

AN INVESTMENT OPPORTUNITY

**REDESIGNING OREGON'S PUBLIC
ASSISTANCE SYSTEM TO REDUCE POVERTY
BY PLACING MORE OREGONIANS IN JOBS**

March 28, 1995

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I. INTRODUCTION

The Charge

The 1993 Legislature enacted House Bill 3309 which directed the Oregon Progress Board and Workforce Quality Council to create a Work Group **to develop a plan to replace the current public assistance system with a family support and work force development system** (see Appendix I). In developing the plan the bill instructs the work group to establish the means and methods to achieve the following objectives:

- Empowering individuals to avoid or escape conditions of poverty
- Supporting and strengthening families to care for themselves
- Leveraging private, public and personal resources to finance the plan
- Allowing for flexible time lines in addressing individual families' needs
- Establishing high expectations and building the capacity of individuals, families and government to address poverty
- Creating economic opportunities by linking economic development with human services
- Providing accountability to enable policy makers to measure the state's return on its human investments
- Delivering services through a community-based system
- Creating an incentive-based system for family support and work force development

The twelve member Work Group, which began meeting on February 1, 1994, represents a broad spectrum of interests including private citizens, clients, legal aid, education, human services, and workforce development. Members of the team are listed in Appendix II.

The Work Group conducted frequent meetings for over a year. An early decision was made to focus particular attention on the program Aid to Families with Dependent Children (AFDC) and the related JOBS programs that are designed to help recipients find productive work. As part of its analysis of AFDC, the Work Group also focused on other related public assistance programs including Food Stamps and Medicaid and on the critical role communities play in creating an environment where people can thrive.

The Work Group recognized that the entire public assistance system includes a great number of different programs and services, but chose to focus on recipients of AFDC and related programs, and maximizing their employability, because of the perception

that this aspect of the system needs reforming the most. The Work Group also recognizes, however, that the rest of the public assistance system also needs to be reformed.

The Challenge

Over the past twenty years, the face of poverty in America and in Oregon has changed. Due to economic forces and changing family structures, the incidence of poverty among young adults and children (especially very young children) has soared. The parts of the public assistance system which address young families in poverty have not adjusted to these changes. Cobbled together over several decades, it fails on several critical counts:

- It is growing ever more expensive as caseload grows, but the actual support per case is not enough to take care of very basic family needs.
- It creates perverse incentives against work and marriage which may trap single parent families in prolonged poverty.
- It places too little emphasis on the root causes of poverty and provides too little assistance needed to pull out of poverty.
- It is expensive to administer and the multiplicity of service categories makes it confusing and inaccessible to those it is intended to help.

In short, the system is due for an overhaul. This paper provides a guide for rebuilding it.

II. SUMMARY

Oregon is poised to transform its public assistance system into a powerful network of services to help public assistance recipients move quickly to employment. We are learning what works: Oregon's Aid to Dependent Families with Children (AFDC) caseload has fallen seven percent over the past 12 months, due in large part to our JOBS programs that are placing about 1200 welfare recipients in work each month.

Goals for the Next 24 Months

- Reduce the AFDC caseload from 40,000 to 33,000 through self-sufficiency efforts.
- Reduce the percentage of children living in poverty from 11% to 9%.

Goals for the Year 2000

- Reduce AFDC caseload to 20,000.
- Reduce percentage of children living in poverty to 6%.
- Reduce the first time demand for public assistance among young adults (the largest and fastest growing segment for services) by decreasing rates of teen pregnancy, teen drug use, and juvenile crime and increasing school graduation and job placement rates of young adults.

How to Make This Happen

To achieve these ambitious goals, many commitments are needed from everyone involved with the system:

- ✓ **Recipients will seek work.** Most people on public assistance would prefer to work and consider public assistance to be transitory and only available during times of crisis. All public assistance recipients must accept that public assistance is not a way of life. As a condition of receiving such assistance, recipients must agree to take steps that will lead them to employment and self-sufficiency as quickly as possible.
- ✓ **Employers will provide essential opportunities.** Employment is key and employers need to be involved to design local solutions, to create opportunities (as in the new JOBS Plus pilot project), and to be much more involved in outcome based solutions.
- ✓ **Absent parents will support their children.** Efforts to step up paternity establishment and child support enforcement need to be strengthened. At the

same time, those who fail to make payments due to unemployment should be required to participate in programs that will get them employed again.

- ✓ **Adult and Family Services (AFS) and its partners will expand JOBS programs from 30 percent of AFDC caseload to at least 70 percent.** We need agreements among AFS, community colleges, Job Training Partnership Act (JTPA) entities, the Employment Department, private businesses and others to increase dramatically the services to welfare clients in life skills, job training, job placement and other related programs designed to move clients toward self-sufficiency.
- ✓ **The Oregon Legislature and the federal government will fully fund JOBS programs.** We recommend that the Oregon Legislature fund the JOBS programs at the Governor's recommended levels (including \$50,000,000 in lottery funds) for the 1995-97 biennium. The Federal Government should match Oregon's investment (currently the federal funds are capped) drawing on the savings in AFDC and Food Stamp costs realized from JOBS programs. Continued reinvestment from savings created by caseload reductions will be required to place the maximum number of recipients in work.
- ✓ **Adult and Family Services will simplify eligibility and transform the bureaucracy.** Certain changes in welfare eligibility rules and requirements need to be made to simplify the system and strengthen incentives towards work and marriage. This simplification will help to transform public assistance offices from bureaucratic eligibility offices into family support and job preparation centers, linking a range of welfare, education, and family support services. Front line case workers will be key to this transformation. Through eligibility simplification, workers can spend more time on job preparation and placement services rather than dealing with burdensome and overly complicated eligibility requirements.
- ✓ **Caring communities will agree to family support and workforce preparation initiatives.** Community and business leaders should agree to develop comprehensive plans for changes in private, non-profit and public services aimed at achieving critical benchmarks for children and families. These plans should involve a comprehensive restructuring of the manner in which schools, churches,

social services, libraries, employers, community centers and other entities interrelate in order to accomplish the caring community concept. As plans are drawn, the federal and state governments should agree to consolidate and redesign the myriad of programs to meet community needs.

- ✓ **Federal and state governments will reinvest part of caseload savings in community-based family support and workforce development services.** As the costs of AFDC, Food Stamps, Medicaid, and other programs drop due to declining caseloads, the state and federal governments should agree to use the savings to finance additional efforts that raise adult skills and improve on critical benchmarks for child health, education and job placement. Many of these initiatives would be community based.

Tables I and II summarize our vision. The good news is that in Oregon these ideas are already successfully being implemented, albeit in the early stages. Oregon is ready for the next stage. With certain changes in federal and state policy and a commitment by communities to revitalize services to citizens, Oregon can, in the words of the Oregon Legislature, take the lead "in replacing a public assistance system into a family support and workforce development system."

TABLE I
REINVENTING PUBLIC ASSISTANCE

	<u>OLD MODEL</u>	<u>NEW MODEL</u>
Public Assistance	Cash assistance, food stamps, health care and other programs.	Career preparation and job placement, with transition assistance.
Key Criteria for Benefits	Meeting complex eligibility rules.	Demonstrated progress toward finding a job.
Benefit Structure	Many disconnected categories, with penalties for marriage and work.	Simplified benefits, support for families and strengthened work incentives.
Strategy to Reduce Poverty	Provide support until people find a way out poverty.	Help people increase skills, remove personal barriers and find work.
Assumption about Clients	Rules require careful and expensive checking for errors or abuse.	Every able bodied person can find work to support themselves.
Culture of Public Assistance Office	A frustrating maze of paperwork for recipients and workers.	Personal counseling, employability preparation and job placement. High performance expectations for personnel.
First Question to Applicants	Do you meet eligibility requirements?	What do you need to get a job?
Key Performance Measures for Public Assistance Office	Eligibility error rates.	Job placement rates.
Direction of Future Caseloads	Up.	Down.

TABLE II
REINVENTING FEDERAL AND STATE ASSISTANCE TO COMMUNITIES

	<u>OLD MODEL</u>	<u>NEW MODEL</u>
Focus of Federal and State Attention	Provide funds to address specific acute or chronic problems.	Support communities to prevent problems before they become acute or chronic.
Categories of programs	Many relatively small grants with substantial rules and regulations.	A few big grants with results guidelines.
Number of "community-base strategic plans" required to receive assistance	Many overlapping plans.	One.
Clients	People in deep trouble.	Both those who are in deep trouble and those who need help to stay out of trouble.
Source of help	Disconnected agencies, programs, professionals and specialists.	Community centers and coordinated referral systems.
Accountability	Were dollars spent on the identified problem?	Is the community achieving measurable results?
Result of community progress	Fewer dollars flow to the community because it doesn't have a problem.	Dollars are redirected to other priorities so improvement can continue.
Community leader perspective on state and federal governments	A source of money guarded by regulatory hoops.	Partners.
Citizen perspective on public assistance	A bewildering maze of unconnected services, frustration and cynicism about the ability of agencies to be of genuine assistance.	Helpful services from public, private and non-profit institutions. Part of a continuum that includes ongoing education and training.

III. AN ELEVEN STEP ACTION PLAN

1. Redesign Funding Formulas to Reward Success

Current federal funding formulas for public assistance penalize success. As states take steps to reduce Aid to Families with Dependent Children (AFDC) and Food Stamp costs, the state loses federal dollars both for public assistance and for programs that help to reduce poverty such as JOBS. The heart of the reinvention plan is to create strong financial incentives to succeed **without costing the federal or state government any more money.**

Specific Changes Needed

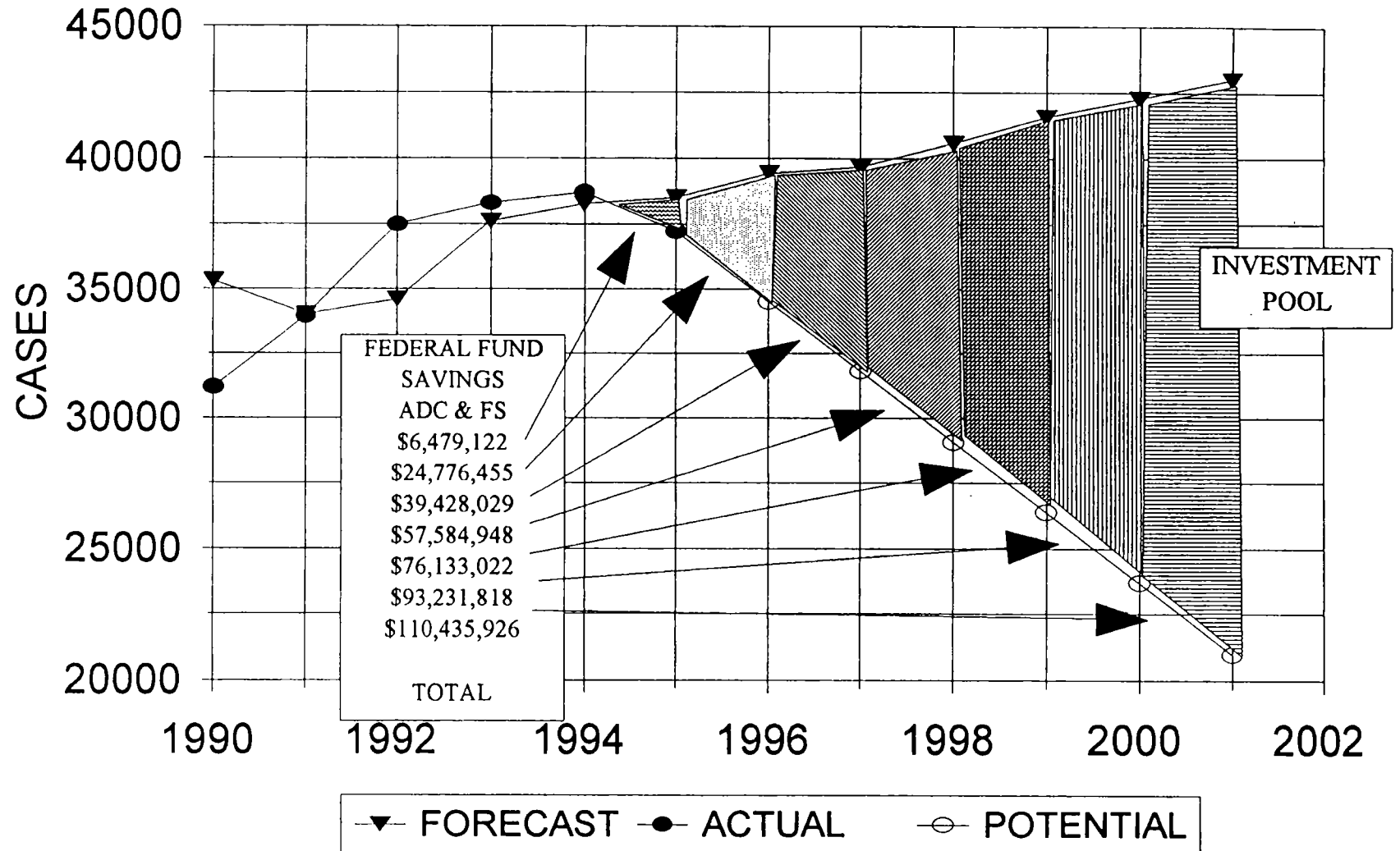
The key to changing incentives is to allow savings from caseload reductions to be reinvested into efforts that will reap additional caseload reductions. There are many variations on how the formula would work, but the core ideas are:

- Calculate the federal savings in AFDC and Food Stamps generated from Oregon's investment in JOBS to date. Oregon is the only state to have funded JOBS beyond the cap for matching grants allowed by the federal government.
- Allow Oregon to reinvest federal savings to match state investments in three areas:
 - Further JOBS programs expansions (including programs for non-custodial parents) as a top priority, and additional enhancements that enable those who have left public assistance to gain further skills (through community colleges, the State System of Higher Education, and others).
 - Investments in community-based efforts to reduce teen-age pregnancy and encourage parental responsibility of both parents, and to increase job readiness of all young adults (invested through the Commission on Children and Families and the Workforce Quality Council).
 - Program participation expansion through modification of eligibility rules (current rules discourage marriage and savings), and by keeping grant levels up with inflation.

Figure 1

OREGON AFDC BASIC CASELOAD

ACTUAL, FORECAST AND POTENTIAL



- As further caseload reductions occur through successful program expansion and community prevention efforts, allow the additional savings in AFDC and Food Stamp costs to be reinvested using a base caseload forecast as the reference point (see Figure 1).
- Similarly, the Oregon Legislature should agree to allow the state share of the caseload savings to be reinvested in efforts which will generate further savings.

