:

> Through a careful planning process, YouthBuild USA projected that a workable growth plan would be to grow to 60,000 young people within 10 years. If the federal government was committed to solving the problem of disconnected youth, an annual commitment of $1 billion per year for YouthBuild would serve 60,000 youth in 880 communities, making YouthBuild a community-based analog to the residential Job Corps program. At the same time, the government could expand the other effective programs and at least reach all the youth who are seeking an opportunity to learn, work, and serve.

Unfortunately, the out-of-school, unemployed population of youth was, in Dorothy's words, "no president's political priority." After 1995, neither the Clinton nor the Bush Administration requested substantial additional funds. Although the YouthBuild Coalition, with the persistent help of Senator John Kerry, Rep. Major Owens, and a growing bi-partisan network of Congressional supporters, succeeded in persuading Congress to appropriate more than HUD requested, by 2002, the appropriation was still only at $60M. As a result, HUD was only able to fund 20 to 25% of the applications it received and only had enough funds to fund half of the existing programs. Even the strongest sites that got funded had to anticipate the possibility that they would not be funded the following year, so they husbanded their funds carefully and continually sought other sources.

Between 1996 and 2002, over 50 programs closed for lack of funding, even as the total number grew to 200. HUD and key staffers in Congress held the view that seeding new programs was an effective way to spread the program, and they expected grantees to achieve sustainability by finding funds elsewhere. This strategy worked to some degree. In 1994, all existing YouthBuild programs were funded 100% by HUD; by 2002, slightly more than half of the existing programs (116 out of 200 sites) received the HUD funding, and then only at a level of 70%. The rest had indeed found funds elsewhere, including at the state level. But they were in most cases serving fewer students and their outcomes were weaker than when they had full funding from one source. They had also stretched their administrative staff very thin to handle the demands of different funders.

Northwest Youth Corps of Oregon was a good example of a strong site that closed. They had operated a very good program in Lane County but had gotten knocked out of priority eligibility because they did not have a high level of poverty in their community (which is one of the factors HUD took into account when

making its funding decisions). Dorothy commented, , "The fact that this County was the location of the original school shooting that shocked the nation turned out to be irrelevant." The Northwest Youth Corps had finally come to a dead-end after struggling to maintain its existence without HUD funding for three years.

If HUD's appropriation was kept constant at $60 Million, its level in 2002, many existing YouthBuild programs would be forced to find funding elsewhere and the vision of opening the doors to all the youth who were eager for the YouthBuild opportunity would not be achieved.

YouthBuild USA's goal was to grow from 200 to 800 sites over the next 8-10 years and reach ten times as many people as they reached currently. YouthBuild USA's leaders believed that they could make sure each site got adequate training because the training infrastructure was in place, but they worried that providing the ongoing onsite technical assistance at the optimal levels would be more difficult.

Imagining this kind of growth posed the ever-pressing question of funding. State funding had been a good supplement to federal funding, but Dorothy still believed that federal funding should be the backbone of this national program. Even if every program received state money as a charter school, those funds would only cover about half the costs of a full YouthBuild school program. She elaborated:

> I feel like we have hit a glass ceiling. We have achieved incremental gains but not the breakthrough to really fund at the level of need and capacity. I want federal funding to expand and make YouthBuild comparable to Head Start and Job Corps. We will be stuck at partial scale until or unless something really changes. And that change could come from any number of places. It could come from governors saying "we do need alternative schools for people dropping out of high school and we're going to use our education money to fund these schools." It could come from riots, where suddenly people say, "oh, we forgot that there's a generation of young people who are alienated and mad and we need to deal with it." It could come from us building a big enough constituency. And it could come from a President saying, "We really need this." In fact, I believe it's going to take a presidential commitment. And I can't predict if that's going to come soon. But we will do everything we can to persuade every President and every presidential candidate that YouthBuild, AmeriCorps, service corps, and all other effective programs should be dramatically expanded.

Questions:

- **Do you think YouthBuild is well positioned to fill the void between supply and demand for the low-income youth population?**
- **How could YouthBuild convince federal or state governments to provide the $1 billion per year to bring YouthBuild to the scale to which it aspires?**
- **What are some of the alternative approaches YouthBuild can take to make sure they reach more youth who could benefit from this program? Can real scale be achieved through other funding sources?**
- **What would happen if HUD de-funded the entire program? How could Dorothy plan for that possibility?**
- **Do you agree with Dorothy's assessment? How would you advise her to take YouthBuild to the next level of scale?**

APPENDIX A:
THE CORE YOUTHBUILD MODEL

> *It is not accurate to define YouthBuild as any of its particular parts. It must be understood as a comprehensive whole.*[1]

Designed to run on a 12-month cycle, the core YouthBuild model combines an alternative school, job training, and a community service program, with an equal emphasis on each. As part of the education component, young people attend a YouthBuild school full time on alternate weeks, studying for their high school equivalency diplomas or GED and for college entrance through a curriculum geared to their interests. The other half of their time is spent on community service and job training through which they build housing for homeless and other low-income people while learning construction skills The two pieces of the model also serve as a job training and pre-apprenticeship program since YouthBuild trainees are exposed to a construction related curriculum and receive close supervision and training in construction skills from qualified instructors. While in the program, YouthBuild students are also given a modest stipend. Dorothy explained:

> The equal emphasis on education and service and the fact that you're getting job training means that while you're in [the program], you're not feeling that this is a dead end. And you're not feeling used. You're feeling like, hey, they're opening doors for me that I didn't know existed, and I'm getting paid for it. And your heart is opening up.

YouthBuild complements this approach with other program elements embedded into the model, including leadership development, individual counseling, and graduate services. (See Exhibit A.1 for a graphical representation of the core elements of the YouthBuild Model.)

Diffused throughout this model are the underlying values of respect, love, responsibility, community, and knowledge. Dorothy emphasized the importance of these less tangible aspects of the program:

> We have a program and we have some ideas. The philosophy underpinning the program of complete respect for young people, and of engaging them in the decision-making, is essential. If it turns into something which is just providing services and implementing a program, you lose what's qualitatively different from any other program out there. The program design is important -- but there's a set of qualities that have to infuse that design. If you can infuse those qualities and that culture into the program, you have a package that works.

The Value Chain

The YouthBuild model is implemented through a set of activities composed of recruitment, a mental toughness program, education, construction site work, leadership development, counseling and alumni services. (Exhibit A.2)

Recruitment. All YouthBuild trainees are between 16 to 24 years old. At least 75% of them, according to the HUD Youthbuild statute, must be young people who have dropped out of school, who come from very low-income families, and who do not have a high school equivalency

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[1] YouthBuild Program Manual.

The YouthBuild Model

diploma. 25% of them can be young people who have a diploma or who are not low income but who need the educational program nonetheless. Beyond these stipulations, every local site establishes specific recruiting criteria that best fit their culture and goals. For example, sites make their own judgment calls about things such as whether a particular minimum reading level would be required or priority would be given to applicants with children. Once the criteria are determined, the sites reach out to the community via media ads, announcements in the newspapers, fliers, mailings or by building relationships with local high schools. Usually, after a program is in existence for a year or two, word of mouth among youth is a sufficient recruiting technique. The YouthBuild site then uses the established criteria to select among the applicants, usually through a mixture of methods such as evaluating written applications and conducting interviews. One of the important factors YouthBuild USA urges the sites to consider in this process is ensuring that young people are interested in leadership and seriously committed to 'changing their lives.'

Orientation. Mental Toughness is an orientation program which lasts anywhere from a week to a month and is aimed at introducing trainees to YouthBuild's culture, values, goals and rules, creating a team atmosphere, and establishing discipline. Trainees are asked to leave the program if they have an unexcused absence or a disciplinary problem during this time period.