Implementation Plan

Oregon should seek an agreement with the federal government to implement this changed funding formula statewide with the express purpose of demonstrating that changing financial incentives will dramatically reduce welfare caseload and poverty. The Governor and the Legislature should agree to an investment plan for the savings that aims at providing substantial resources for all three of the investment categories presented above.

2. Require Greater JOBS Participation

Self-sufficiency through increasing JOBS program participation is a central strategy for public assistance reform. By requiring everyone to be taking steps that lead as quickly as possible to employment, enormous caseload reductions can be achieved without stranding vulnerable people with no support.¹

Specific Changes Needed

Eligibility rules for AFDC need to be revised to require nearly every adult recipient to actively seek work or engage in activities leading directly to work, or to participate in parenting, education, or counseling programs as appropriate. Changes include:

- No blanket exemption due to the age of children except as applicable under the family leave law. New participation rules would be:
 - Require full time participation until the last trimester of pregnancy.

¹ Arbitrary time limits for eligibility are not recommended. Not all clients are capable of moving at the same pace along the continuum towards employment. Some impediments to employment, such as chemical dependency, mental and physical health issues, and serious family dysfunction, require longer periods of time to resolve. A mandatory cutoff does not take individual circumstances into consideration.

- During the first two months of the last trimester clients would have ten hours per week mandatory participation. Clients would be totally exempt, except for parenting support as necessary, from the last month of pregnancy through the first three months after the birth.
- From three to six months after birth, clients would be required to participate 10 hours per week in activities such as parenting, education, and other appropriate activities.
- From six to twelve months after birth, twenty hours per week of participation would be required. After the child reaches one year, full time participation would be required.
- No limit on work search.
- Require involvement in chemical dependency programs and mental health counseling for clients needing it.
- No exemption for remoteness from job location except as a case management decision.
- Client exemptions determined by the case manager on based on individual circumstances within guidelines established by AFS.
- Expand JOBS program support payments and funding for transitional programs.
 - Provide JOBS payments to aliens eligible to work to help these families with U.S. born children become self-sufficient.
 - Expand the eligibility for Transitional Child Care funding from 12 to 24 months, eliminate the durational requirement, include AFDC applicants for whom a grant is never opened.
 - Extend Medicaid coverage from 12 to 24 months after AFDC closure due to employment if employer sponsored health insurance is unavailable, extend to 12 months for applicants for whom a grant is never opened and those clients not meeting the durational requirement.

- Expand educational requirements for teens.
 - Require custodial parents under age 16 to participate in basic education programs.
 - Require medically able pregnant recipients under 20 to participate in basic education on the same basis as non-pregnant recipients.
- Increase recipient access to quality, affordable, and safe day care (which may require additional dollars for higher payments).

Implementation Plan

AFS should seek appropriate waivers from federal statute to implement this policy.

3. Strengthen Sanctions to Encourage JOBS Participation

Changing the sanctions policy is crucial to ensuring that those reluctant to move along the continuum towards work are not provided with an endless welfare grant.

Progressive sanctions reenforces the concept of client responsibility in the new public assistance system.

Specific Changes Needed

Current sanctions policy eliminates the adult portion of the grant (about \$140), but permits assistance for children indefinitely. The new policy would be less punitive at first, but make clear that participation is essential for receiving a grant.

- Progressive sanctions for failure to participate in JOBS programs or for failure to pay child support in increments up to grant closure. Recipients remain eligible for food stamps and medical coverage.
 - \$50 decrease in grant for the first two months of sanctions.
 - Removal of the adult portion (about \$140) for the third and fourth months.
 - Close the grant in the fifth month. ²

² The Work Group did not unanimously agree on this portion of the recommendation.

- Cooperation at any time removes the sanction.
- Persons on unapproved, self-initiated education and training programs could continue under existing sanction policy. This policy will apply to new applicants for two years, after which the policy will be revisited.

Implementation Plan

AFS should seek necessary legislative changes and/or federal waivers to implement this new sanctions policy.

4. Increase Paternity Establishment

Both parents have a legal responsibility for the financial support of their children. However, far too many of births to unwed mothers occur without paternity being established. Establishment of paternity allows a mother and her children potential access to monthly child support, health insurance, and social security benefits in the event of the fathers death or disability.

Specific Changes Needed

- Hospitals should be required to make concerted efforts to establish paternity at the time of birth.
- AFS should seek more vigorously the location of father as a condition of receiving a grant. Paternity is required now, but many clients fail to report it. In some cases, there are good reasons not to report the father (for example, the father may be abusive), but recipients should be strongly encouraged to help locate the father.
- A public awareness campaign should be launched to alert potential unwed fathers of their legal responsibilities to their children.
- Oregon Health Plan workers should be responsible for establishing paternity at first contact.

Implementation Plan

Working closely with hospitals to design the system, legislation should be prepared to establish hospitals' responsibility for establishing paternity at birth.

5. Expand Child Support Enforcement and Develop JOBS-Type Model for Non-Custodial Parents Who Fail to Provide Support

Only about half of court-ordered child support is actually paid, and only about 20 percent of AFDC families actually receive support. Child support efforts need to be stepped up. Those who lack resources to pay should be required to participate in programs that help them achieve employment and which encourage greater responsibility by non-custodial parents for their children.

Specific Changes Needed

- Expand the child support enforcement staff. (The dollars are cost-effective in savings on AFDC alone.)
- Extend occupational license suspension for failure to provide child support to all licenses required by state law to engage in an occupation or profession.
- Allow tax returns to be available to agencies for support enforcement services.
- Permit child support agency to allow garnishment of property of obligor for unpaid child support.
- A JOBS-type program module of courses should be designed specifically for non-custodial parents, and AFS or the courts should have authority to require participation in those programs for those whose child support is delinquent.

Implementation Plan

The Governor's budget includes funds for increasing child support enforcement. Two bills addressing this are currently pending in the Legislature are Senate Bill 392 (addresses occupational licensing) and Senate Bill 214 (allows garnishment of property).

AFS should take the lead for developing a JOBS program for non-custodial parents aimed particularly for those unemployed. Other states have a model, called Parents Fair Share, that should be reviewed as a part of the program design work. The federal government will need to allow expenditure of federal dollars for these kinds of programs.

6. Prepare for Expansion of JOBS Plus

JOBS Plus is a promising new component involving the private sector. It should be an option available statewide to take advantage of the potential for effective on-the-job training. As of March 1995, there were 111 JOBS Plus placements.

Specific Changes Needed

- Seek federal waiver to expand JOBS Plus statewide
- AFS and local partners will determine pace of implementation as analysis of cost-effectiveness develops

Implementation Plan

A Federal waiver is required, which should be sought immediately. The program should be expanded, assuming early success is demonstrated. AFS and its local partners will continue to monitor this pilot JOBS component to determine its' appropriate utilization and cost effectiveness.

7. Change Eligibility to Create Incentives for Marriage and Savings and to Free Time for Case Management

Reducing and simplifying the eligibility requirements for AFDC will:

- Enable workers to focus on moving clients toward employment
- Remove penalties for marriage
- Enable clients to accumulate assets for future use
- Encourage clients to focus on going to work instead of concentrating on how to maintain their welfare grant

Specific Changes Needed

- Encourage resource accumulation by raising the amount of allowable resources for non-JOBS clients from \$1,000 to \$2,500, and to \$10,000 for JOBS participants who are progressing in their self-sufficiency plans.
- Raise the vehicle equity limit from \$1,500 to \$9,000, as enacted by the 1993 Legislature. (Waivers for this change are currently pending)
- Remove requirements that adversely affect two parent families
 - Eliminate the rule which currently disqualifies a family based on hours worked rather than on income.

- Eliminate the work history requirement that the principle wage earner have earnings in six of the preceding 13 quarters to qualify for assistance
- Allow recipients who would otherwise be disqualified from AFDC because of an Unemployment Insurance (UI) disqualification to request a hearing from AFS to contest the disqualification.
- Treat lump sum payments as an asset rather than as income. Currently when a client receives a large sum of money such as a personal injury settlement, the client becomes ineligible for assistance for the number of months equalling the sum of money divided by the monthly grant.

Implementation Plan

AFS should be directed by the Legislature and/or the Governor to seek waivers for these changes from the federal government. The timing of implementation of these changes would be dependent upon the savings realized in caseload reductions, but would be implemented as quickly as possible as projected caseload reduction savings are realized.

8. Build High Performance Public Assistance Offices and Modify Quality Assurance Rules to Focus on Results.

To support effective implementation of the waivers AFS would expand staff training to refine and enhance counseling and evaluation skills for chemical dependency, mental and physical health, disabilities, and family dysfunction. The expanded training is part of AFS's design to continue creating a high performance work force.

Specific Changes Needed

- Exempt the state from Quality Control (QC) error penalties giving the state flexibility to use QC staff to produce a combination of eligibility case reviews, management information, and outcome measurements. Allow the state to utilize QC in both Food Stamps and AFDC, similar to the way Oregon does under the Oregon Health Plan waiver that exempts the State from penalties.
- Move to a one year schedule (currently it is six months) for eligibility redetermination for those participating in JOBS programs.
- Initiate a training program with AFS to further the transformation of AFS offices into high performance teams.

- Disconnect AFS staffing levels from current caseload standards to permit the flexibility to provide the interaction with clients necessary to remove barriers. Staff ratios should be flexible, based on the changing nature of the JOBS programs.

Implementation Plan

AFS should seek rule changes from the federal government and continue implementation of high performance workplace practices.

9. Require Teenage Mothers to Stay in School and Encourage Safe and Supportive Environments

Teenage mothers and their children are at considerable risk for bad outcomes, and we must establish a priority to help those mothers stay school, take care of their children, and avoid additional pregnancies. In addition, a safe, stable living situation is critical to moving teen parents towards successful adulthood and to nurture the teen's child.

Specific Actions Required

- Expand education requirements for teens
 - Continue to require custodial parents under age 18 to participate in basic education
 - Require medically able pregnant recipients under 20 to participate in basic education on the same basis as non-pregnant recipients.
- Promote state and local efforts to reduce teen pregnancy.
- Communities should give a strong priority to developing a variety of supervised care options.
- Intensive case management, involving many partners (such as AFS, Children's Services, mental health, and others), should be a priority.

- AFS should be allowed to require supervised care, with parents or elsewhere, for recipients 17 years and under as a condition for benefits. Full benefits would be available to teen parents who live at home or in other supervised living arrangements.³

Implementation Plan

Adult and Family Services should work closely with Children's Services Division, the Commission on Children and Families, and other community groups to implement these recommendations.

10. Solicit Support for Caring Communities Plan

Local Children and Families Commissions, Workforce Quality Councils, and other community organizations need to be enlisted to help aim efforts at the key benchmarks that will help reduce poverty among young adults.

Specific Actions Needed

- Brief local communities of the opportunity for building caring communities and seek their support for the initiatives.
- The caring communities model presented in Appendix III should be reviewed and modified and offered to community groups as a model for building community based prevention efforts.
- The state should identify barriers created by state and federal rules and program designs that get in the way of achieving key benchmarks, and act to remove those barriers. Department of Human Resources' Consolidated Services Delivery project is one good example of this process.
- Part of the savings from AFDC caseload reductions should be allocated to local community prevention efforts

Implementation Plan

The Governor, working with DHR, the Commission on Children and Families, and the Workforce Quality Council should take the lead in enlisting community support for the caring communities model, and for developing funding strategies to support locally based strategic plans.

³ The Work Group did not unanimously approve this suggestion.

11. Communicate Plan to Alert All Participants to New Responsibilities and Opportunities.

These recommendations when implemented represent a dramatic shift in direction. The framework, when adopted as policy, needs to be communicated to various audiences, including front line workers, community and business leaders, public assistance recipients, and non-custodial parents.

Specific Actions Required

- The Governor's Office and AFS should map out a broad based communications plan as soon as these policy directions are established.
- Key partners should participate in the design of the plan.

Implementation Plan

The Governor should designate lead responsibility for communications plan development.

IV. A NEW VISION FOR PUBLIC ASSISTANCE AND CARING COMMUNITIES

Goals for Reform

In examining the public assistance system, the Work Group chose to focus reinvention strategies primarily on systems which deal directly with families with children. Our central aims are to reduce the percentage of children and adults (particularly parents) living in poverty and to increase the percentage of adults who are self-sufficient (who do not rely on public assistance). These goals are reflected in measurable terms through the benchmarks presented in Appendix IV.

A Strategy to Achieve Goals

We recommend that Oregon pursue two central strategies to achieve these goals. First, for those families in economic or other crisis, we want to build a system that quickly helps them obtain employment while providing assistance in the meantime. Second, Oregon needs to build communities that support families to nurture children and young people so well that nearly everyone can enter adult years ready to be good citizens, productive workers and supportive parents. By building these kinds of communities, we will reduce the number of families that need public assistance in the first place.

By working on these two strategies concurrently, we can turn a growing cycle of poverty and dependency into a powerful cycle of community revitalization. We propose a financing plan that allows Oregon to plow the savings generated from reduced welfare and food stamp caseloads into services that will help *further* reduce the need for public assistance, leading to even *further* reductions in public assistance costs.

A Vision for Revamping the Public Assistance System

The Foundation

The new performance based public assistance system would be built on the foundation of vastly simplified eligibility, a basic safety net of universal health care and food stamps, and a holistic approach to assessing people's needs and assisting them to see that they are met. Services provided by multiple agencies would be integrated where possible. Every recipient would be required to seek work through services that would enhance their capacity for work. Aggressive action would be taken to establish child support payments and services to assist teen parents would continue to be a priority.

Every person should have a minimally acceptable standard of food, shelter, and health care, contingent upon an individual assuming responsibility for their own lives and seeking out the support need to live independently. The following principles should drive our public assistance contract:

- Within the scope of their capabilities, all able bodied people should be required to seek work, which should offer living wages, meaningful work, and opportunities for career development.
- Individuals should participate in defining and implementing their own paths to self-sufficiency, and should be encouraged and supported in setting their own goals.
- Work should be economically better than being on public assistance. Assistance payments should be designed so that increased wages and movement to full time work should improve families economically.
- The work requirement for welfare recipients must continue to take into consideration personal circumstances, such as young children in a single parent household, illness, family emergencies, transportation, and child care difficulties.
- Absent parents should pay child support to contribute to their children's standard of living.
- The system should not penalize married couples.
- Everyone who can benefit should have an opportunity to access appropriate and meaningful education, training, and removal of any other barriers to self-sufficiency.
- Education should encourage the development of positive self-esteem, a sense of community, and a work ethic.
- People should be encouraged to continuously improve. There should be short term training, on-the-job-training, and mentorship programs for those who would benefit from them.

Successful self-sufficiency requires a partnership between the individual, government, and business, with appropriate incentives for each and clear performance expectations.

Simplification of eligibility would have a direct and positive impact on the staff capacity to interact with clients on self-sufficiency. Staff time previously spent on detailed eligibility processes would be redirected to work with clients on efforts to achieve self-sufficiency goals.

Key Elements of a Redesigned Welfare System

The new system could be characterized by key interdependent elements which can be divided into four basic areas:

Reciprocal Client/Agency Responsibility

- 100% of the AFDC caseload would be involved in a program to become as self-sufficient as possible with a significant majority in a JOBS model.
- Self-sufficiency plans for each client (in the form of a social contract), which identifies barrier-removal activities for both the client and the agency, would be required. Client consequences for not meeting their social contract would be incremental.

Client Incentives and Eligibility Simplification

- Clients would receive incentives for engaging in and successfully completing steps within their self-sufficiency plan, for job placement and job retention.
- 100% of AFDC caseload would receive case management services.
- Personal resource limits would be raised and asset limits increased.
- Obstacles to stabilizing family units would be eliminated.
- Barriers to working would be removed.
- Verification requirements would be reduced.

Support Services

- Services to at-risk children of clients would be developed to help youngsters avoid public assistance later in life. Children of clients would also receive incentives for successful achievement in school.
- There would be significant expansion of child support collection activities.
- Emergency assistance would be available to help prevent the need for longer term public assistance.
- The state tax structure would support families in entry level employment.
- Universal health care would be available.
- Accessible and affordable child care would exist to support workforce needs.
- Larger system changes in business, education, employment programs, etc. would support people in work and enable them to stay there.
- Education systems would be changed to acknowledge changes in the American family structure and the growing needs of single parent families. These systems would provide support to families in extended education, who do not need case management and welfare intervention services.

Inter-Related Systems Issues

- Agency technical training, technological changes and organizational development would all focus on the agency's ability to move clients to self-sufficiency.
- Integration of information and services would be maximized across agencies for greatest efficiency and effectiveness in client service delivery.
- All systems impacting client self-sufficiency would be measured by outcome criteria. This would include federal partners and would require federal support ranging from policy to statute changes.

The redefined public assistance system would be performance based with well defined measurable outcomes at the client and agency level, focusing on moving clients to self-sufficiency as quickly as possible.

As this vision is realized, we can imagine merging a variety of programs and administering them through a single, integrated, fully computerized delivery system which takes care of all people who deserve government assistance. We elaborate on this vision in Appendix VI.

A Vision for Caring Communities

The Foundation

A caring community is a localized culture of civic involvement and responsibility. The "community" may be a small incorporated town or a city neighborhood or the rural area of a county. Size may not be as important as a "sense of community", vision, focus and a participatory process. Citizenship in a caring community is broadly defined to include individuals and families, corporations both for profit and not for profit, religious and volunteer organizations, and other less structured groups. The concept places new expectations upon its citizens according to their unique capabilities.

Massive changes in the economy and family life are at the root of why so many children are not receiving the support they need to enable a smooth transition to productive lives as adults. As a consequence, too many children enter kindergarten behind established standards. Too many fall behind academically and turn to drugs, juvenile delinquency and early pregnancy. Too few teenagers find paths from school into productive work by their early twenties. As long as these problems persist, Oregon will continue to face high levels of poverty among young adults and children, and an ever expanding caseload for public assistance. This cycle must be broken, and broken quickly.

Communities hold the key to breaking this cycle, not the federal or state government. The solutions to poverty are too interdependent and community specific to be solved centrally. Communities need to be enlisted to create the public and private services and opportunities that lead families and children towards productive lives. Individuals must be held accountable for their own decisions and actions. At the same time, we need to design the institutions within our communities to help people succeed in a rapidly changing world.

Elements of A Caring Community

A caring community looks to itself first for support and support mechanisms. Each community needs to have supportive services available to everyone. Those who can afford it need to pay. Services should be available in a non-stigmatizing fashion to those who cannot afford them. The goal is to link social services in a way that addresses the needs of community, family and children in a holistic fashion.

The Work Group has tried to describe both the results we would seek from a caring community and the services and opportunities that would be provided in them.

Appendix III presents our vision in detail. We summarize our vision here. The vision draws on the work of the Oregon Progress Board, the Workforce Quality Council, the Commission on Children and Families, and others.

We envision communities where business, human services, education and public assistance would be interrelated and working toward common goals of preventing and remedying poverty and its accompanying social problems. An established method of measuring the success of these systems would be set up, linked to the goals set in the Oregon Benchmarks.

The immediate or short-term and pragmatic changes necessary in the public assistance system are those that will begin the shift toward the long-term goals reflected in the benchmarks. The new system would find ways to address the barriers which have caused a family to need assistance, and then provide assistance so the family can return to economic and social stability. Self-sufficiency needs to be the priority of the caring community.

Specifically, the major changes that would help reduce poverty and the need for welfare in the future include the following:

Community Support

- Communities must value families and provide needed support, including counseling, to keep families together if at all possible.
- The obligation of both parents to nurture and support their children must be recognized and efforts at child support collection and paternity establishment stepped up.
- Communities must develop and demonstrate positive values that would help prevent such behaviors as alcohol and drug use and teen pregnancy.

Education

- Education should provide courses such as life skills, self-management, parenting, and conflict resolution, that help strengthen families and promote self-sufficiency.

- Education should have a strong focus on preventing teen and single adult pregnancies.
- Pre-education activities need to be available so that all children come to kindergarten ready to learn.
- Special needs of children should be addressed to help prevent their dropping out of school.
- Schools would work actively to reinforce healthy choices regarding alcohol, tobacco and other drug usage.
- Educational activities should be designed to link with work experiences.
- Literacy education for adults should be readily available.

Opportunity Base

- Businesses want to participate in a meaningful way to help shape JOBS programs as well as to provide the work opportunities. The limited JOBS Plus experience demonstrates the potential of the private sector to contribute. Business must be involved in the design of solutions.
- Opportunities for school work experience programs and summer work for students should be available, not only to provide financial support but to help develop positive attitudes about work.
- Attention must be given to keeping people on the job and raising wages through continuing training and education during employment.

Health Care

- Health care coverage should be uniformly available to all families.
- Health services would have a strong focus on preventing teen births and would emphasize prenatal care.
- Early childhood immunizations and health screening would be stressed.

How the Federal and State Governments Can Support Caring Communities

To build these caring communities, the federal and state governments will need to fundamentally rethink how programs are designed. All too often, the multiplicity of specific programs with confusing and contradictory eligibility requirements make difficult for clients to find the services they need. And because they are directed through state and federal programs, they impede the ability of communities to design their own systems to meet their own needs.

To support caring communities, state and federal governments need to give community leaders greater autonomy for how state and federal dollars are spent. In return, communities should commit to achieving key results aimed at reducing poverty and helping people to lead productive lives. In addition, they should reward communities that succeed in reducing public assistance needs, by giving at least part of the savings back to the communities.

The Oregon Option, a recently signed agreement between the federal government and Oregon, provides a framework for pursuing this agenda. A copy of the Oregon Option Memorandum of Understanding is included in Appendix IV.

How Business Can Support Caring Communities

Business will play a critical role in building caring communities in providing job opportunities. The private sector needs to be solicited preferably by peers. The level of business involvement is a choice that each business should be able to make without excessive pressure to do more. Too many or too frequent expectations of too few employers may scare off many (small) business opportunities. A "one contact menu" approach that allows an employer to grow into expanded roles can accomplish more. If businesses are allowed to choose which transitional involvement (school to work, youth apprenticeship, JOBS, JOBS Plus, etc.) best suits their operation, they will be more apt to participate.

Measuring Outcomes

The changes to systems outlined above must be designed with the intent of attaining specific measurable outcomes. These outcomes have been set down in the form of the Oregon Benchmarks, and a number of individual benchmarks which would be affected by the kinds of changes being advocated have been identified in Appendix V.

Investments in these outcomes will directly reduce the need for a public assistance entitlement system. By strengthening families and helping young people on a path towards productive lives, we will vastly reduce the need for public assistance, saving

enormous sums of public dollars. One example illustrates the point. Roughly 50 percent of teenage mothers end up on welfare and food stamp caseloads, at a cost of approximately \$80,000 over the lifetime of the mother. If communities achieved the benchmark for teen pregnancy, the direct savings would be enormous.

V. WHY WE NEED TO REPLACE OUR CURRENT PUBLIC ASSISTANCE SYSTEM WITH A NEW ONE

Over the past twenty years, the face of poverty in America and in Oregon has changed. Due to economic forces and changing family structures, the incidence of poverty among young adults and young children (especially very young children) has soared, while poverty among the elderly has abated (Figure 2).

Our public assistance system, directed to help young families in poverty, has not adjusted to these changes. Built over the course of several decades, it fails on several critical counts.

- It is growing ever more expensive as caseload grows, but the actual support per case is not enough to take care of very basic family needs.
- It creates perverse incentives against work and marriage which may trap single families in prolonged poverty.
- It places too little emphasis on the root causes of poverty and provides too little assistance to pull out of poverty.
- It is expensive to administer and the multiplicity of service categories makes it confusing and inaccessible to those it is intended to help.

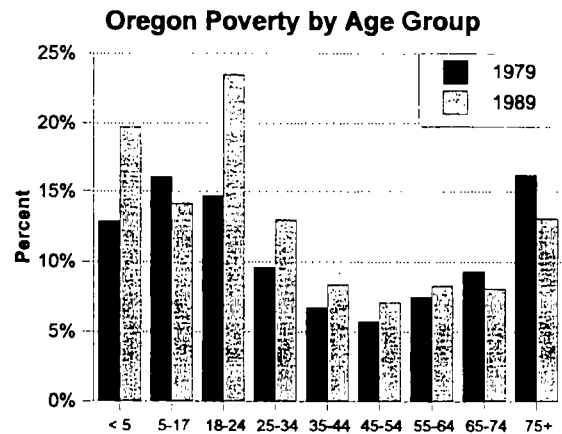


FIGURE 2. THE YOUNGEST, THE POOREST. IN JUST A DECADE POVERTY HAS INCREASED THE MOST AMONG YOUNG ADULTS AND CHILDREN

In short, it's is due for an overhaul.

The Changing Face of Poverty

Figure 2 indicates that the nearly 20 percent of young children in 1990 were growing up in poverty, compared with 13 percent ten years earlier. For a family of four, in 1994, the poverty level income was \$14,800. While poverty among seniors and working age adults stabilized or actually declined, poverty among young adults soared. Since young adults are often parents, early childhood poverty also grew dramatically.

Mean Annual Earnings (Males 25-34)

(1990 dollars, year round workers)

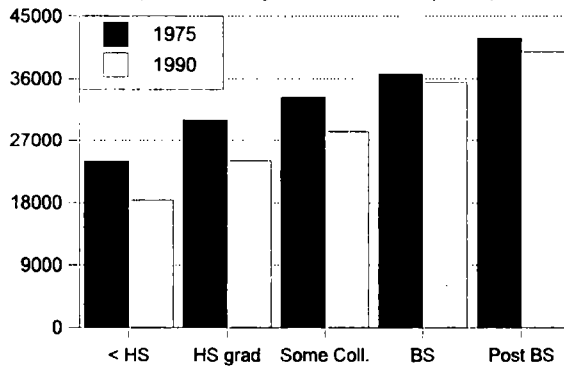


FIGURE 3. RETURNS TO EDUCATION. WAGES HAVE PLUMMETED FOR YOUNG MEN WITH HIGH SCHOOL DEGREES OR LESS.

Mean Annual Earnings (Females 25-34)

(1990 dollars, year round workers)

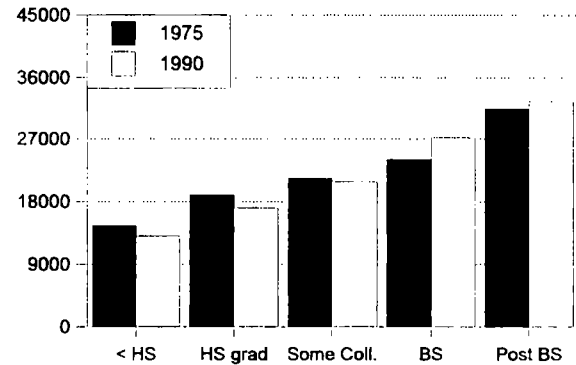


FIGURE 4. COLLEGE EDUCATED FEMALES HAVE MADE SOME GAINS. BUT THOSE WITH HIGH SCHOOL OR LESS HAVE DROPPED.

One cause for this growth in poverty among young families is that wages have declined for those in their early twenties who have limited education. Figures 3 and 4 illustrate this trend. In the 1970s, it was possible for a young man just graduating from high school to earn good wages in blue collar jobs where very few academic skills were required. Today, those low skill, high wage jobs have nearly disappeared, and those with high school degrees or less have a very tough time finding well paying work. Wages for young women have not dropped as much, but only because they started at a lower level in the first place.

Declining economic opportunities directly affect family life. To make ends meet, more and more families with children include two working parents. Figure 5 illustrates how children in Oregon live today. Only about 30 percent of children today are growing up in a "traditional" family, with father at work and mother at home.

Increasingly, significant numbers of women are giving birth outside of marriage. Figure 6 shows that over one in four births today is to an unwed mother compared with less than one in 10 two decades ago. Among teens,

How Oregon Children Live

(Home Arrangements, 1990)

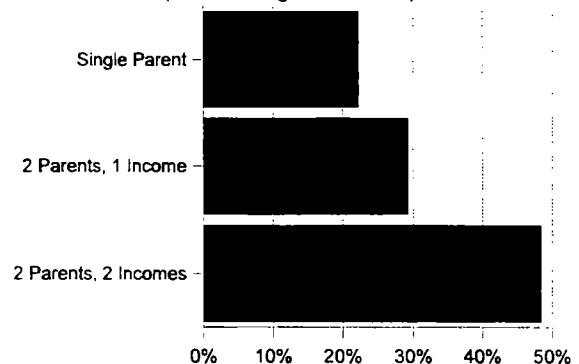


FIGURE 5. CHANGING HOME. A CHILD'S HOME LIFE TODAY COMES IN FAR DIFFERENT PATTERNS THAN A FEW DECADES AGO

the rate is nearly three out of four teen births, up from one in four 20 years ago. And, in 1993, only 49% of the children born outside of marriage had legal paternity established. The incidence of childhood poverty is vastly higher among single parent families, especially single women headed families (Figure 7). This is the population that relies heavily on the Aid to Families with Dependent Children (AFDC) programs for income support.