Education. All trainees who successfully complete the Mental Toughness step start the core piece of the YouthBuild program, which consists 50% of classroom education and 50% of construction site work. The education half aims to weave academic, vocational, career, leadership, and life skills together. Composed of a reading, writing and mathematics curriculum, the academic program's goal is to offer an alternative to public schools and help the trainees work towards earning a diploma or a GED.[2] To tie the academic experience to the construction work and to make it more relevant for the trainees, YouthBuild USA recommends that construction related materials be used as text and mathematics lessons draw upon the measures and geometry of the work site. In fact, YouthBuild USA provides an extensive curriculum that ties math with community development. The weeks spent in the classroom also include construction related vocational education. Finally, counselors provide guidance to trainees as they plan for their future and also teach the career and life skills piece.

Construction Work. Simultaneously, the trainees spend the remaining half of their time (on alternate weeks) at the construction site. The goals of the construction work for students are two-fold: aiding the community through building housing for low-income people and learning the manual and technical as well as the personal and interactive skills to obtain employment in the construction field. This component of the program requires adequate staffing (i.e. a Construction Manager, a Site Supervisor and Site Trainers) to ensure proper coordination of construction activities, contract and cash flow administration, quality control, and the training and supervision of the youth participants. Implementation of this half of the model also entails diligent management of the construction projects. In managing these projects, the YouthBuild program may act as the general contractor or as a subcontractor. In many cases, the local sites gain access to abandoned housing or property by partnering with entities such as housing authorities or community development corporations. The management process consists of selecting a site (usually with the help of the city), determining the project architect, estimating construction costs, scheduling, gathering the tools and equipment, and the ongoing monitoring of the construction.

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[2] Some YouthBuild sites have become charter schools or established partnerships with local high schools so that they could offer high school diplomas.

The YouthBuild Model

Leadership Development. The fundamental underlying theory of YouthBuild is that challenging and inviting young people to take responsibility to become leaders is the element that makes YouthBuild truly effective and valuable. It is the most dramatic contrast to the way that low-income young people have been disrespected and disempowered in other systems. Full engagement comes when the young people's ideas are respected and the adult staff are dedicated to being partners in making those ideas reality. This engagement is one of the conditions for personal transformation. Thus, the YouthBuild USA Affiliated Network makes it mandatory that every YouthBuild program has a policy committee of young people elected to represent their peers who meet on a weekly basis with the director and a staff representative to discuss all aspects of the program and make policy decisions affecting them. Young people are engaged in lobbying, fundraising, developing position papers on public policy issues, writing to their legislators, negotiating complex issues, hiring staff, and reviewing budgets. YouthBuild USA sustains a national Young Leaders Council that participates on an equal basis with directors in making policy governing the YouthBuild network, and one third of YouthBuild USA's Board of Directors are program graduates.

Counseling and Other Support Services. According to a YouthBuild publication, the counseling component of the program is the glue that holds it together. All staff participate in mentoring individual youth, acting as counselors as needed. All staff are expected to demonstrate their commitment to young people's success and well-being, creating an atmosphere of trust and caring. In addition, recognizing that many of the YouthBuild trainees have chronic problems, counselors are employed in each YouthBuild program. Although YouthBuild USA does not itself employ the language of "family," Dorothy observes that whenever the program is working well, the young people themselves say: "I came here looking for a job, and I found a family."

Trainees meet one-on-one with a counselor at least every other week. Counselors also coordinate support group meetings and make sure that life skills are integrated into the curricula in a consistent manner. In addition to this formal counseling system, trips, cultural events and weekend retreats are organized to build morale and to foster motivation and determination.

Graduation and Alumni Services. Each trainee completes a checklist of items in order to receive a graduation certificate. The graduation ceremony is an important event, planned largely by the students themselves. After graduation, all sites are expected to provide ongoing support and follow-up for graduates in a pro-active way, with the slogan "Once in YouthBuild Always in YouthBuild." Continuing counseling, job development, access to cash grants, support in managing crises, access to leadership opportunities, and membership in an Alumni Club that participates in community service are parts of the graduate resources prescribed. Graduates also have the opportunity to join the National YouthBuild Alumni Association and be elected to the National Alumni Council, which orchestrates leadership opportunities and civic engagement for graduates. One purpose of the YouthBuild program is to create a new generation of ethical young leaders for the low-income under-served communities in which YouthBuild programs are based. This leadership development is an ongoing process that is not expected to be fully complete in a year.

Questions:

- **Do you think the YouthBuild model is an easily scalable model? Why or why not?**
- **How open should the model be for local modifications?**
- **What kind of methods would you use to effectively communicate the model to parties interested in replicating it?**

Exhibit A.1
The YouthBuild Model

Job-Training & Pre-Apprenticeship

| Alternative School (Education) | Community Service (Construction) |

Leadership Development: Young people share in the governance of their own program through an elected policy committee and participate actively in community affairs through other committees, learning the values and the life-long commitment needed by effective and ethical community leaders

Youth Development: Young people participate in personal counseling, peer support groups, and life planning to help them heal from past hurts, overcome negative habits and attitudes, and pursue achievable goals which will establish a productive life, sustaining themselves and their immediate families.

Long-term Mini-community: Young people make new friends committed to a positive lifestyle, pursue cultural and recreational activities together and can continue to participate for years through a Graduates Program and a National YouthBuild Leaders Network.

Community Development: Community based organizations obtain the resources to tackle several key community issues at once, strengthening their capacity to build and manage housing for their residents, educate and inspire their youth, create leadership for the future, and generally take responsibility for their neighborhoods.

Source: YouthBuild Program Manual.

Exhibit A.2
The YouthBuild Value Chain

Recruitment

Mental Toughness

Education   Construction

Leadership Development

Counseling & Other Support

Graduation

Alumni Services
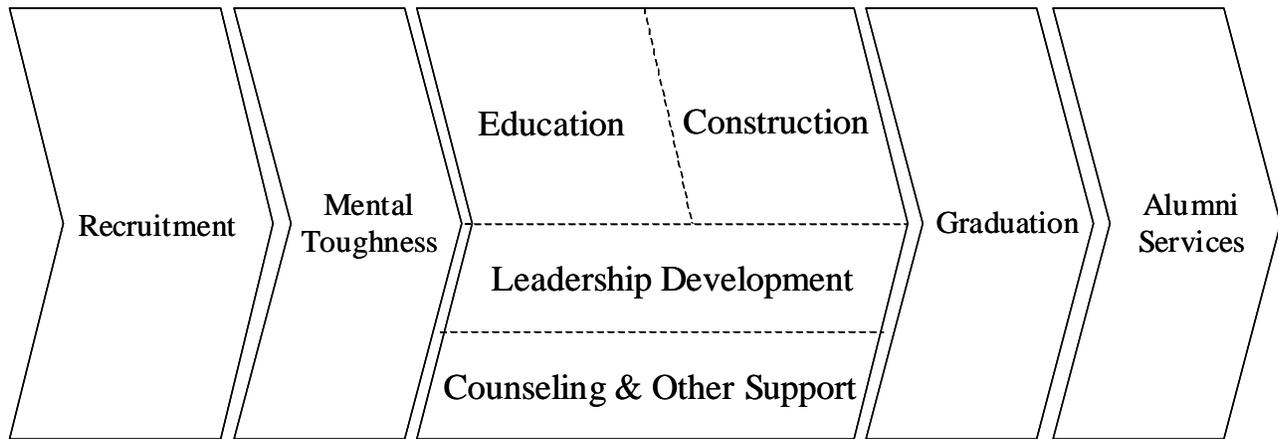
Source: YouthBuild Program Manual & Case Writer's Analysis.

APPENDIX B:
HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992
SUBTITLE D--HOPE FOR YOUTH: YOUTHBUILD

Sec. 12899. Statement of purpose

It is the purpose of this part--

1. to expand the supply of permanent affordable housing for homeless individuals and members of low- and very low-income families by utilizing the energies and talents of economically disadvantaged young adults;
2. to provide economically disadvantaged young adults with opportunities for meaningful work and service to their communities in helping to meet the housing needs of homeless individuals and members of low- and very low-income families;
3. to enable economically disadvantaged young adults to obtain the education and employment skills necessary to achieve economic self-sufficiency; and
4. to foster the development of leadership skills and commitment to community development among young adults in low-income communities.