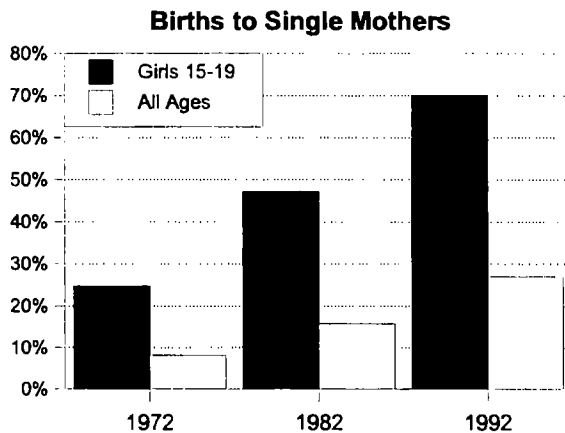


FIGURE 7. STARTING MOTHERHOOD SINGLE. THE PREVALENCE OF POVERTY AMONG SINGLE MOTHERS SUGGESTS THAT THE TREND TOWARD MORE SINGLE-MOTHER BIRTHS BEARS WATCHING

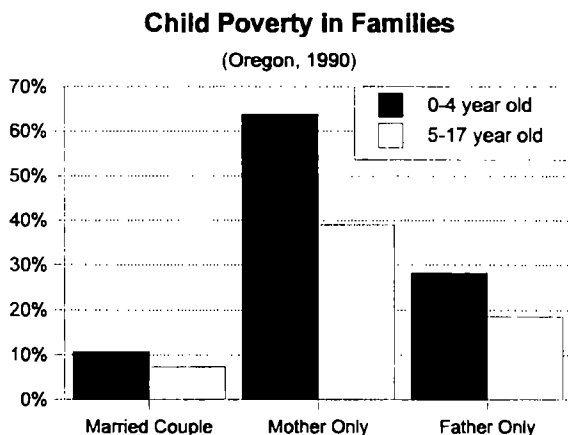


FIGURE 7. PARENTING AND POVERTY. A HIGH PERCENTAGE OF IMPOVERISHED CHILDREN LIVE IN SINGLE PARENT HOMES.

of court ordered child support was actually paid, and only 20 percent of AFDC recipients receive any child support.

There are two explanations often cited for the increase in unwed births. Some blame the design of the AFDC program itself, which provides payment to unwed mothers, but in most cases not to married couples. While this may be a contributing cause, these benefits have been available for decades, and in fact have declined with inflation. Currently, benefits are only about 75 percent of the poverty level, when combined with food stamps. This may not be much of an incentive for single parenthood.

Another explanation for increased births to unmarried women is the wage decline among young men which has made family formation less attractive economically. Between 1973 and 1986, the share of 20-24 year old males whose earnings were greater than the three person poverty line dropped from 58.3% to 43.8%. During the same period, marriage rates for this group dropped from 39% to just over 21%. Earnings of families headed by 20-24 year olds fell from 71% to only 52% of the national family median income.

Another major source of single parent households is divorce. In 1993, only 54%

These trends help sharpen the focus on what we must do to reduce poverty and public assistance caseloads. First, we must focus on improving skills and raising the job readiness of young adults. Schools, business and labor must work together to ensure that a growing number of young adults land family wage jobs. Second, we must convince young men and women to delay pregnancy until a child can be adequately supported financially. Third, we must insist that absent parents keep their financial commitment to their children, and strongly encourage their active participation in child rearing.

The Public Assistance "System" Today

Oregon, with the support of the federal government, will spend nearly 2.9 billion dollars during 1995-97 to provide assistance to those in need of health care, food, and income support. This estimate includes a range of major assistance programs, listed in Table III.

**TABLE III
EXAMPLES OF PUBLIC ASSISTANCE**

Program	Who is Eligible?	Profile of Recipient	Biennial Budget
MEDICAID (OREGON HEALTH PLAN)	-Adults up to 100% of Federal Poverty Level -Pregnant women and young children up to 133% of Federal Poverty Level	233,904 adults 142,717 children	Federal: \$1,085.6 mil State: \$677.6 mil Total: \$1,763.2 mil
FOOD STAMPS	Most families up to 130% of Federal Poverty Level	170,530 adults 145,136 children	Federal: \$583.8 mil State: \$0.5 mil Total: \$584.3 mil
AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)	A family of three must have an income below 60% of Federal Poverty Level to be eligible	41,174 adults 62,291 children	Federal: \$248.5 mil State: \$185.5 mil Total: \$434.0 mil
GENERAL ASSISTANCE	Temporarily disabled single adults and childless couples with income below 45% of Federal Poverty Level	2,149 adults	Federal: \$0 State: \$50.7 mil Total: \$50.7 mil
WOMEN INFANTS AND CHILDREN (WIC)	Pregnant or postpartum women, or children under five, who have a defined medical or nutritional risk, up to 185% of Federal Poverty Level.	20,250 women 15,488 infants 44,268 children	Federal: \$89 mil. Other: \$19.7 mil Total: \$108.9 mil

Yet, because of the demographic, and economic challenges presented above, public assistance programs do not now, and will not likely, maintain a family at or above the poverty level. Among Oregon women ages 20-29, nearly 7 percent are currently receiving AFDC, and over 16 percent are receiving Food Stamps. The numbers of children, and especially young children, covered in these programs is also alarming. Approximately 13 percent of children under 5, and almost 9 percent of children through the age of 18, are receiving AFDC, and 18 and 16 percent, respectively, are receiving Food Stamps.

The current service delivery system suffers from several problems.

First, programs such as Aid to Families with Dependent Children (AFDC) and Food Stamps serving the same clients are not well coordinated and when added together create "notches" in benefits shown in Figure 8. AFDC may drop off immediately when a family becomes employed at minimum wage (\$4.75 per hour), but Food Stamps continue on until this family reaches \$8.00 per hour. At the same time, the Earned Income Tax Credit (EITC) is falling off, causing child care co-payments to rise steeply. This causes families to experience a net drop in income as their wages rise, or worse, reduces the likelihood that children needing day care will receive that care.

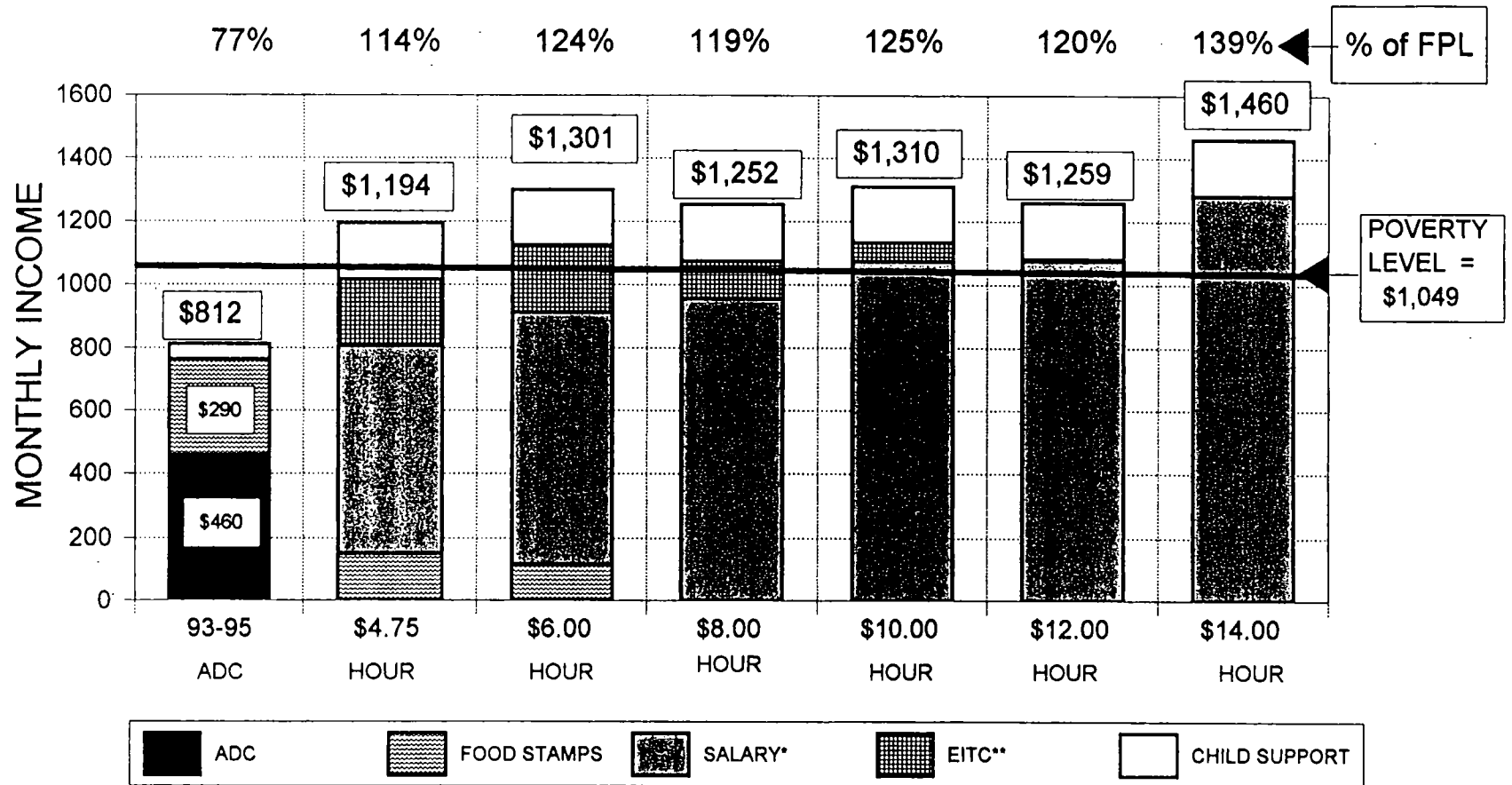
The recently adopted changes in the federal Earned Income Tax Credit have helped. As can be seen from Figure 8, improvements in the EITC, especially when coupled with child support, have made it possible for even a minimum wage job to lift a family of three out of the sub-poverty living (75% of federal poverty level) condition dictated by receipt of public assistance. Yet, other parts of the public assistance program policies, in addition to AFDC and Food Stamps, still impose barriers to moving out of poverty.

The Oregon Health Plan has also helped to reduce one of the disincentives for work. Health care is now available for adults earning up to 100 percent of the poverty level, and for young children living up to 133 percent. However, another disincentive has been created for those employed above the poverty level without benefits. Without universally available health coverage through employers or some other means, the system creates some incentives against work for those who are living around the poverty level.

Figure 8

WELFARE TO WORK

SPENDABLE INCOME FOR 1 ADULT & TWO CHILDREN



*SALARY = GROSS WAGES MINUS TAXES, FICA, CHILD CARE COSTS AND \$75 MISCELLANEOUS EXPENSES

**EITC = EARNED INCOME TAX CREDIT. 60% OF EITC IS AVAILABLE IN MONTHLY PAYCHECK. REMAINING 40% AVAILABLE AS A REFUNDABLE TAX CREDIT AT THE END OF THE YEAR. THIS CHART DEPICTS THE FULL EITC AMOUNT. CHART ASSUMES CHILD CARE COSTS OF \$626 PER MONTH.

Second, despite mandatory work search requirements which have existed since 1967, only a fraction of AFDC recipients have participated in education, training, and work search activities because of the cost of child care, transportation, and other services to make work possible. Due to the complexity of federal requirements, the environment of the public assistance offices has emphasized eligibility determination over expectations or support of work. While most recipients of AFDC and other programs leave the system fairly quickly, some become trapped in long term poverty. The programs have no time limits for participation and historically have had created only minimal expectations that participants should seek work.

Third, the design of the system creates incentives for single motherhood while discriminating against families in which both parents are present. While AFDC was originally designed in the 1930s as a safety net for widows with children, today about half the of the children receiving support are children of unwed mothers. Federal funds are available only for two parent families which have minimal work history or incapacity of one of the parents. This can adversely affect young newlyweds who have not had time to acquire sufficient work history. In addition once the primary wage earner begins working 100 hours per month, the grant closes regardless of the amount of money earned.

Fourth, the regulations associated with the system make it too costly to administer. Adult and Family Services (Oregon's primary public assistance agency) estimates that 20 percent of its administrative costs are directly related to complying with unproductive federal regulations. Reporting requirements take a considerable amount of time by staff, who must chart the time they spend on individual programs. In addition, we estimate that AFS files approximately 550 reports with the federal government over the course of the year. Limited resources and staff time spent on unnecessary and excessive reporting and documentation prevent staff from performing case management activities to help clients make the transition to self-sufficiency, and add to the perception of both clients and staff that the agency is not there to help, but only to police the poor.

Finally, as we examine the way federal dollars come to Oregon, the system creates incentives to fund public assistance at the expense of funding programs that would reduce the need for such assistance. The federal government matches state dollars for basic assistance such as AFDC and Medicaid, and in the case of Food Stamps, funds the program completely. On the other hand, there are limited federal matching dollars for services that would enable Oregonians to move towards self sufficiency and promising lives (education and training, JOBS programs). And indeed, as Oregon

makes progress towards reducing public assistance, funding for preventive services such as the JOBS program is reduced because our incidence of poverty is lower. In effect, success is penalized by the structure of federal funding.

Promising Developments

While the system has many problems, there are promising developments in recent years which suggest how it might be improved in the future. Among the initiatives that put Oregon in a strong position to move ahead with significant reinvention of the public assistance system are the Oregon Health Plan, JOBS and JOBS Plus, and Child Support Services. The community based work generated by the Commission on Children and Families and the Workforce Quality Council, are two exciting examples of the caring community concept.

The Oregon Health Plan

The implementation of the Oregon Health Plan in February 1994, provided low-income families with valuable support in their efforts to achieve self-sufficiency. By extending medical coverage to all individuals and families below the poverty level, it eliminated the need for many people to come onto public assistance solely to obtain needed medical care. In addition, for those already on assistance, the plan provided health coverage to enable them to take entry-level positions that did not initially provide medical benefits.

During its first ten months, almost 300,000 Oregonians received benefits through the plan. Of this group, about 107,000 were people who did not previously have any type of coverage.

The Oregon Health Plan is a crucial component in any Oregon plan to reinvent the public assistance system because it removes a significant obstacle to employment among the low income population.

JOBS and JOBS Plus

Oregon's highly successful JOBS programs are locally driven, highly collaborative job preparation and placement network that will serve as a cornerstone of future reinvention efforts.

Oregon's approach to public assistance reform has been progressive in many ways. First of all, many aspects of the current JOBS Programs were tested between 1988 and

1990 in "New JOBS" pilot sites across the state. The evaluation of these projects has been incorporated into the program design and operation of the current JOBS Program, and will be carried forward into planning for future changes.

In addition, JOBS is a collaborative effort that uses the expertise of community partners such as JTPA, community colleges, the Employment Department, and local service providers. These organizations have joined with AFS at the local level to plan and operate the program. This system of partnerships will be a key part of any large scale change in the welfare program and its employment preparation components.

The success of Oregon JOBS with teen parents will be another important building block in the redesigned system. Currently, almost 90 percent of the state's welfare teens are either in school or have completed high school or earned their GED, a figure that leads the nation. A redesigned public assistance system would concentrate heavily on early intervention to move teens toward self-sufficiency. Since JOBS has already established progressive, positive programs for teens, it will be possible to expand and enhance the existing services rather than creating new programs.

Oregon JOBS is also noteworthy because of its 1992 waivers from federal policy, which enable it to help more people earlier in their stay on public assistance.

These waivers have made a large contribution to the success of the program, and show that changes in burdensome federal requirements lead to improved outcomes.

Number of Placements.

- 1,073 during November 1994. This is 79% more than the legislatively projected level of 600 per month

- The highest monthly placement figure during this biennium was 1,618, in August 1994

- 35,375 total placements, October 1990 (beginning of program) through November 1994

- 18,421 placements, July 1993 (beginning of current biennium) through November 1994

Wage Rates. \$6.00 per hour average, biennium-to-date

Cost per Placement. \$2,165 during the 1993-95 biennium. This is down from \$4,200 during 1991-93, and is 39% less than the legislatively projected cost.

Return-to-Welfare.

- Among JOBS clients placed in employment, 80% are not receiving welfare 18 months later

- This compares to a 48% rate of return to welfare among non-JOBS clients within 18 months

Teen Parent Participation. 89% of teen parents on welfare are in an educational program or have already earned a high school diploma or GED

Total Diplomas and GED's Earned by JOBS Participants. 7,965 since October 1990 (3,550 of them earned by teen parents)

JOBS Participation. 9,100 per months average, since July 1993. 88% are adults, 12% are teens.

FIGURE 9. JOBS PROGRAM OUTCOMES.

One of the newest additions to the JOBS Programs, JOBS Plus, is a unique public private partnership that is indicative of the state's readiness to take bold steps in changing its public assistance system. This program places clients in on-the-job training positions in private businesses for which they are paid at least the minimum wage, in place of public assistance benefits. The participation of the private sector is the foundation of JOBS Plus, and our limited experience in the program has already shown the importance of private businesses in any future public assistance re-engineering.

Finally, unlike most states, the JOBS Programs have not been separated from the rest of the welfare agency since 1982. Instead, it is integrated into AFS operations and is a critical "change agent" for the entire system.

Support Services

Clients who find employment can very seldom make the jump from welfare to self-sufficiency unassisted; support services of some kind are almost always needed. In addition to the Oregon Health Plan, mentioned earlier, the major support programs include day care assistance, child support enforcement and the Earned Income Tax Credit.

Lack of child care is frequently a major barrier to employment. Oregon was ahead of most states by creating and operating, at its own expense, a child care subsidy program before it was required by federal law. With the advent of federal welfare reform legislation, this program, Employment Related Day Care, began receiving federal support which has enabled it to expand. Currently, clients who find work can qualify for 12 months of day care assistance and then can continue to receive benefits as long as their income falls within certain guidelines.

Child support payments often make the difference between self-sufficiency and public assistance for families. Recognizing this, the state is emphasizing the importance of child support to clients as well as making improvements in the program which helps families obtain support. The state's Child Support Enforcement Program is currently a joint operation of the Recovery Services Section (SED) of the Department of Justice and the county district attorneys. The 1995 Legislature is considering a proposal to merge the AFS and SED child support units into a new Office of Child Support Enforcement within AFS. The consolidation should result in better client service and a more unified focus within the program. In addition, a proposal to expand the program by 150 employees is expected to increase child support collections for families on and off of public assistance.

To help the Child Support Program do its job, AFS branches are developing and testing innovative ideas to obtain information from clients that is necessary to collect support. For example, some branches have child support specialists who spend extra time with clients, pointing out the advantages of establishing paternity and getting as much information as possible about absent parents.

Oregon's present attention to child support collection is already contributing to the success of its self-sufficiency strategy and would continue to be an important facet of a reinvented welfare system.

Another support in the transition to the workforce is the federal Earned Income Tax Credit (EITC), which can provide low-income employed families with as much as \$2,528 in extra income per year. AFS has promoted this credit among its clients who find employment and has worked with employers to explain the importance of their compliance. Statistics show that usage of this tax credit by low-income Oregonians increased by approximately 12 percent between 1992 and 1993. The EITC would be significantly more helpful if Oregon's income tax structure were modified to exclude EITC as taxable income.

The Children and Families Commission

Based on the work of the Children's Care Team, the 1993 Legislature set a bold new direction for Oregon's human services. In addition to providing vital safety net services and treatment at the state level, the legislators decided Oregon's state government should do more to empower its communities to support children and their families. House Bill 2004 created the Oregon Commission on Children and Families and laid out a clear agenda:

- Encouraging wellness.** Oregon needs to put more effort into encouraging wellness than responding to crises. That means comprehensive services for children and families to allow all children to meet their full potential.
- Empowering local action.** The best way to plan and deliver those services is through local action, with counties developing comprehensive strategies to address strengths and weaknesses of children and families in their communities. Local commissions also are able to leverage business and community participation in supporting local children and families.
- Changing the system.** We should not force families who need services to shop around to separate programs to get the help they need. Instead, we must change

the human service system to bring help directly to the families, through collaboration among all who support families in a community - non-profits, local, state and federal governments, schools and businesses.

► **Delivering results.** We must plan services based on the outcomes we expect, and demand. The benchmarks and other evaluation tools are critical to make sure we spend tax dollars appropriately and effectively.

The Oregon Commission on Children and Families ensures accountability, helps evaluate progress in the counties, and build the policy framework for local commissions' work. The state commission adopted the following benchmarks to define core support areas to be considered by the local commissions in their local comprehensive plans:

- Increase access to prenatal care
- Reduce child abuse and neglect
- Increase child care availability
- Increase children's readiness to learn
- Reduce the number of children living in poverty
- Reduce drug and alcohol use by 8th and 11th graders
- Reduce juvenile crime
- Reduce teen pregnancy
- Increase high school completion
- Increase the number of families able to care for their own children

Each county's local comprehensive plan includes specific strategies aimed at these areas. Counties have also identified additional benchmarks, results or performance indicators by which they will measure their progress. These include reducing teen suicide, increasing the level of citizen participation in neighborhood affairs affecting families, and increasing businesses' support for children and families.

The legislation also created a Commission on Children and Families in each county, with a majority of members and a chair who are lay citizens. House Bill 2004 challenged each county to develop a comprehensive plan to enable families and communities to help their children realize their full potential. It was a call to action for communities to improve their systems and define their goals and guidelines to support children and families.

And Oregon counties delivered. The local commissions on children and families involved great cross-sections of their community, gathered information, set priorities and hashed through tough issues. They developed plans to work together with clear goals to meet the real needs of children and families in their communities. Every commission's process reflected its community, and was unique.

Now each county is carrying out those plans, bringing together partners to improve services and help families get the support they need. With their funding, they can provide some services to fill the gaps and leverage tremendous community involvement. Community empowerment is paying off.

Workforce Quality Council

In 1991, a coalition of workforce and education interests working with the Governor and the leadership of the Oregon Legislature produced legislation creating Oregon's Workforce Quality Council. This initiative recognized that to achieve Oregon's vision of the best educated and prepared workforce in the nation by the year 2000 and a workforce equal to any in the world by the year 2010, a new kind of partnership among business, labor, education and government at the state and local levels was required.

One of the first tasks of the 22-member council, composed of business, labor, and public sector leaders in the area of workforce issues, was to identify the following 10 key benchmarks to provide a framework for making decisions and guiding efforts, organized around our Emerging, Transitional, and Current workforces:

- Increase high school students with significant involvement in professional-technical programs
- Increase employer payroll dedicated to education and training
- Improve re-employment of displaced workers within 24 months and earning at least 90% of previous wage.
- Increase completion of at least one year of post-secondary education or training
- Increase percentage of 25-year olds with a certificate granted in non-baccalaureate education and training programs
- Increase adult prose literacy skills (understand text information)
- Increase adult document literacy skills (can understand and use graphs, text, maps, etc.)
- Increase adult quantitative literacy skills (can understand math and apply it)
- Increase completions of certified apprenticeship programs

Central to these efforts are the 15 Regional Workforce Quality Committees, created by the Council, which bring together key workforce partners at the local level. These Regional Committees, comprised of people from business, labor, local government, community colleges, school districts, community action agencies, local private industry councils, JTPA providers, and state agencies, help leverage money and facilitate collaboration among these partners.

Each Regional Committee has adopted their own strategy around these benchmarks, that includes preparing annual workforce plans for the implementation and promotion of programs aimed at achieving the benchmarks.

APPENDICES

APPENDIX I

67th OREGON LEGISLATIVE ASSEMBLY--1993 Regular Session

A-Engrossed House Bill 3309

Ordered by the House May 28
Including House Amendments dated May 28

Introduced and printed pursuant to House Rule 13.01

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Requires Oregon Progress Board and Workforce Quality Council to create work group [*to clarify state policies regarding public assistance*] to develop plan to replace current public assistance system with family support and work force development system. Defines objectives of plan. [Sunsets June 30, 1995.]
Declares emergency, effective June 30, 1993.

A BILL FOR AN ACT

1
2 Relating to public assistance; and declaring an emergency.

3 Be It Enacted by the People of the State of Oregon:

4 **SECTION 1.** (1) The Oregon Progress Board and the Oregon Workforce Quality Council
5 shall convene a work group to develop a plan for replacing the current public assistance
6 system with a family support and work force development system as part of a state human
7 investment strategy.

8 (2) Work group members shall be jointly appointed by the chairs of the board and the
9 council and shall include members of the board and the council as well as individuals affected
10 by or involved with the current public assistance system, including consumers and line
11 workers. The work group shall not exceed 12 members.

12 (3) The work group shall be appointed by September 1, 1993, for a term ending June 30,
13 1995.

14 (4) The work group shall report to the Sixty-eighth Legislative Assembly on its findings
15 and recommendations, pursuant to ORS 192.230 to 192.250.

16 (5) The board and the council shall provide the resources necessary for the operation of
17 the work group.

18 **SECTION 2.** (1) In developing the plan required by section 1 of this Act, the work group
19 shall establish the means and methods to achieve the following objectives:

20 (a) Empowering individuals to avoid or escape conditions of poverty;

21 (b) Supporting and strengthening families to care for themselves;

22 (c) Leveraging private, public and personal resources for financing the plan;

23 (d) Allowing for flexible time lines in addressing individual families' needs;

24 (e) Having high expectations and building the capacity of individuals, families and gov-
25 ernment to address poverty;

26 (f) Creating economic opportunities by linking economic development with human ser-
27 vices;

NOTE: Matter in boldfaced type in an amended section is new, matter [*italic and bracketed*] is existing law to be omitted.
New sections are in boldfaced type.

1 (g) Providing accountability to enable policy makers to measure the state's return on its
2 human investments;

3 (h) Delivering services through a community-based system; and

4 (i) Creating an incentive-based system for family support and work force development.

5 (2) The work group shall include in its recommendations the means and methods by
6 which individuals who may otherwise not have the skills or abilities to become part of the
7 work force can be served.

8 (3) In developing its budget for the plan, the work group shall not be limited to one
9 biennium and shall include an analysis of long range costs and benefits of the proposed family
10 support and work force development system.

11 SECTION 3. This Act being necessary for the immediate preservation of the public peace,
12 health and safety, an emergency is declared to exist, and this Act takes effect June 30, 1993.
13

APPENDIX II

WELFARE REFORM WORK GROUP MEMBERS

Trisonia Abraham
Adult & Family Services

Ana Leos
Adult & Family Services

Patty Bennett

Camille Preus-Braly
Workforce Quality Council

Mary Kay Brant
OPEU

Matt Prophet *
Oregon Progress Board

Wendy Cody

Jean Thorne **
Department of Human Resources

Jon Egge
MP Plumbing Co

Bernie Thurber
Oregon Legal Services

Connie Green
Chemeketa Community College

Duncan Wyse
Oregon Progress Board

* Dr. Prophet resigned from the committee concurrent with the expiration of his term with the Progress Board

** Kevin Concannon served through January 1995.

APPENDIX III

Critical Components for Successfully Integrating Community Services

Local Community Focus: The integration of services is determined by local community needs. The integration efforts entails the creation of a community process to plan a service system for families in the local community. Consensus building, joint planning and decision making, shared vision and goals, and shared accountability to families are all part of the community planning process. The underlying notion with this element is that every community has resources and it is important to develop and utilize those resources first before looking for outside help.

Empowerment Focus: Families are encouraged to be equal partners in the planning, implementation and evaluation of the integration of services. Efforts are designed to build on family strengths, develop support networks, and promote self-sufficiency. Families have a strong voice in identifying and planning how best to meet their needs and fulfill their potential.

Family Centered Service Delivery: With this focus, integrated services are wrapped around the family and the family unit is perceived as the customer, rather than the individual. With this family orientation, services are organized to be responsive to an adult's or child's needs in the context of the family and the community.