(Pub. L. 101-625, title IV, Sec. 451, as added Pub. L. 102-550, title I, Sec. 164, Oct. 28, 1992, 106 Stat. 3723.)

Sec. 12899a. Program authority

The Secretary may make--

1. planning grants to enable applicants to develop Youthbuild programs; and
2. implementation grants to enable applicants to carry out Youthbuild programs.

(Pub. L. 101-625, title IV, Sec. 452, as added Pub. L. 102-550, title I,
Sec. 164, Oct. 28, 1992, 106 Stat. 3723.)

Sec. 12899b. Planning grants

a. Grants
   The Secretary is authorized to make planning grants to applicants for the purpose of developing Youthbuild programs under this part. The amount of a planning grant under this section may not exceed $150,000, except that the Secretary may for good cause approve a grant in a higher amount.
b. Eligible activities
   Planning grants may be used for activities to develop Youthbuild programs including--
   1. studies of the feasibility of a Youthbuild program;
   2. establishment of consortia between youth training and education programs and housing owners or developers, including any organizations specified in section 12899(2) of this title, which will participate in the Youthbuild program;
   3. identification and selection of a site for the Youthbuild program;
   4. preliminary architectural and engineering work for the Youthbuild program;
   5. identification and training of staff for the Youthbuild program;

6. planning for education, job training, and other services that will be provided as part of the Youthbuild program;
7. other planning, training, or technical assistance necessary in advance of commencing the Youthbuild program; and
8. preparation of an application for an implementation grant under this part.

c. Application
1. Form and procedures
An application for a planning grant shall be submitted by an applicant in such form and in accordance with such procedures as the Secretary shall establish.
2. Minimum requirements
The Secretary shall require that an application contain at a minimum--
  A. a request for a planning grant, specifying the activities proposed to be carried out, the schedule for completing the activities, the personnel necessary to complete the activities, and the amount of the grant requested;
  B. a description of the applicant and a statement of its qualifications, including a description of the applicant's past experience with housing rehabilitation or construction and with youth and youth education and employment training programs, and its relationship with local unions and apprenticeship programs, and other community groups;
  C. identification and description of potential sites for the program and the construction or rehabilitation activities that would be undertaken at such sites; potential methods for identifying and recruiting youth participants; potential educational and job training activities, work opportunities and other services for participants; and potential coordination with other Federal, State, and local housing and youth education and employment training activities including activities conducted by Indian tribes;
  D. a certification by the public official responsible for submitting the comprehensive housing affordability strategy under section 12705 of this title that the proposed activities are consistent with the approved housing strategy of the State or unit of general local government within which the project is located; and
  E. a certification that the applicant will comply with the requirements of the Fair Housing Act [42 U.S.C. 3601 et seq.], title VI of the Civil Rights Act of 1964 [42 U.S.C. 2000d et seq.], section 504 of the Rehabilitation Act of 1973 [29 U.S.C. 794], and the Age Discrimination Act of 1975 [42 U.S.C. 6101 et seq.], and will affirmatively further fair housing.

d. Selection criteria
The Secretary shall, by regulation, establish selection criteria for a national competition for assistance under this section, which shall include--
1. the qualifications or potential capabilities of the applicant;
2. the potential of the applicant for developing a successful and affordable Youthbuild program;
3. the need for the prospective program, as determined by the degree of economic distress--
  A. of the community from which participants would be recruited (such as poverty, youth unemployment, and number of individuals who have dropped out of high school); and
  B. of the community in which the housing proposed to be constructed or rehabilitated would be located (such as incidence of homelessness, shortage of affordable housing, and poverty); and

4. such other factors that the Secretary shall require that (in the determination of the Secretary) are appropriate for purposes of carrying out the program established by this part in an effective and efficient manner.

(Pub. L. 101-625, title IV, Sec. 453, as added Pub. L. 102-550, title I, Sec. 164, Oct. 28, 1992, 106 Stat. 3723.)

References in Text

The Fair Housing Act, referred to in subsec. (c)(2)(E), is title VIII of Pub. L. 90-284, Apr. 11, 1968, 82 Stat. 81, as amended, which is classified principally to subchapter I (Sec. 3601 et seq.) of chapter 45 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 3601 of this title and Tables.

The Civil Rights Act of 1964, referred to in subsec. (c)(2)(E), is Pub. L. 88-352, July 2, 1964, 78 Stat. 241, as amended. Title VI of the Act is classified generally to subchapter V (Sec. 2000d et seq.) of chapter 21 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 2000a of this title and Tables.

The Age Discrimination Act of 1975, referred to in subsec. (c)(2)(E), is title III of Pub. L. 94-135, Nov. 28, 1975, 89 Stat. 728, as amended, which is classified generally to chapter 76 (Sec. 6101 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 6101 of this title and Tables.

Sec. 12899c. Implementation grants

a. Grants
    The Secretary is authorized to make implementation grants to applicants for the purpose of carrying out Youthbuild programs approved under this part.
b. Eligible activities
    Implementation grants may be used to carry out Youthbuild programs, including the following activities:
    1. Architectural and engineering work.
    2. Acquisition, rehabilitation, acquisition and rehabilitation, or construction of housing and related facilities to be used for the purposes of providing homeownership under part A and part B of this subchapter, residential housing for homeless individuals, and low- and very low-income families, or transitional housing for persons who are homeless, have disabilities, are ill, are deinstitutionalized, or have other special needs.
    3. Administrative costs of the applicant, which may not exceed 15 percent of the amount of assistance provided under this section, or such higher percentage as the Secretary determines is necessary to support capacity development by a private nonprofit organization.
    4. Education and job training services and activities including—
a. work experience and skills training, coordinated, to the maximum extent feasible, with preapprenticeship and apprenticeship programs, in the construction and rehabilitation activities described in subsection (b)(2) of this section;
b. services and activities designed to meet the educational needs of participants, including—

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       i.   basic skills instruction and remedial education;
      ii.   bilingual education for individuals with limited-English proficiency;
    iii.   secondary education services and activities designed to lead to the attainment of a high school diploma or its equivalent; and
    iv.   counseling and assistance in attaining post-secondary education and required financial aid;

c. counseling services and related activities;
d. activities designed to develop employment and leadership skills, including support for youth councils; and
e. support services and need-based stipends necessary to enable individuals to participate in the program and, for a period not to exceed 12 months after completion of training, to assist participants through support services in retaining employment.

    5. Wage stipends and benefits provided to participants.
    6. Funding of operating expenses and replacement reserves of the property covered by the Youthbuild program.
    7. Legal fees.
    8. Defraying costs for the ongoing training and technical assistance needs of the recipient that are related to developing and carrying out the Youthbuild program.

c. (c) Application
    1. Form and procedure
       An application for an implementation grant shall be submitted by an applicant in such form and in accordance with such procedures as the Secretary shall establish.
    2. Minimum requirements
       The Secretary shall require that an application contain at a minimum--

a. a request for an implementation grant, specifying the amount of the grant requested and its proposed uses;
b. a description of the applicant and a statement of its qualifications, including a description of the applicant's past experience with housing rehabilitation or construction and with youth and youth education and employment training programs, and its relationship with local unions and apprenticeship programs, and other community groups;
c. a description of the proposed site for the program;
d. a description of the educational and job training activities, work opportunities, and other services that will be provided to participants;
e. a description of the proposed construction or rehabilitation activities to be undertaken and the anticipated schedule for carrying out such activities;
f. A description of the manner in which eligible youths will be recruited and selected, including a description of arrangements which will be made with community-based organizations, State and local educational agencies, including agencies of Indian tribes, public assistance agencies, the courts of jurisdiction for status and youth offenders, shelters for homeless individuals and other agencies that serve homeless youth, foster care agencies, and other appropriate public and private agencies;
g. a description of the special outreach efforts that will be undertaken to recruit eligible young women (including young women with dependent children);
h. a description of how the proposed program will be coordinated with other Federal, State, and local activities and activities conducted by Indian tribes, including vocational, adult and bilingual education programs, job training provided with funds available under the Job Training Partnership Act [29 U.S.C. 1501 et seq.] and title I of the Workforce Investment Act of 1998 [29 U.S.C. 2801 et seq.] and the Family Support Act of 1988, and housing and community development programs, including programs that receive assistance under section 5306 of this title;

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      i.   assurances that there will be a sufficient number of adequately trained supervisory personnel in the program who have attained the level of journeyman or its equivalent;

      j.   a description of the applicant's relationship with local building trade unions regarding their involvement in training, and the relationship of the Youthbuild program with established apprenticeship programs;

      k.   a description of activities that will be undertaken to develop the leadership skills of participants;

      l.   a detailed budget and a description of the system of fiscal controls and auditing and accountability procedures that will be used to ensure fiscal soundness;

      m.   a description of the commitments for any additional resources to be made available to the program from the applicant, from recipients of other Federal, State or local housing and community development assistance who will sponsor any part of the construction, rehabilitation, operation and maintenance, or other housing and community development activities undertaken as part of the program, or from other Federal, State or local activities conducted by Indian tribes, including, but not limited to, vocational, adult and bilingual education programs, and job training provided with funds available under the Job Training Partnership Act [29 U.S.C. 1501et seq.] and title I of the Workforce Investment Act of 1998 {29 U.S.C. 2801 et seq.] and the Family Support Act of 1988;

      n.   identification and description of the financing proposed for any—

            i.   rehabilitation;

            ii.   acquisition of the property; or

           iii.   construction;

      o.   identification and description of the entity that will operate and manage the property;

      p.   a certification by the public official responsible for submitting the comprehensive housing affordability strategy under section 12705 of this title that the proposed activities are consistent with the approved housing strategy of the State or unit of general local government within which the project is located; and

      q.   a certification that the applicant will comply with the requirements of the Fair Housing Act [42 U.S.C. 3601 et seq.], title VI of the Civil Rights Act of 1964 [42 U.S.C. 2000d et seq.], section 504 of the Rehabilitation Act of 1973 [29 U.S.C. 794], and the Age Discrimination Act of 1975 [42 U.S.C.6101 et seq.], and will affirmatively further fair housing.

d.   Selection criteria

The Secretary shall establish selection criteria for assistance under this section, which shall include—

      1.   the qualifications or potential capabilities of the applicant;

      2.   the feasibility of the Youthbuild program;

      3.   the potential for developing a successful Youthbuild program;

      4.   the need for the prospective project, as determined by the degree of economic distress of the community from which participants would be recruited (such as poverty, youth unemployment, number of individuals who have dropped out of high school) and of the community in which the housing proposed to be constructed or rehabilitated would be located (such as incidence of homelessness, shortage of affordable housing, poverty);

      5.   the apparent commitment of the applicant to leadership development, education, and training of participants;

      6.   the inclusion of previously homeless tenants in the housing provided;

      7.   the commitment of other resources to the program by the applicant and by recipients of other Federal, State or local housing and community development

> assistance who will sponsor any part of the construction, rehabilitation, operation and maintenance, or other housing and community development activities undertaken as part of the program, or by other Federal, State or local activities and activities conducted by Indian tribes, including, but not limited to, vocational, adult and bilingual education programs, and job training provided with funds available under the Job Training Partnership Act [29 U.S.C. 1501 et seq.] and title I of the Workforce Investment Act of 1998 [29 U.S.C. 2801 et seq.] and the Family Support Act of 1988; and
>
>> 8. such other factors as the Secretary determines to be appropriate for purposes of carrying out the program established by this part in an effective and efficient manner.

e. Priority for applicants who obtain housing money from other sources The Secretary shall give priority in the award of grants under this section to applicants to the extent that they propose to finance activities described in paragraphs (1), (2), and (6) of subsection (b) of this section from funds provided from Federal, State, local, or private sources other than assistance under this part.

f. Approval
The Secretary shall notify each applicant, not later than 4 months after the date of the submission of the application, whether the application is approved or not approved.

g. Combined planning and implementation grant application procedure The Secretary shall develop a procedure under which an applicant may apply at the same time and in a single application for a planning grant conditioned on successful completion of the activities funded by planning grant.

(Pub. L. 101-625, title IV, Sec. 454, as added Pub. L. 102-550, title I, Sec. 164, Oct. 28, 1992, 106 Stat. 3725; amended Pub. L. 105-277, div. A., Sec. 101(F) [title VIII, Sec. 405(d)(43)(A), (f)(34)], Oct. 21, 1998, 112 Stat. 2681-337, 2681-428, 2681-434.)

Amendment of Subsections (c)(2)(H), (M) and (d)(7)

Pub. L. 105-277, div. A., Sec. 101(f) [title VIII, Sec. 405(f)(34), (g)(2)(B)], Oct. 21, 1998, 112 Stat. 2681-337, 2681-434, provided that, effective July 1, 2000, subsections (c)(2)(H), (M) and (d)(7) of this section are amended by striking ``the Job Training Partnership Act and".

References in Text

The Job Training Partnership Act, referred to in subsecs. (c)(2)(H) and (d)(7), is Pub. L. 97-300, Oct. 13, 1982, 96 Stat. 1322, as amended, which is classified generally to chapter 19 (Sec. 1501 et. seq.) of Title 29, Labor. For complete classification of this Act to the Code, see Short Title note set our under section 1501 of Title 29 and Tables.

The Workforce Investment Act of 1998, referred to in subsecs. (c)(2)(H), (M) and (d)(7), is Pub. L. 105-220, Aug. 7, 1998, 112 Stat. 936, as a amended. Title I of the Act is classified principally to chapter 30 (Sec. 2801 et seq.) of Title 29, Labor. For complete classification of this Act to the Code, see Short Title note set out under section 9201 of Title 20, Education, and Tables.

The Family Support Act of 1988, referred to in subsecs. (c)(2)(H), (M) and (d)(7), is Pub. L. 100-485, Oct. 13, 1988, 102 Stat. 2343, as amended. For complete classification of this Act to the Code, see Short Title of 1988 Amendment note under section 1305 of this title and Tables.

The Fair Housing Act, referred to in subsec. (c)(2)(Q), is title VIII of Pub. L. 90-284, Apr. 11, 1968, 82 Stat. 81, as amended, which is classified principally to subchapter I (Sec. 3601 et seq.) of chapter 45 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 3601 of this title and Tables.

The Civil Rights Act of 1964, referred to in subsec. (c)(2)(Q), is Pub. L. 88-352, July 2, 1964, 78 Stat. 241, as amended. Title VI of the Act is classified generally to subchapter V (Sec. 2000d et seq.) of chapter 21 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 2000a of this title and Tables.

The Age Discrimination Act of 1975, referred to in subsec. (c)(2)(Q), is title III of Pub. L. 94-135, Nov. 28, 1975, 89 Stat. 728, as amended, which is classified generally to chapter 76 (Sec. 6101 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 6101 of this title and Tables.

Amendments

1998—Subsecs. (c)(2)(H), (M), (d)(7). Pub. L. 105-277, Sec. 101(f) [title VIII, Sec. 405(d)(43)(A)], substituted ``the Job Training Partnership Act and title I of the Workforce Investment Act of 1998" for ``the Job Training Partnership Act".

Effective Date of 1998 Amendment

Amendment by section 101(f) [title VIII, Sec. 405(d)(43)(A)] of Pub. L. 105-277 effective Oct. 21, 1998, and amendment by section 101(f) [title VIII, Sec. 405(f)(34)] of Pub. L. 105-277 effective July 1, 2000, see section 101(f) [title VIII, Sec. 405(g)(1), (2)(B)] of Pub. L. 105-277, set out as a note under section 3502 of Title 5, Government Organization Employees.

Section Referred to in Other Sections

This section is referred to in section 12899e of this title.