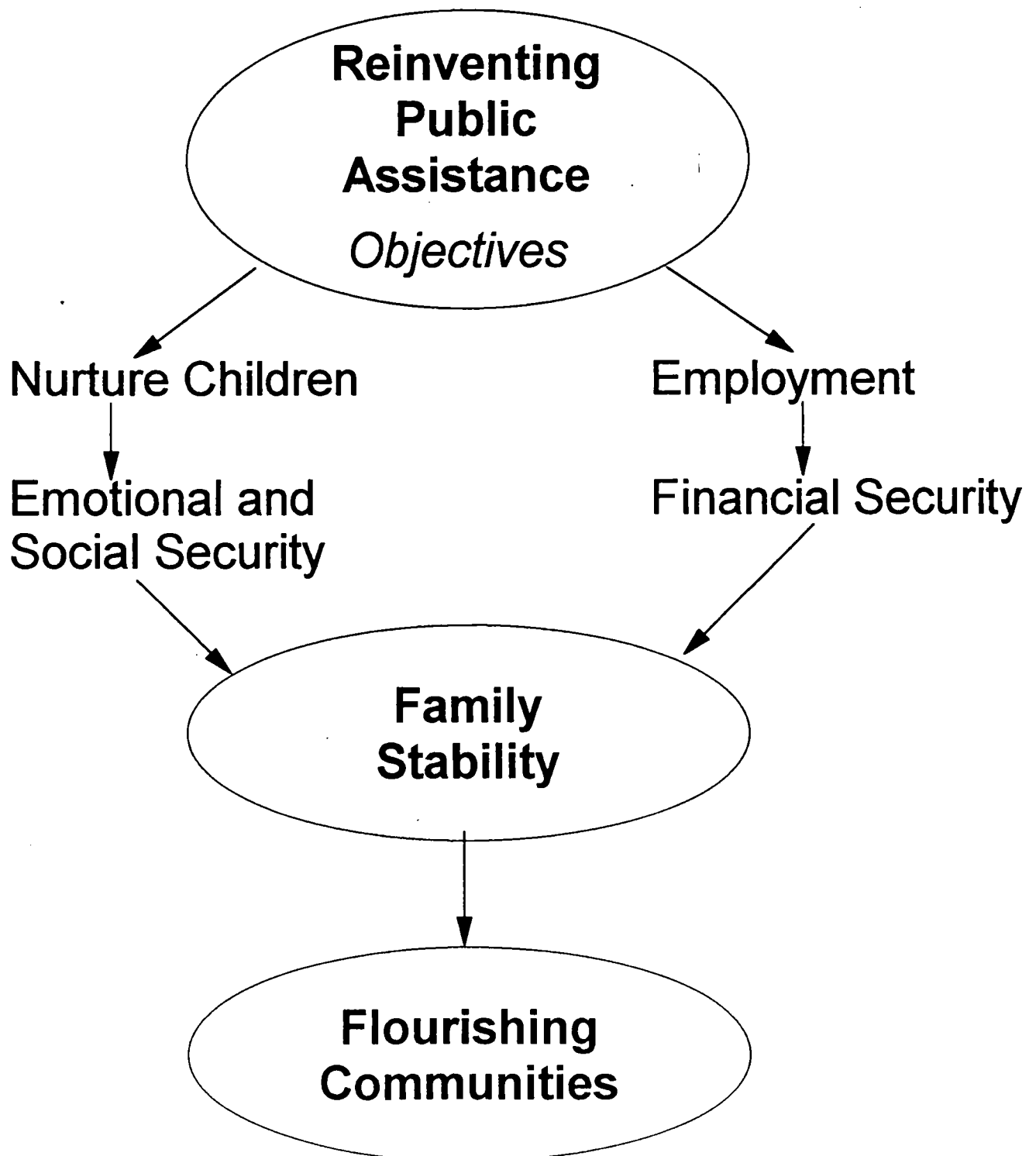
Comprehensive Service Focus: The set of agencies involved in the integration effort collectively provided services which address more than a single identified family need. They provide a wide spectrum of essential services or provide an easy entry point to a broad array of services, delivered flexibly and coherently.

Prevention Orientation: The integration effort works from a strengths model which views families as resources and works to strengthen families rather than viewing families from a deficit model which sees families as needing their weaknesses fixed. Community services are made available to families before serious problems develop in order to prevent the need for intervention or treatment.

Characteristics of a Caring Community				
CAREER & EMPLOYMENT OPPORTUNITIES	NON-PROFIT & RELIGIOUS	HEALTH SERVICES, MENTAL HEALTH, CRISIS COUNSELING	FAMILY SUPPORT SERVICE	HOUSING
•Range of private sector work opportunities •Labor market information •Self- assessment •Job search, counseling, placement •Career Planning •Private sector involvement and investment	•Community based activities •Identity •Information and counseling •Family counseling •Support groups •Boys & Girls Clubs •Community gyms •Senior activities	•Medical and dental services •Preventive treatment •Outpatient service •Drug & alcohol (holistic counseling education & treatment) •Health education •Domestic violence counseling & crisis intervention •Family counseling	•Resource referral •Life skills •Parenting classes •Stress management •Financial planning •Marriage counseling •Divorce counseling	•Affordable mix of housing •Emergency shelter •Transitional housing •Group homes •Parks •Libraries

EDUCATION	FOOD, WATER, & INFRASTRUCTURE	TRANSPORTATION	DAYCARE	SAFETY
•Healthy Start & Head Start •K - 12 (school to work connection) •Community Colleges -Professional technical -College for working adults -Job training and retraining	•Water •Sewer •Stores •Emergency Assistance -Food banks -Soup kitchens •School lunches •Senior delivered meals •Planning services	•Roads, cars/gas stations •Public transportation •Linkages to other services and sensitivity to limits appropriate to the distribution of services in the community	•Affordable •Safe •Conveniently located •For range of groups •Employer specific	•Police protection •Community policing •Neighborhood watch •Criminal justice •Fire protection •Disaster planning

Connecting Public Assistance to Caring Communities



APPENDIX IV

OREGON OPTION MEMORANDUM OF UNDERSTANDING AND EXECUTIVE SUMMARY

I. Purpose

The purpose of this Memorandum of Understanding is to encourage and facilitate cooperation among Federal, State and local entities to redesign and test an outcomes oriented approach to intergovernmental service delivery. This special partnership and long-range commitment will serve as demonstration of principles and practices which may serve as a model for improvements nationwide.

II. Background

In July 1994, Oregon proposed a multi-year demonstration with the Federal Government to redesign intergovernmental service delivery, structured and operated to achieve measurable results that will improve the lives of Oregonians.

Oregon is uniquely suited for an experimental demonstration to develop an outcomes oriented approach to intergovernmental services. The State and many local governments have begun using an outcomes model for establishing long-range vision, setting public priorities, allocating resources, designing services, and measuring results. The Oregon Legislature has endorsed the Oregon "Benchmarks." Further, many nonprofit organizations, businesses, and civic groups in Oregon are aligned to a benchmark process with State, county and local jurisdictions.

III. Principles to guide cooperation

The following principles should guide the parties cooperation in this undertaking:

A re-designed system would be:

- Structured, managed, and evaluated on the basis of results (i.e., progress in achieving benchmarks).
- Oriented to customer needs and satisfaction, especially through integration of services.
- Biased toward prevention rather than remediation of problems.
- Simplified and integrated as much as possible, delegating responsibilities for service design, delivery, and results to front-line, local-level providers, whether they are local agencies or local offices of state agencies.

IV. Responsibilities of the parties

The parties to this memorandum will work together as partners to (1) identify benchmarks, strategies, and measures that provide a framework for improved intergovernmental service delivery and (2) undertake efforts to identify and eliminate barriers to achieving program results.

V. Authorities

The principles and responsibilities covered in this memorandum are intended to improve the coordinated delivery of intergovernmental programs. This memorandum does not commit any of the parties to a particular level of resources; nor is it intended to create any right or benefit or diminish any existing right or benefit, substantive or procedural, enforceable at law by a party against the United States, State of Oregon, any state or federal agency, any state or federal official, any party of this agreement, or any person. While significant changes to the intergovernmental service delivery system are anticipated as result of this effort, this is not a legally binding or enforceable agreement. Nothing in this memorandum alters the responsibilities or statutory authorities of the Federal agencies, or State or local governments.

Federal Partners

<u>Al Gore</u>	<u>December 5, 1994</u>
<u>D S Bell</u>	Date <u>Dec 5 1994</u>
<u>Henry G. Cisneros</u>	Date <u>Dec. 5, '94</u>
<u>Lee P. Brown</u>	Date <u>Dec 5 1994</u>
<u>Robert C. Byrd</u>	Date <u>DEC 7 1994</u>
<u>Robert W. Byrd</u>	Date <u>Dec 12, 1994</u>
<u>Smith</u>	Date <u>Dec. 14, 1994</u>
<u>Mike Eszy</u>	Date <u>December 21 1994</u>
<u>Donald H. Brown</u>	Date <u>JAN - 4 1995</u>
<u>Quinn T. Martin</u>	Date <u>Jan 9, 1995</u>
<u>Carol A. Rasco</u>	Date _____
_____	Date _____

State Partners

Barbara Roberts
John A. Kilgus

Date

Dec. 5, 1994

Date

2 Dec. 1994

City and County Partners

Vera Katz
Randa Franke
Charles Jan
Gussie McRobert
Ann Dresden
Marion Kopp
John J. Howard
Stephany
Proverly Stem

Date

Dec. 5, 1994

Date

Dec 5, 1994

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Dec. 5, 1994

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Dec 5, 1994

EXECUTIVE SUMMARY

THE OREGON OPTION

A PROPOSED MODEL FOR RESULTS-DRIVEN INTERGOVERNMENTAL SERVICE DELIVERY

Federal, state, and local government attention should focus on mutually agreed-upon measurable outcomes for public service delivery. The intergovernmental relationship should be a partnership, not an adversarial or competitive system. Federal financial support should be provided to achieve broad goals, but also should provide latitude and flexibility in how to accomplish them and be tailored to real local needs. Rather than defining accountability by inputs, transactions, error rates, and failure to progress, the federal government should hold state and local governments accountable for performance. The system should support and reward what works, rather than imposing rules and sanctions on the majority because of errors or omissions by the minority.

— National Performance Review, 1993

The Proposition

Oregon has a proposition. Our state and local governments want to join with the federal government to act on the recommendations stated above.

We propose a special intergovernmental, interagency partnership and long-range demonstration project with the federal government to redesign and implement intergovernmental service delivery based on principles advanced in the National Performance Review. This approach would focus on results and treat results as the critical measure of success. In the model we propose, the federal government and our governments will mutually identify results to be achieved and we will be contracted to achieve them. To help us achieve these results, the federal government will merge funding categories and streams, create funding incentives which reward desirable results, and reduce micromanagement and wasteful paperwork. This collaboration will empower our communities to identify local needs to be met by federal and state programs, to make their own decisions about how to address those needs, and to be accountable for results.

The Problem To Be Overcome

This proposal accepts the premise of the National Performance Review: that the intergovernmental system for delivering assistance and services through federal grants and mandates to state and local governments has broken down in a tangle of good intentions gone awry. There are too many funding categories, suffocating regulations and paperwork, a

misdirected emphasis on remediating rather than preventing problems, and no clear focus on measurable outcomes. The system stifles initiative and squanders resources without achieving sufficient results. We have been attempting to correct similar problems in state government. We are delegating greater responsibility for program design, delivery, and results to the local level, and we are encouraging more service integration and a preventive approach to problems.

Why Seize This Opportunity With Oregon?

Oregon is an ideal partner for this initiative. The test of a results-based intergovernmental system will be more successful where state and local government are already using an outcomes model for establishing a long-range vision, setting public priorities, allocating resources, designing services, and measuring results. Oregon is well along in a pioneering state and local effort — Oregon Benchmarks — to do all of these things.

Benchmarks, begun in 1991, grow out of a statewide strategic planning process that identified three broad goals for Oregon: increase jobs and incomes by creating a diversified, productive economy, protect and enhance Oregon's quality of life, and invest in the capability of Oregonians. Benchmarks — 272 altogether — are the measurable indicators of progress toward these goals. For example:

BENCHMARKS	HISTORICAL		TARGET		
	1980	1990	1995	2000	2010
Pregnancy rate per 1,000 females age 10-17	24.0	19.6	9.8	8.0	8.0
Percentage of 11th graders who achieve specified skill levels in reading		83 %	90 %	95 %	99 %
Miles of assessed Oregon rivers and streams not meeting state and federal in-stream water quality standards		1,100	723	75	0
Real per capita income of Oregonians as a percentage of U.S. real per capita income	99 %	92 %	95 %	100 %	110 %

The degree to which Oregon and its communities have embraced the benchmarks is remarkable. The benchmarks have been adopted by the last two sessions of the state legislature. They are the basis for building the state budget. Every county has used benchmarks for children and families, health, and work force initiatives. Seven of the state's 36 counties are voluntarily developing comprehensive, locally oriented benchmarks systems. The City of Portland, Oregon's largest city, and Multnomah County, Oregon's largest county, have jointly produced city-county benchmarks. Multnomah County's budget, program initiatives, and action plans are built around high priority benchmarks. Benchmarks are also being used as a part of funding criteria by one of Oregon's largest foundations and by the Portland area United Way campaign.

Oregon communities have already achieved notable success using benchmarks, and they will continue to pursue the progress made these past few years. However, these efforts would receive an immense boost if federal participation was also focused and structured to achieve outcomes. Oregon offers an opportunity for the federal government to join the state and its communities in designing and demonstrating a more efficient, results-driven model of service delivery.

The Oregon Option

We recommend that "The Oregon Option," the demonstration project proposed here, focus on important elements of Oregon's top strategic priority, its human investment benchmarks. These benchmarks form a collective effort by state and local governments, civic groups, nonprofits, and businesses to appreciably improve the lives of Oregonians as self-reliant individuals, members of healthy families, and skilled, successful workers. They fit the strategy to enhance Oregon's economic prospects while getting more people off public assistance and reducing the human and financial costs of social dysfunction.

Oregon's human investment benchmarks focus on such outcomes as reduced teen pregnancy, diminished crime and recidivism, lower unemployment, higher per capita income, greater early childhood immunization, and stronger K-12 student achievement, just to name a few. A larger set of human investment benchmarks is appended.

Benefits

The most important benefit, and the ultimate test of The Oregon Option, will be results: e.g., higher rates of prenatal care and infant immunizations, lower teen pregnancy, higher K-12 skill levels, re-employment of dislocated workers. Other benefits include better use of public resources — money and people — at all levels, less customer confusion and despair, and greater confidence in public sector services. The Oregon Option also offers a laboratory for federal, state, and local participants to learn from their efforts and act on what they learn to improve service delivery. The Oregon Option will advance the Administration's domestic policy agenda and the campaign to reinvent government.

Requirements

The Oregon Option demonstration will require a long-term commitment and a fundamentally different way of thinking about the mission and structure of service systems by all levels of government. The system envisioned here is customer-centered, focused on outcomes, decentralized, and accountable. In this partnership, participants must be willing to a) contract for measurable results, b) combine funding streams, c) renegotiate funding amounts and rates, d) eliminate or suspend rigid and costly program restrictions, e) provide multi-year funding, and f) empower those closest to front-line service to choose the delivery mechanisms, initiatives, and investment criteria they deem most suitable. The demonstration will require the waiver of a number of federal rules, and it will require financial and political support. It is essential that the project have the initial involvement and continuing support of cabinet or subcabinet officials.

Next Steps

We recognize that a great deal of collaborative work lies ahead to take this concept forward. Team structure, benchmark outcomes, timelines, budgets, and organizational logistics need to be established. We are moving on Oregon Benchmarks already. We are ready to move on The Oregon Option.