Sec. 12899d. Youthbuild program requirements

a. Residential rental housing
   Each residential rental housing project receiving assistance under this part shall meet the following requirements:
   1. Occupancy by low- and very low-income families
      In the project--
      A. at least 90 percent of the units shall be occupied, or available for occupancy, by individuals and families with incomes less than 60 percent of the area median income, adjusted for family size; and
      B. the remaining units shall be occupied, or available for occupancy, by low-income families.
   2. Tenant protections
      A. Lease
         The lease between a tenant and an owner of residential rental housing assisted under this part shall be for not less than 1 year, unless otherwise mutually agreed to by the tenant and the owner, and shall contain such terms and conditions as the Secretary shall determine to be appropriate.

The YouthBuild Legislation

    B. Termination of tenancy
        An owner shall not terminate the tenancy or refuse to renew the lease of a tenant of residential rental housing assisted under this title \1\ except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Federal, State, or local law, or for other good cause. Any termination or refusal to renew must be preceded by not less than 30 days by the owner's service upon the tenant of a written notice specifying the grounds for the action

---

\1\ See References in Text note below.

    C. Maintenance and replacement
        The owner of residential rental housing assisted under this part shall maintain the premises in compliance with all applicable housing quality standards and local code requirements.
    D. Tenant selection
        The owner of residential rental housing assisted under this part shall adopt written tenant selection policies and criteria that--
           i. are consistent with the purpose of providing housing for very low-income and low-income families and individuals;
          ii. are reasonably related to program eligibility and the applicant's ability to perform the obligations of the lease;
         iii. give reasonable consideration to the housing needs of families that would qualify for a preference under any system of preferences established under section 1437d(c)(1) of this title; and
         iv. provide for
             I. the selection of tenants from a written waiting list in the chronological order of their application, to the extent practicable, and
            II. for the prompt notification in writing of any rejected applicant of the grounds for any rejection.
  3. Limitation on rental payments
    Tenants in each project shall not be required to pay rent in excess of the amount provided under section 1437a(a) of this title.
  4. Tenant participation plan
    For each project owned by a nonprofit organization, the organization shall provide a plan for and follow a program of tenant participation in management decisions.
  5. Prohibition against discrimination
    A unit in a project assisted under this part may not be refused for leasing to a family holding tenant-based assistance under section 1437f of this title because of the status of the prospective tenant as a holder of such assistance.
 b. Transitional housing
   Each transitional housing project receiving assistance under this part shall adhere to the requirements regarding service delivery, housing standards, and rent limitations

applicable to comparable housing receiving assistance under title IV of the Stewart B. McKinney Homeless Assistance Act [42 U.S.C. 11361 et seq.].

c. Limitations on profits for rental and transitional housing

1. Monthly rental limitation

The aggregate monthly rental for each eligible project may not exceed the operating costs of the project (including debt service, management, adequate reserves, and other operating costs) plus a 6 percent return on any equity investment of the project owner.

2. Profit limitations on partners

A nonprofit organization that receives assistance under this part for a project shall agree to use any profit received from the operation, sale, or other disposition of the project for the purpose of providing housing for low- and moderate-income families. Profit-motivated partners in a nonprofit partnership may receive--

A. not more than a 6 percent return on their equity investment from project operations; and

B. upon disposition of the project, not more than an amount equal to their initial equity investment plus a return on that investment equal to the increase in the Consumer Price Index for the geographic location of the project since the time of the initial investment of such partner in the project.

d. Homeownership

Each homeownership project that receives assistance under this part shall comply with the requirements of part A or part B of this subchapter.

e. Restrictions on conveyance

The ownership interest in a project that receives assistance under this part may not be conveyed unless the instrument of conveyance requires a subsequent owner to comply with the same restrictions imposed upon the original owner.

f. Conversion of transitional housing

The Secretary may waive the requirements of subsection (b) of this section to permit the conversion of a transitional housing project to a permanent housing project only if such housing would meet the requirements for residential rental housing specified in this section.

g. Period of restrictions

A project that receives assistance under this part shall comply with the requirements of this section for the remaining useful life of the property.

(Pub. L. 101-625, title IV, Sec. 455, as added Pub. L. 102-550, title I, Sec. 164, Oct. 28, 1992, 106 Stat. 3728; amended Pub. L. 105-276, title V, Sec. 514(a)(2)(B), Oct. 21, 1998, 112 Stat. 2547.)

References in Text

This title, referred to in subsec. (a)(2)(B), means title IV of Pub. L. 101-625, known as the Homeownership and Opportunity Through HOPE Act, and probably should have been "this subtitle", meaning subtitle D of title IV of Pub. L. 101-625, as added by Pub. L. 102-550, which is classified generally to this part. For complete classification of title IV of Pub. L. 101-625 to the Code, see Short Title note set out under section 1437aaa of this title and Tables.

The Stewart B. McKinney Homeless Assistance Act, referred to in subsec. (b), is Pub. L. 100-77,

July 22, 1987, 101 Stat. 482, as amended. Title IV of the Act is classified principally to subchapter IV (Sec. 11361 et seq.) of chapter 119 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 11301 of this title and Tables.

Amendments

1998--Subsec. (a)(2)(D)(iii). Pub. L. 105-276 substituted "any
system of preferences established under section 1437d(c)(1) of this
title" for "section 1437d(c)(4)(A) of this title

Sec. 12899e. Additional program requirements

a. Eligible participants
   1. In general
      Except as provided in paragraph (2), an individual may participate in a Youthbuild program receiving assistance under this part only if such individual is--
      A. 16 to 24 years of age, inclusive;
      B. a very low-income individual or a member of a very low-income family; and
      C. an individual who has dropped out of high school.
   2. Exception for individuals not meeting income or educational need requirements
      Not more than 25 percent of the participants in such program may be individuals who do not meet the requirements of either paragraphs \1\ (1)(B) or (C), but who have educational needs despite attainment of a high school diploma or its equivalent.

   _____

   \1\ So in original. Probably should be ``paragraph''.

   _____

   3. Participation limitation
      Any eligible individual selected for full-time participation in a Youthbuild program may be offered full-time participation for a period of not less than 6 months and not more than 24 months.
b. Minimum time devoted to educational services and activities
   A Youthbuild program receiving assistance under this part shall be structured so that 50 percent of the time spent by participants in the program is devoted to educational services and activities, such as those specified in subparagraphs (B) through (F) \2\ of section 12899c(b)(4) of this title.

   _____

   \2\ So in original. Section 12899c(b)(4) of this title does not
   contain a subpar. (F).

   _____

The YouthBuild Legislation

    c. Authority restriction
        No provision of this part may be construed to authorize any agency, officer, or employee
        of the United States to exercise any direction, supervision, or control over the curriculum,
        program of instruction, administration, or personnel of any educational institution, school,
        or school system, or over the selection of library resources, textbooks, or other printed or
        published instructional materials by any educational institution or school system.
    d. State and local standards
        All educational programs and activities supported with funds provided under this part
        shall be consistent with applicable State and local educational standards. Standards and
        procedures with respect to the awarding of academic credit and certifying educational
        attainment in such programs shall be consistent with applicable State and local
        educational standards.
    e. Wages, labor standards, and nondiscrimination
        To the extent consistent with the provisions of this part, sections 142, 143 and 167 of the
        Job Training Partnership Act [29 U.S.C. 1552, 1553, 1577] (as in effect on the day before
        August 7, 1998), relating to wages and benefits, labor standards, and nondiscrimination,
        shall apply to the programs conducted under this part as if such programs were conducted
        under the Job Training Partnership Act [29 U.S.C. 1501 et seq.] (as in effect on the day
        before August 7, 1998). This section may not be construed to prevent a recipient of a
        grant under this part from using funds from non-Federal sources to increase wages and
        benefits under such programs, if appropriate.

(Pub. L. 101-625, title IV, Sec. 456, as added Pub. L. 102-550, title I, Sec. 164, Oct. 28, 1992,
106 Stat. 3730; amended Pub. L. 105-277, div. A, Sec. 101(f) [title VIII, Sec. 405(d)(43)(B)], Oct.
21, 1998, 112 Stat. 2681-337, 2681-428.)

References in Text

The Job Training Partnership Act, referred to in subsec. (e), is Pub. L. 97-300, Oct. 13, 1982, 96
Stat. 1322, as amended, which is classified generally to chapter 19 (Sec. 1501 et seq.) of Title 29,
Labor. For complete classification of this Act to the Code, see Short Title note set out under
section 1501 of Title 29 and Tables.

Amendments

1998--Subsec. (e). Pub. L. 105-277 inserted ``(as in effect on the day before August 7, 1998)''
after ``the Job Training Partnership Act'' in two places.

The YouthBuild Legislation

Sec. 12899f. Definitions

For purposes of this part:

1. Adjusted income
    The term "adjusted income" has the meaning given the term in section 1437a(b) of this title.
2. Applicant
    The term "applicant" means a public or private nonprofit agency, including--
    A. a community-based organization;
    B. an administrative entity designated under section 1513(b)(1)(B) of title 29;
    C. a community action agency;
    D. a State and local housing development agency;
    E. a community development corporation;
    F. a State and local youth service and conservation corps; and
    G. any other entity eligible to provide education and employment training under other Federal employment training programs.
3. Community-based organization
    The term ``community-based organization'' means a private nonprofit organization that--
    A. maintains, through significant representation on the organization's governing board or otherwise, accountability to low-income community residents and, to the extent practicable, low-income beneficiaries of programs receiving assistance under this part; and
    B. has a history of serving the local community or communities where a program receiving assistance under this part is located.
4. Homeless individual
    The term "homeless individual" has the meaning given the term in section 11302 of this title.
5. Housing development agency
    The term "housing development agency" means any agency of a State or local government, or any private nonprofit organization that is engaged in providing housing for homeless or low-income families.
6. Income
    The term "income" has the meaning given the term in section 1437a(b) of this title.
7. Indian tribe
    The term "Indian tribe" has the same meaning given such term in section 5302(a)(17) of this title.
8. Individual who has dropped out of high school
    The term "individual who has dropped out of high school" means an individual who is neither attending any school nor subject to a compulsory attendance law and who has not received a secondary school diploma or a certificate of equivalency for such diploma.
9. Institution of higher education
    The term "institution of higher education" has the meaning given the term in section 1001 of title 20.
10. Limited-English proficiency
    The term "limited-English proficiency" has the meaning given the term in section 7601(8) \1\ of title 20.

\1\ See References in Text note below.

Sec. 12899g. Management and technical assistance

   a. Secretary assistance
       The Secretary may enter into contracts with a qualified public or private nonprofit agency
       to provide assistance to the Secretary in the management, supervision, and coordination
       of Youthbuild programs receiving assistance under this part.
   b. Sponsor assistance
       The Secretary shall enter into contracts with a qualified public or private nonprofit
       agency to provide appropriate training, information, and technical assistance to sponsors
       of programs assisted under this part.
   c. Application preparation
       Technical assistance may also be provided in the development of program proposals and
       the preparation of applications for assistance under this part to eligible entities which
       intend or desire to submit such applications. Community-based organizations shall be
       given first priority in the provision of such assistance.
   d. Reservation of funds
       In each fiscal year, the Secretary shall reserve 5 percent of the amounts available for
       activities under this part pursuant to section 12870 of this title to carry out subsections (b)
       and (c) of this section.

(Pub. L. 101-625, title IV, Sec. 458, as added Pub. L. 102-550, title I,
Sec. 164, Oct. 28, 1992, 106 Stat. 3733.)

Sec. 12899h. Contracts

Each Youthbuild program shall carry out the services and activities under this part directly or
through arrangements or under contracts with administrative entities designated under section
1513(b)(1)(B) of title 29, with State and local educational agencies, institutions of higher
education, State and local housing development agencies, or with other public agencies, including
agencies of Indian tribes, and private organizations.

(Pub. L. 101-625, title IV, Sec. 459, as added Pub. L. 102-550, title I,
Sec. 164, Oct. 28, 1992, 106 Stat. 3733.)

Sec. 12899h-1. Ineligibility of Indian tribes

Indian tribes, Indian housing authorities, and other agencies primarily serving Indians or Indian
areas shall not be eligible applicants for amounts made available for assistance under this part for
fiscal year 1998 and fiscal years thereafter.

(Pub. L. 101-625, title IV, Sec. 460, as added Pub. L. 104-330, title V, Sec. 504(a)(2), Oct. 26,
1996, 110 Stat. 4044; amended Pub. L. 105-276, title V, Sec. 595(e)(15), Oct. 21, 1998, 112 Stat.
2659.)

Prior Provisions

A prior section 460 of Pub. L. 101-625 was renumbered section 461, and is classified to section
12899i of this title.

Amendments

1998--Pub. L. 105-276 substituted ``1998'' for ``1997''.

Effective Date

Section effective Oct. 1, 1997, except as otherwise expressly provided, see section 107 of Pub. L. 104-330, set out as a note under section 4101 of Title 25, Indians.
Section 504(b) of Pub. L. 104-330 provided that: ``The amendments under subsection (a) [enacting this section] shall apply with respect to amounts made available for assistance under subtitle D of title II of the Cranston-Gonzalez National Affordable Housing Act [42 U.S.C. 12899 et seq.] for fiscal year 1998 and fiscal years thereafter.''

Sec. 12899i. Regulations

The Secretary shall issue any regulations necessary to carry out this part.

(Pub. L. 101-625, title IV, Sec. 461, formerly Sec. 460, as added Pub. L. 102-550, title I, Sec. 164, Oct. 28, 1992, 106 Stat. 3733; renumbered Sec. 461, Pub. L. 104-330, title V, Sec. 504(a)(1), Oct. 26, 1996, 110 Stat. 4043.)

The Organization: 2002

APPENDIX C:
THE YOUTHBUILD ORGANIZATION AS OF 2002

Since YouthBuild was created as a movement, it is awkward to speak of the YouthBuild organization as if it is a single entity. This "organization" is really a combination of several different entities tied together by a mutual commitment to a distinctive approach to engaging unemployed, 16 to 24 year old dropouts in education, job training, leadership development, and community development. This Appendix describes the YouthBuild organization, in this broad sense, as it had evolved by 2002.

YouthBuild USA

The YouthBuild concept arose from pioneering work by Dorothy Stoneman as part of the Youth Action Program (YAP) in New York City. YouthBuild USA was created as a separate nonprofit organization in 1990 to serve as the "center of gravity of the national YouthBuild movement." YouthBuild USA provides a wide range of services, most importantly advocacy for public funding and guidance in planning and implementation. The advocacy efforts primarily involve organizing and managing the national and state coalitions and focus on expanding political support, securing federal and state funding and increasing public awareness of YouthBuild. YouthBuild USA is also the national nonprofit support center for local YouthBuild sites, aiming to strengthen the efforts of organizations planning or operating YouthBuild programs in their communities. YouthBuild USA offers various planning and implementation guidance through various means, including on-site technical assistance, publications, newsletters and web-based resources. For example, the Training and Learning Center led by John Bell organizes over one dozen conferences and trainings each year for both the program staff and participants, and the Technical Assistance Department provides on-going assistance for sites through telephone contact and on-site visits.

YouthBuild USA operates on a roughly $12-13 million annual budget and is supported by grants from HUD, Americorps, US Department of Labor, foundations, corporations and individuals. It also redistributes approximately $5 Million every year to affiliates in the form of pass-through grants. (See Exhibit C.1 for YouthBuild USA's financial statements.) YouthBuild USA employs over 70 staff in areas including advocacy and public policy, program investment, field services, asset trust and development, and finance and administration. While most of the staff work out of the national headquarters in Somerville, MA, YouthBuild USA also has a West Coast office and regional coordinators of site service teams in the South, Mid-Atlantic/Northeast, and Mid-West regions. (See Exhibit C.2 for YouthBuild USA's organization chart.)