APPENDIX V

BENCHMARKS AFFECTED BY PROPOSED SYSTEM CHANGES

Changes regarding values and character development:

- Percentage of children that kindergarten teachers feel are ready to succeed in school.
- Percentage of children entering kindergarten meeting specific development standards for their age.
- Percentage of teens free from drugs/alcohol, tobacco..
- Reported crimes against people or property motivated by prejudice per 100,000 Oregonians.

Changes regarding two-parent responsibility for children:

- Of children born outside of marriage, the percentage who have legal paternity established in a given year.
- Percentage of current court ordered child support paid to single parent families.

Changes affecting availability of health care coverage:

- Percentage of Oregonians with economic access to basic health care
- Percentage of Oregonians with geographic access to basic health care
- Percentage of adults with god health practices

Preventing low birthweight or drug-affected babies:

- Percentage of babies whose mothers received adequate prenatal care
- Percentage of health birth-weight babies
- Percentage of infants whose mothers did not use drugs/alcohol or tobacco
- Rate of 1,000 childbearing women who test positive for HIV at birth
- Infant mortality rate per 1,000

Prevention of child abuse, immunization of children:

- Number of children abused or neglected per 1,000 persons under 18.
- Percentage of child care facilities which meet established basic standards
- Percentage of two-year-olds who are adequately immunized

Prevention of teen births:

- Pregnancy rate per 1,000 females ages 10-17

Special attention to slow learners and dropouts:

- Percentage of students who achieve established skill levels
- Percentage of high school students enrolled in professional, technical, entrepreneurial educational programs.
- Percentage of disabled high school graduates moving to competitive or supported employment.
- Ranking on national assessments for economically disadvantaged urban schools
- High school graduation rate

Efforts to discourage drug, alcohol, and tobacco use:

- Percentage of infants whose mothers did not use drugs/alcohol or tobacco during pregnancy.

Changes affecting support of families:

- Percentage of adults with intermediate proficiency in prose, document, quantitative literacy.
- Percentage of Oregon households below median income spending less than 30 percent of their household income on housing.
- Percentage of children 0-17 living above 100% of the poverty level
- Oregon's per capita income as a percentage of the U.S. real per capita income.
- Income per capita as a percentage of the Oregon overall per capita income among: African-Americans, American Indians, Asians, Hispanics, Whites.
- Percentage of Oregonians in the middle income range

Continuing education for workers, those who have lost jobs:

- Percentage of displaced workers re-employed within 24 months and earning at least 90% of previous income.
- Percentage of adults who have completed high school/or equivalent.
- Percentage of high school students enrolled in structured work experience programs
- Percentage of firms training over 50% of their work force 20 or more hours annually in work skills or work processes
- Percentage of employer payroll dedicated to training and education
- Percentage of displaced workers actively engaged in job retaining programs or educational programs

APPENDIX VI

A VISION FOR PUBLIC ASSISTANCE SYSTEM OF THE FUTURE

In the future, there should be a single, integrated, fully computerized delivery system which takes care of all people who deserve government assistance, rather than the existing network of separate bureaucracies to support the multitude of government programs which have each been created to address specific problems within discrete populations. Consider the dollars spent to support the various programs we have now: Aid to Dependent Children, Food Stamps, Social Security, Supplemental Security Income, Medicaid and Medicare, Unemployment Compensation, Worker's Compensation, Veteran's Benefits, and many others. Each program has complex eligibility criteria, and requires an expensive bureaucracy to administer it, and yet despite the vast amount of money we spend, many people who are blamelessly unemployed or underemployed cannot qualify for any assistance. How much money could we save by eliminating the bureaucracies which deliver the cash benefits? There would still be a need for caseworkers, to provide case management and planning services for those who need assistance with understanding their alternatives and making the best choices for themselves, but how much money could we save and how many more people could we serve if the delivery system were computerized? The number is almost incalculably big.

The system would not be "workerless" because of the need to involve these managers and other professionals. But the computerization of the benefit delivery system could save huge amounts of money which are currently spent of employees of the various bureaucracies, establishing and monitoring complex eligibility systems. These savings could be used either to reduce the overall cost of government, or to extend benefits to the deserving poor who are not now eligible for assistance, or a combination of the two.

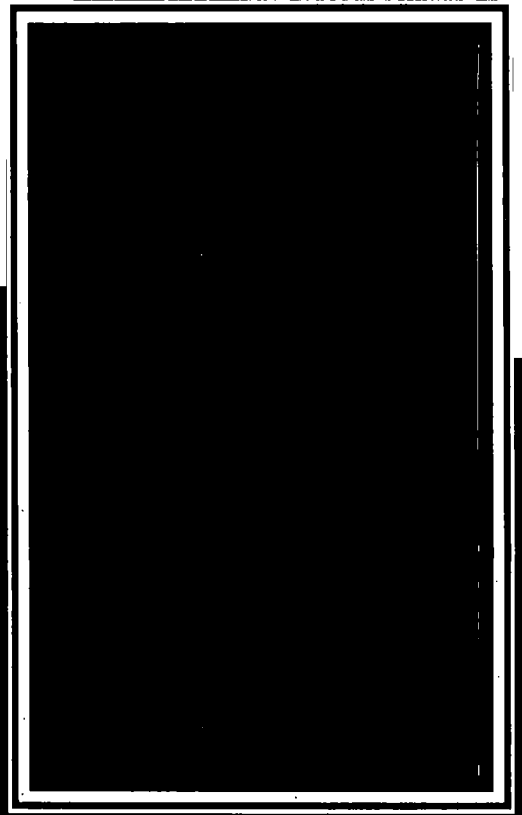
In this hypothetical system of the future, every person over a given age carries a computerized "smart" card, which is encoded with their age, education history, training, work history, and financial information, including earnings and savings. Other information would be included as necessary and appropriate; safeguards would have to be invented to assure safety, confidentiality, accuracy, and protection from theft and loss.

In this future system, if a plumber loses his job, the former employer encodes the card at the time of termination, and the plumber inserts his card into one of the innumerable

computer kiosks placed throughout his community, and the central computer network assists him. He is automatically mailed information about other job openings for plumbers. If no jobs are available, then his finances are monitored, and cash assistance is periodically deposited automatically into his bank account until he becomes employed. If he remains unemployed after a set amount of time, then he is contacted by a caseworker for possible career planning, further education or training, or appropriate counseling.

The system could be designed to automatically respond to an infinite number of variations. If a teenager becomes pregnant, then the parent, physician, or school counselor informs the system, and family planning counseling is arranged, prenatal care may be scheduled, her educational curriculum may be modified, and case management begins. If a person retires without pension or savings, then periodic banking deposits are made. If an elderly widow breaks her hip, then long term care is arranged by a case manager and the institution is automatically paid. If a logger injures himself on the job, if a veteran needs educational or mental health counseling, if a single parent needs to reenter the work force, the system could be designed to respond automatically, with appropriate assistance from a case manager or other professional.

If this future system is desirable, then we should begin to plan and think in terms of incremental changes which point our governmental evolution in this direction. The work of the Reinventing Welfare Work Group has proposed a modest set of proposals which begin to take us in this direction.



THE FINANCE PROJECT

RETHINKING
BLOCK GRANTS



**Toward Improved
Intergovernmental
Financing for Education and
Other Children's Services**

By Cheryl D. Hayes
with research assistance from
Anna E. Danegger

April 1995

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THE FINANCE PROJECT

PREFACE

Public financing for education and an array of other children's services has become a topic of significant interest and political concern. Growing skepticism among a critical mass of American voters and taxpayers has fueled doubts about the ability of government to solve social problems and provide basic supports and services that enhance the quality of life in their communities. Voters spoke clearly in November 1994. They want more for their money. They want more and better services, but they also want balanced budgets and cuts in income and property taxes. In this time of big public deficits, they want government at all levels to operate more effectively and efficiently. They also want it to invest wisely and live within its means. On Capitol Hill in Washington, DC and in statehouses nationwide, policymakers are scrambling to respond.

Across the country, there is mounting evidence of efforts to reform and restructure education and other community supports and services in order to improve the lives and future prospects of children and their families. Critical to the success of these initiatives is the way in which they are financed. How revenues are generated and how funds are channeled to schools, human service agencies, and community development initiatives influence what programs and services are available. It determines how they are provided and who benefits from them. Financing also affects how state and local officials define investment and program priorities, and it creates incentives that guide how educators, other service providers, and community volunteers do their jobs. For these reasons, financing fundamentally affects how responsive programs and institutions are to the needs of the people and communities they are in business to serve.

In recent years, several blue ribbon commissions and national task forces have presented ambitious prescriptions for reforming and restructuring the nation's education, health, and human service systems in order to improve outcomes for children. While some have argued that public financing and related structural and administrative issues are critical to efforts to foster children's healthy development and school success, none has been framed for the specific purpose of inventively reconceptualizing public financing. Indeed, many of the most thorough and thoughtful reports have called for an overlay of new funds, but have neglected to provide cogent analyses of effective financing strategies, the costs of converting to these approaches, and the potential beneficial outcomes that might accrue from addressing financing reform as an integral aspect of program reform.

In addition, the past several years have witnessed a burgeoning of experimental efforts by mayors and city managers, governors and state agency directors, legislators and council members, program managers and school officials to make government work better and more efficiently. They have been enhanced by the work of people outside of government, including foundation executives, business and labor leaders, community organizers, and academic scholars. Some are creating new ways to raise revenues, manage schools, deliver human services, and spur community economic development. Others are designing new public governance and budgeting systems. Still others are developing and testing new approaches to more directly involve citizens

in setting public priorities and maintaining accountability for public expenditures. Taken together, these efforts suggest the nascent strands of new and improved public financing strategies.

Against this backdrop, a consortium of national foundations established The Finance Project to improve the effectiveness, efficiency, and equity of public financing for education and an array of other community supports and services for children and their families. Over a three-year period that began in January 1994, The Finance Project is conducting an ambitious agenda of policy research and development activities, as well as policymaker forums and public education. The aim is to increase knowledge and strengthen the capability of governments at all levels to implement strategies for generating and investing public resources that more closely match public priorities and more effectively support improved education and community systems.

As a part of its work, The Finance Project produces a series of working papers on salient issues related to financing for education and other children's services. Some are developed by project staff; others are the products of efforts by outside researchers and analysts. Many are works in progress that will be revised and updated as new information becomes available. They reflect the views and interpretations of the authors. By making them available to a wider audience our intent is to stimulate new thinking and induce a variety of public jurisdictions, private organizations, and individuals to examine the ideas and findings they present and use them to advance their own efforts to improve public financing strategies.

This paper, *Rethinking Block Grants: Toward Improved Intergovernmental Financing for Education and Other Children's Services*, was prepared with assistance from Anna E. Danegger, a Research Associate on The Finance Project staff. It reviews the experience and lessons from the Reagan block grants of the 1980s. It highlights the similarities and differences between those programs and current block grant proposals. And it presents a number of suggestions for designing social welfare block grants to effectively and equitably address the needs of the nation's children, families, and communities.

Cheryl D. Hayes
Executive Director

ABOUT THE AUTHOR

Cheryl D. Hayes is the Executive Director of The Finance Project. Anna E. Danegger is a Research Associate there.

INTRODUCTION

In November 1994, a critical mass of American voters called for dramatic changes in the way government does business. The Republican landslide was not just a bout of anti-incumbency fever. It was a profound expression of doubt about the ability of government -- especially the federal government -- to solve social problems and provide basic supports and services that enhance the quality of life in communities across the country. At least part of the message was that government is too big, too expensive, and it doesn't work very well.

Despite steadily increasing public expenditures for health, education, welfare, human services, and public safety over the past two decades, seemingly intractable problems persist. Nearly a quarter of U.S. children are poor and live in families and communities that are unable to meet their basic needs. Schools have become increasingly expensive. But student achievement hasn't matched the rising costs, and drop-out rates remain unacceptably high. Health care costs continue to go up. Yet, many Americans can't get the services they need, and with each passing year their health care dollars buy less. Criminal justice demands a rapidly increasing share of public dollars -- for police officers and judges and jails -- but neighborhood streets aren't safer.

Taxpayers say they want more for their money. They want government at all levels to operate more effectively and efficiently. They want it to invest wisely and live within its means. In response, the 104th Congress has made public finance reform a high priority. Significant energy and attention is focused on proposals to streamline and consolidate the many fragmented funding streams that channel federal aid to states and communities. In 1994, more than 480 separate federal programs allocated \$398 billion for education, health, human services, housing, criminal justice, community development, and other supports and services for children and families.¹ More than 90 programs, for example, funded employment and training services. More than 90 different programs funded early childhood services. Approximately 106 supported youth development activities. And 18 funded nutrition education and assistance for children and their families. Within each cabinet level department, multiple agencies oversee overlapping programs that serve essentially the same populations. Each of these programs has its own administrative requirements, eligibility rules, and performance standards.

The new Congress seems intent on simplifying this disjointed maze and, in the process, devolving more authority for the design and delivery of supports and services to states and communities. Most of the discussion of how to accomplish this reform is focused on creating block grants that would consolidate numerous federal categorical programs into a few unified funding streams. An array of emerging proposals is under consideration, including those contained in the Republican Contract with America and the National Governors Association policy position on welfare reform.

The idea of creating block grants is not new, however. As far back as 1949, a report by the Commission on the Organization of the Executive Branch concluded that "a system of grants should be established based upon broad categories [of funding] as contrasted with the present system of extensive fragmentation."² In the early 1970s, the Nixon administration

attempted to reduce the federal role in program management and the number of federal categorical programs through special revenue sharing. In 1981, the Reagan administration created nine block grants that consolidated approximately 57 of the more than 300 federal programs providing assistance to states and localities at that time. A decade and a half later, block grants are once again a hot topic, and current proposals call for even more far-reaching consolidations of federal categorical programs than those of the early 1980s.

It seems likely that political forces will unite behind legislation to transform scores of existing funding streams into a few domestic social welfare block grants in 1995. In the process, federal grantmaking and intergovernmental relations could undergo more profound changes than at any time in the past 30 years. As they move to restructure the federal-state relationship and reduce domestic social spending, however, Congress, the Clinton administration, and the nation's governors and mayors will face a number of policy and political hurdles. Many of the programs targeted for consolidation are much larger and are fundamentally different from those that were folded into the Reagan block grants. They include the entitlements that make up the nation's social safety net as well as smaller discretionary grant programs. As deliberations proceed, it would be useful to recall past experiences and the lessons that were learned. It would also be useful to draw distinctions between current proposals and past programs, and to anticipate the special issues and challenges ahead.