The YouthBuild Coalition

The YouthBuild Coalition is a national group of nonprofit organizations that advocate for legislation to fund YouthBuild programs. It was organized by YouthBuild USA at the same time YouthBuild USA was founded. As of October 2002, it had more than 900 members including national organizations such as Children's Defense Fund, The Enterprise Foundation, National Association of Housing Cooperatives, National Association of Service and Conservation Corps, and Save the Children. According to Dorothy, "Members join the coalition because it allows them to have a direct and tangible impact toward a burning social need at no cost and without having to exert too much time and effort." YouthBuild USA also keeps the coalition members informed about developments through regular bulletins. The success of the coalition at the national level, coupled with YouthBuild's geographic expansion and the political movement to

push more resources and decisions down from the federal level to the state level, has led to the formation of seventeen state coalitions that advocate for funding from state government. These coalitions are modeled on the national YouthBuild Coalition.

YouthBuild Sites

YouthBuild sites are the local organizations or agencies running YouthBuild programs. Each site enrolls between 15 and 200 young people who have to complete the requirements of the YouthBuild program to be able to graduate. Although the sites share a common model (See Appendix A: The Core YouthBuild Model) and philosophy, they differ in many ways, starting with their host organizations. For example, many of the sites have operated some type of youth or community service program before implementing YouthBuild whereas some are fresh start-ups.   Some are public agencies such as housing authorities and others are independent nonprofits. (See Exhibit C.3 for a typical YouthBuild site organization chart and a sample budget.) Outside of the pilot sites in New York that pioneered the program, the first local YouthBuild site to come out of the national movement was founded in Boston in 1991. As of 2002, there were approximately 200 active YouthBuild sites.

The Affiliated Network

The YouthBuild USA Affiliated Network was begun in 1993 by YouthBuild USA and a group of 15 original operating YouthBuild sites who wanted to ensure the adherence to and achievement of the YouthBuild philosophy and program model. It involves a democratic process for member input on issues such as program standards, membership categories and benefits, fundraising strategies, use of technology and others, as well as providing a nationwide system of mutual support for participants, staff, and program directors. A Policy Council with equal representation of directors, students, graduates, and YouthBuild USA staff oversees the integrity of this network and makes the key decisions regarding program design and standards. It is chaired by the president of YouthBuild USA. A National Directors' Council, Young Leaders' Council, and National Alumni Council each engage their members in developing policy and in advocacy, and these ideas are fed in to the Policy Council where representatives of the three groups meet together. (See Exhibit C.4 for an overview of the Affiliated Network.) Of the 200 existing YouthBuild programs in 2002, 107 were members of this network.
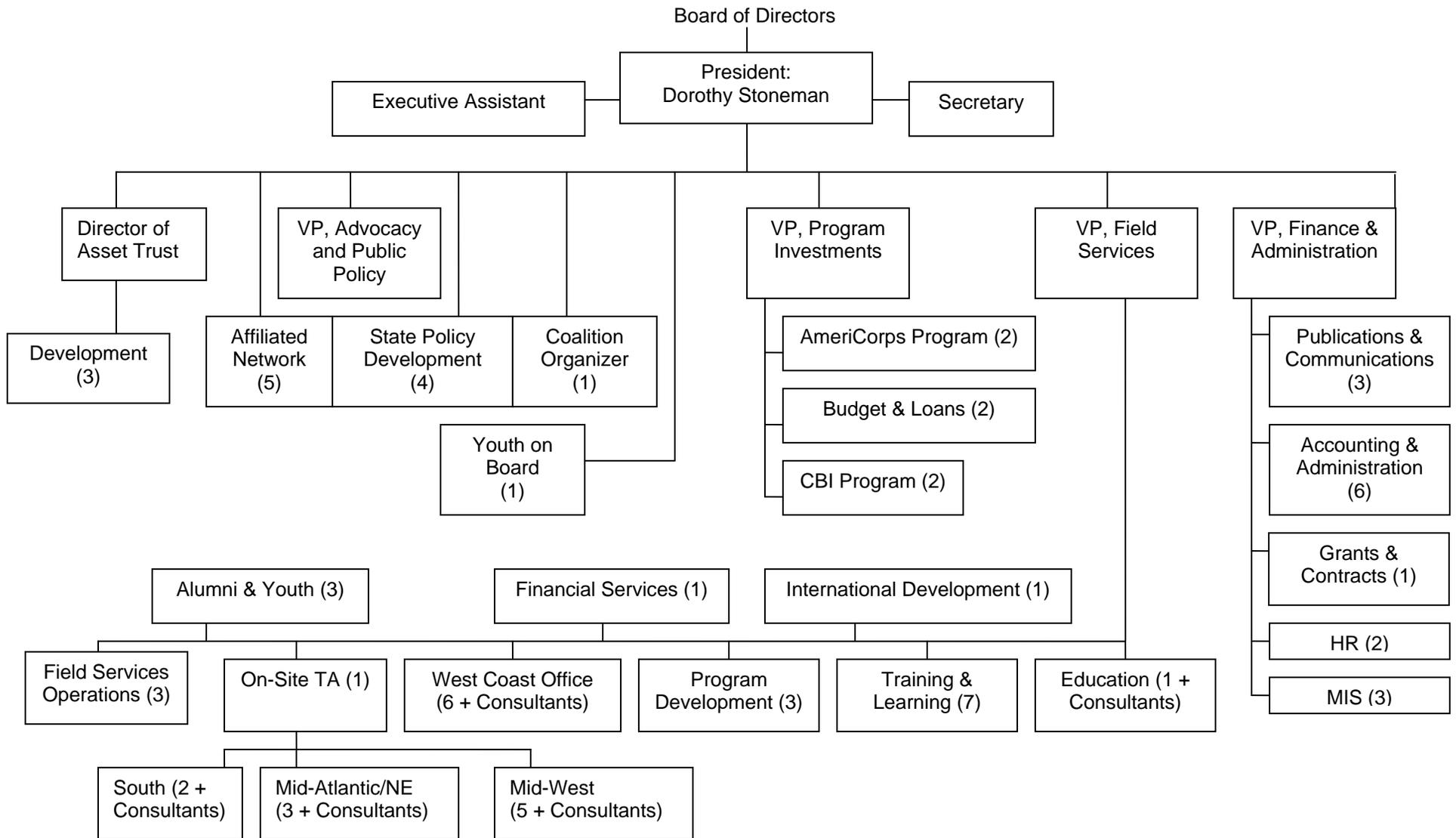
The Organization: 2002

Exhibit C.1
Financial Statements of YouthBuild USA
Statement of Financial Position, December 31, 2001

Assets	Operating	Loan Fund	Temporarily Restricted — Other	Permanently Restricted	2001 Total	2000 Total
Cash and Cash Equivalents			334,364		**334,364**	293,465
Grants and Contracts Receivable	3,357,585				**3,357,585**	2,412,820
Accounts Receivable-Other	18,078	5,283			**23,361**	9,485
Notes Receivable, net		486,725			**486,725**	207,616
Pledges Receivable	19,231		1,517,750		**1,536,981**	604,570
Incestments		1,968,640	642,243	5,500,000	**8,110,883**	8,703,041
Prepaid Expenses	2,924				**2,294**	2,924
Security Deposit	23,445				**23,445**	24,604
Due (To) From	(1,381,153)	(49,560)	1,430,713			
	2,040,110	2,411,088	3,925,070	5,500,000	**13,875,638**	12,258,525
Assets Held in Trust By Others			89,170		**89,170**	
Property and Equipment:						
Furnishings and equipment	763,731				**763,731**	691,717
Leasehold improvements	40,991				**40,991**	40,991
	804,722				**804,722**	732,708
Less-accumulated depreciation and amortization	576,117				**576,117**	
Net property and equipment	228,545				**228,545**	298,265
Total assets	2,268,655	2,411,088	4,014,240	5,500,000	**14,193,353**	12,556,790

Liabilities and Net Assets						
Liabilities						
Note payable to a bank						165,000
Accounts payable	1,914,292				**1,914,292**	1,603,137
Accrued expenses	248,308				**248,308**	204,086
Annuity payment liability			50,356		**50,356**	
Note payable- loan fund		2,000,000			**2,000,000**	2,000,000
Total liabilities	2,162,600	2,000,000	50,356		**4,212,956**	3,972,223
Net Assets						
Unrestricted						
Operating	(122,490)				**(122,490)**	(251,308)
Property and equipment	228,545				**228,545**	298,265
Total unrestricted	106,055				**106,055**	46,957
Temporarily restricted		411,088	3,963,884		**4,374,972**	3,037,610
Permanently restricted				5,500,000	**5,500,000**	5,500,000
Total net assets	106,055	411,088	3,963,884	5,500,000	**9,874,972**	8,537,610
Total liabilities and net assets	2,268,655	2,411,088	4,014,240	5,500,000	**14,087,928**	12,509,833

The Organization: 2002

Financial Statements of YouthBuild USA (cont.)
Statements of Activities and Changes in Net Assets
(Year Ending December 31, 2001)

	Unrestricted	Loan Fund	Temporarily Restricted Other	Permanently Restricted	**2001 Total**	2000 Total
Revenue, Gains, and Other Support:						
Grant and contract income	$8,711,856		$3,401,606		**$12,113,462**	$12,686,228
Investment earnings	$35,610	$137,980		$224,289	**$397,879**	$513,277
Donated services	$240,989				**$240,989**	$247,226
Contributions	$184,413		$38,814		**$223,227**	
Other income	$39,289	$2,450			**$41,739**	$9,413
Products	$36,589				**$36,589**	$30,614
Affiliation Fees	$26,000				**$26,000**	$24,300
Conference Fees	$17,689				**$17,689**	$48,382
Corporate contributions						$20,000
Transfer of investment earnings	$87,125		$137,164	($224,289)		
Net assets released from restrictions						
Satisfaction of investment earnings restri	$137,164		($137,164)			
Satisfaction of purpose restricted grants/:	$2,259,090	($115,264)	($2,143,826)			
Total revenue, gains and other support	$11,775,814	$25,166	$1,296,594		**$13,097,574**	$13,579,440
Expenses:						
Program services						
Grants to Sites	$4,124,071				**$4,124,071**	$5,540,447
Training and Technical Assistance	$4,921,454				**$4,921,454**	$4,445,075
Youth on Board	$232,109				**$232,109**	$296,293
Advocacy	$327,380				**$327,380**	$180,105
Total program services	$9,605,014				**$9,605,014**	$10,461,920
General and administrative	$1,677,769				**$1,677,769**	$2,114,305
Fundraising and development	$433,933				**$433,933**	$344,254
Total expenses	$11,716,716				**$11,716,716**	$12,920,479
Changes in net assets from operations	$59,098	$25,166	$1,296,594		**$1,380,858**	$717,165
Non-Operating Revenue:						
Investment earnings --endowment appreciation			$15,602		**$15,602**	
Endowment contribution						$2,000,000
Reduction of loan loss reserve						$29,494
Changes in net assets	$59,098	$25,166	$1,312,196		**$1,396,460**	$2,029,494
Net Assets, beginning of year	$46,957	$410,922	$2,626,688	$5,500,000	**$8,584,567**	$5,837,908
Transfer of net assets		($25,000)	$25,000			
Net Assets, end of year	$106,055	$411,088	$3,963,884	$5,500,000	**$9,981,027**	$8,584,567

The Organization: 2002

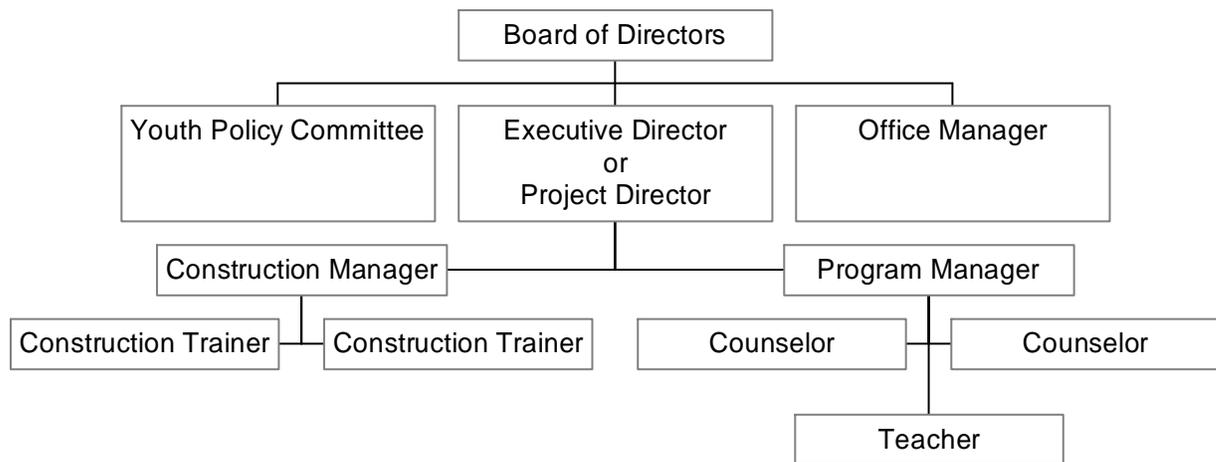**Exhibit C.2**
YouthBuild USA Organizational Chart: 2002

(#) Represents number of staff members

Source: YouthBuild USA 4/22/02

The Organization: 2002

Exhibit C.3
Sample Site Organization Chart

Sample Site Operating Budget

Personnel		General Operating Expenses	
Executive Director/Project Director	30,000-45,000	Telephone	3,500
Program Manager	30,000-40,000	Printing	2,500
Construction Manager	30,000-45,000	Office Supplies	3,500
Counselor	18,000-35,000	Postage	1,000
Teachers (2 at $25-35K)	50,000-70,000	Office space	15,000
Job Developer/Counselor	18,000-35,000	Office Furniture	4,000
Construction Trainers/Site Supervisors	36,000-60,000	Computer	3,000
(2 @ $18-30K)		Phone Purchase and Installation	2,500
Administrative Assistant	20,000-30,000	Insurance	15,000
Subtotal*	232,000-360,000	Audit	3,000
Fringe at 23% (average)	53,360-82,800	Educational Supplies	3,000
		Trainees' tools and boots (@$150/each)	4,500
Total*	**$285,360-442,800**	Trips, cultural events, ceremonies	2,500
		Retreats	4,500
Youth Wages and Stipends		Refreshments for community involvement	500
Youth wages for construction work	122,850	Driver's education and other training	3,000
Bonuses and raises	6663	Van	10,000
Youth stipends for school attendance	36,504	Truck expenses	4,000
Total	**$ 166,017**	Payroll services	1,000
		Total	**$ 86,000**
		Grand Total	**$525,377-682,817**
		Cost per Trainee per Year	**$17,513-22760**

*If a Senior Site Supervisor is hired, $25,000-45,000 (depending on union affiliation) should be added to the budget

The Organization: 2002

Exhibit C.4
YouthBuild USA Affiliated Network

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                          ┌─────────────────────┐
                          │   YouthBuild USA    │
                          │ Board of Directors  │
                          └─────────────────────┘
                          ┌─────────────────────┐
                          │   YouthBuild USA    │
                          │     President       │
                          └─────────────────────┘
                          ┌─────────────────────┐
                          │ Affiliated Network  │
                          │   Policy Council    │
                          └─────────────────────┘
                 ┌────────────────────┐
                 │    Membership      │
                 │    Committee       │
                 └────────────────────┘
```

Alumni Council	Young Leaders Council	YouthBuild USA Staff	Directors Council

| Various Committees | Various Committees | | |

| | | Ad Hoc Committees | By-laws Committee | Technology Committee | Development Committee | Technical Assistance Committee |

| Alumni Association | Young Leaders Conference | | |

Directors Association

Autonomous YouthBuild Programs

Alumni Clubs