LOOKING BACK

Proposals to consolidate numerous separate federal funding streams into broad blocks were first introduced in the aftermath of World War II. The aim was to give states and localities more flexibility in setting program priorities, to simplify the excessively fragmented program structure, and to ease the administrative burdens on federal departments. As Timothy Conlon has written, the primary rationale for greater use of block grants between the late 1940s and the late 1960s was that grant programs could be better administered if narrow categorical restrictions and requirements were removed.³ Federal agencies and grant recipients alike were expected to benefit.

The proliferation of Great Society programs during the Johnson administration dramatically expanded the federal role in domestic policy and targeted assistance to needy groups that had been overlooked by state and local governments, most notably the poor and minorities. It also highlighted the problems inherent in trying to design and run what are essentially local initiatives from Washington. The experience of the late 1960s led to sharp criticism and calls for administrative reform and simplification from several quarters: former federal officials who had broad administrative responsibility, professional policy analysts, as well as Washington policy support groups like the General Accounting Office (GAO) and the Advisory Commission on Intergovernmental Relations (ACIR).⁴ These critics were largely outside the arenas of Congressional politics and federal mission agencies. From their vantage point, federal efforts to manage thousands of local initiatives were inefficient and ineffective.⁵ They endorsed block grants as a means to bring order and simplicity to a fundamentally irrational and administratively over-burdened federal government.

In the early 1970s, the Nixon administration took up the campaign against categorical programs, offering in their place proposals for special revenue sharing. The goal of special revenue sharing was to consolidate existing federal programs, and in addition to curtail the expansion of federal program priorities, federal mandates, and federal monitoring and reporting requirements.⁶ Proponents sought to "reverse the flow of power and resources ... to Washington" and return control over setting domestic priorities to the states.⁷

To support their proposals, Nixon administration officials continued to cite the need for administrative reform. However, they also invoked a new political rationale, castigating categorical grant programs as the product of a conspiracy between the Congress, special interests, and the federal bureaucracy. Passage of legislation creating numerous, narrowly defined programs, they argued, provided senators and congressmen an opportunity to take credit for delivering clearly identifiable benefits to vocal constituencies. Special interests had gained a toehold in the federal budget. And burgeoning federal agencies became the beneficiaries of rapidly growing budgets, staffs, and program responsibilities.⁸

Ultimately, special revenue sharing failed amid strong political opposition in the Congress. Nevertheless, three block grants were established during the Nixon years. With strong support from mayors who wanted more control over funds made available through Great Society urban programs, Congress passed the Community Development Block Grant. The Title XX Social Services Block Grant replaced a number of categorical social service programs and set forth broad national goals for helping people become economically self-sufficient; protecting children and adults from abuse, neglect, and exploitation; and preventing and reducing inappropriate institutional care.⁹ Additionally, the Comprehensive Employment and Training Act (CETA) folded 17 Labor Department programs together in a unified structure, while retaining several "national emphasis" programs. Almost as soon as CETA was established, however, it began to be "recategorized". By 1977, so many separate emphasis programs had been added that the original block grant had declined in size to only 23 percent of total spending under the law.¹⁰

The theme of federal consolidation and downsizing was revitalized in the early 1980s. As several authors have noted, the now famous Reagan block grants reflected both the desire to implement significant federal administrative reforms and to return program decisionmaking and management to the states. Speaking to a joint session of Congress in which he introduced his Program for Economic Recovery, President Reagan promised that block grants would "bring government closer to the people."¹¹ In addition, however, a clear aim was to reverse the tide of increasing federal social welfare spending begun during the Johnson years. Earlier attempts at federal consolidation had been sweetened with funding increases. Yet, the Reagan administration proposals were openly intended to curb federal domestic spending. Block grants became the mantra of a new approach to intergovernmental relations and fiscal management -- as some would say, a code for cutting the budget.

Once President Reagan announced his proposals in February 1981, Congress moved quickly to enact them. Using the budget reconciliation process to expedite legislative consideration, the administration effectively bypassed Congressional committees that are the traditional guardians of the categorical grant system. Within six months, Congress passed

and the President signed the Omnibus Budget Reconciliation Act of 1981 (OBRA), which provided for nine new or revised block grants containing 57 categorical grants. The 1982 budget authority for the new grant programs was approximately \$9.7 billion.¹² The block grants brought together programs in the areas of social and community services; preventive health and health services; maternal and child health; alcohol, drug abuse, and mental health; low-income home energy assistance; elementary and secondary education; and community development.

Although the block grants accounted for a relatively modest amount of federal aid to state and local governments, approximately 10 percent in 1982, they represented a dramatic shift in federal-state relations and the most ambitious consolidation to date. Under OBRA, the states were given broad discretion to decide what programs and services to provide, as long as they were related to the goals of the block grant program. Federal data collection and reporting requirements were significantly reduced from what they were under the categorical programs. And, overall federal funding for the consolidated programs was reduced by approximately 12 percent or about \$1 billion.¹³ However, the change in the level of federal funding varied across the new block grants. Some reduced previous funding by significantly more than the average. The Community Services Block Grant, for example, sustained a 30 percent cut. Others actually increased funding. The Community Development Block Grant received a 10 percent higher appropriation than under the categorical programs. The Social Services Block Grant, which included the old Title XX funding, was reduced by the largest amount in current dollars -- \$591 million, or about 20 percent of previous funding.¹⁴ (See Table 1.)

Table 1
Change in Funding Levels with the 1981 Block Grants

<i>Block Grant</i>	FY 1981 Appropriations for Categorical Programs	FY 1982 Appropriations for Block Grants	Percent Change
Community Services	\$525,000	\$366,000	-30.29%
Alcohol, Drug Abuse, and Mental Health Services	\$585,000	\$432,000	-26.15%
Primary Care	\$327,000	\$247,000	-24.46%
Social Services	\$2,991,000	\$2,400,000	-19.76%
Maternal and Child Health	\$455,000	\$374,000	-17.80%
Preventive Health and Health Services	\$93,000	\$82,000	-11.83%
Education (Chapter 2)	\$536,000	\$470,000	-12.31%
Low-Income Home Energy Assistance	\$1,850,000	\$1,875,000	1.35%
Community Development (Small Cities)	\$926,000	\$1,020,000	10.15%
Total	\$8,288,000	\$7,266,000	-12.33%
<i>Source: Early Observations on Block Grant Implementation (GAO/GGD-82-79, August 24, 1982).</i>			

Consistent with President Reagan's emphasis on federalism, the states became the primary locus of program and funding control under the 1981 block grants. Congress imposed some guarantees of pass-through funding to localities, but the major thrust of the policy was to transfer program decisions and administrative authority to the states. The new approach also permitted the transfer of federal funding among block grants and from certain block grants to other federally supported programs in the same field, thus enhancing state flexibility to use funds to support their own program priorities.

TAKING STOCK OF THE 1981 BLOCK GRANT EXPERIENCE

Several studies of the effects of the 1981 block grants that were conducted following their implementation generally conclude that the transition from categorical programs to block grants was a relatively smooth process.¹⁵ They also suggest that the experience was neither as dire as the critics had predicted in terms of social and economic effects on target populations, nor as positive as the proponents had projected in terms of administrative cost savings. It is important to recognize that most of the policy research on the impact of the Reagan block grants only examined the several years immediately following passage of the Omnibus Budget Reconciliation Act. These studies did not track state and local responses beyond the mid-1980s. Nevertheless, as Congress, the Clinton administration, and the nation's governors and mayors consider a new generation of federal grant reforms, the 1980s experience provides a useful context.

Program Flexibility

Implementation of block grants was intended to fundamentally restructure federal-state relations in areas related to health, education, and social welfare by providing states broad discretion to design and operate programs responsive to their needs and priorities. Despite greater flexibility, however, most states did not rush to radically gut or overhaul their programs, management systems, or service delivery systems. Some took steps to consolidate administrative units and coordinate or combine related categorical programs. For example, where previous federal programs had required that federal and state funds for similar services, such as alcohol and drug abuse treatment and mental health, be administered separately, states generally folded the federal program into the state administrative unit. However, in areas where they had well-established programs and where local grantees had developed relationships with state officials, the states generally did not cut funding or alter the program design in substantial ways.

This seems to have been especially likely if the states had primary control over the design of a program and its service delivery system prior to the enactment of the block grants. In these situations, there is evidence that states often assigned a higher budgetary priority to the activity and allocated more resources to it than to programs or activities that had simply been carried out under a federal mandate, perhaps through a contract.¹⁶ Thus, for example, within the Maternal and Child Health Block Grant, the Crippled Children's Services program actually saw its funding increase in many states. The program had a long history of state involvement and support. In contrast, programs such as the Lead-Based Paint program

and the Rodent Control program, which were folded into the Preventive Health and Health Services Block Grant, were regarded by many states as narrowly-focused, big-city initiatives that had been administered by the federal government. Because these activities had been carried out previously without much state involvement, support declined in most states after the block grants were implemented.¹⁷ Activities under the Community Services Block Grant seem to have been least likely to receive sustained state support. The federal programs folded into this block grant had channeled funds directly to local community action agencies, mostly in cities, with little state involvement. Therefore, they had few champions among state officials after the financing reform.¹⁸

Many states did develop and implement new program priorities in areas where the block grants made funding available and where previously there had not been strong programs and delivery systems. For example, with the availability of new support for small cities under the Community Development Block Grant, many states shifted attention and resources to community economic development and infrastructure projects and away from housing rehabilitation, which had been a strong emphasis of U.S. Department of Housing and Urban Development (HUD) categorical programs.¹⁹ Similarly, creation of the Education Consolidation and Improvement Act, Chapter Two, which provided support for local school desegregation, led to a significant shift in program priorities and patterns of funding. Previously a highly targeted program that directed resources to inner-city schools, the block grant offered the states much greater flexibility in applying funds to serve general programmatic purposes. As a consequence, most states allocated the funding to meet general educational program and materials needs, including the purchase of computer equipment, rather than to efforts to alter the racial and ethnic composition of school populations.²⁰ Moreover, funds began to be distributed more broadly across school districts, rather than being targeted specifically to districts in large urban centers.²¹

Over time, the intended flexibility of the block grants was diminished. In response to concerns that the states were not adequately meeting national needs and priorities, Congress added a variety of constraints that effectively recategorized them. These included set-asides, which required that a minimum amount of available funds be used for a specific purpose, and cost ceilings, which specified a maximum portion of funds that could be used for other purposes. GAO reports that in the nine Reagan block grants, Congress added new cost ceilings and set-asides or changed existing ones 58 times between 1983 and 1991.²² In all but two cases, the portion of funds restricted under set-asides increased. In the Maternal and Child Health Block Grant, for example, 60 percent of total funding was restricted to specific types of services and target populations.²³ Restricted funds were decreased in only two of the block grant programs, the Preventive Health and Health Services Block Grant and the Alcohol, Drug Abuse, and Mental Health Block Grant.

In addition to the legislative restrictions that Congress placed on the use of block grant funds, the fact that appropriations for the block grants remained relatively flat also limited state flexibility over time. Throughout the 1980s, poverty increased and the population of children and families in need of supports and services continued to grow. However, the amount of funding made available through the block grants remained relatively flat, and in

some cases actually declined. (See Table 2.) As a result, available funds had to stretch further just to cover basic services, including those that were mandated by the federal government or by court actions. This left many states with little flexibility to direct block grant funds toward new programmatic needs and emerging priorities.

Administrative Streamlining

In the mid-1980s, states generally reported that federal administrative requirements under the block grants were less burdensome than they had been under the categorical programs. The amount of paperwork was reduced, and GAO investigators reported that state officials believed they were spending less time and effort preparing grant applications and reports.²⁴ In particular, they claimed the greatest administrative savings on eligibility determination. Many states rejected previous federal requirements for case-by-case (family-by-family) determination of program eligibility and instead adopted self-designation within broad geographic neighborhoods or other areas with high concentrations of potential recipients.²⁵ While they generally tightened eligibility standards to limit assistance to relatively poorer and needier families, they substituted neighborhood-wide eligibility to reduce the administrative inefficiency of individual determinations. This alleviated the administrative burden of determining eligibility on a case-by-case basis, and made it easier for families in designated low-income, high-risk communities to get assistance.

Although states reported greater administrative and management efficiencies under the block grants, they also experienced increased grant management responsibilities. Yet because state administrative cost definitions and data were not uniform, the General Accounting Office and other evaluation groups were not able to measure the net effect of the block grant reform on administrative costs. However, it seems likely that the dollar savings were not as great as block grant advocates had projected. Generally, states did not dramatically reduce the size of their administrative staffs. Instead, staff members were reassigned to other program and grant management responsibilities.²⁶

Replacement of Lost Federal Funding

A major contributor to the relatively smooth transition from categorical programs to block grants in 1981 was the fact that states found a number of ways to offset federal funding reductions. The ability to shift federal funds between the block grants enabled states to use federal dollars from one source to make up shortfalls in other high priority program areas. Thus, for example, GAO reports that 13 states transferred approximately \$125 million among block grants in 1982 and 1983. About \$112 million, or 90 percent, was the result of moving funds from the low-income home energy assistance block grant to the Social Services Block Grant.²⁷

During the early years after enactment of the block grants, many states were able to avoid making dramatic spending adjustments by adding federal categorical funds carried over from previous years to the new block-grant funding. The federal government had made advance payments on many categorical programs which it did not try to recapture. The Reagan administration allowed the states to reallocate carryover funds, within the parameters

Table 2
Federal Block Grant Funding, 1983-1994
(Obligations in Current Dollars)

<i>Block Grant Obligations (millions of dollars)</i>												
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994 (Est.)
Social Services ¹	2,675	2,700	2,725	2,584	2,697	2,700	2,700	2,762	2,804	2,800	2,800	3,800
Low-Income Energy Assistance	1,975	2,075	2,100	2,008	1,822	1,532	1,383	1,443	1,610	1,500	1,346	1,437
Community Services	373	348	368	352	368	363	319	322	436	360	372	386
Prevention/Treatment of Substance Abuse ²	468	462	490	469	509	487	806	1,193	1,269	1,080	1,108	1,178
Preventive Health & Human Services	85	87	89	87	89	85	84	83	91	129	143	152
Maternal & Child Health	478	399	478	457	497	526	554	554	587	650	664	687
Education (Chapter 2)	462	451	500	477	501	478	400	519	449	446	440	370
Community Development ³	2,380	2,380	2,388	2,053	2,059	1,973	2,053	1,972	2,203	2,397	2,790	2,871
Job Training and Partnership Act ⁴	1,415	1,886	1,886	1,783	1,840	1,809	1,788	1,745	1,778	1,773	1,692	1,742
Total	10,311	10,788	11,024	10,270	10,382	9,953	10,087	10,593	11,227	11,135	11,355	12,623
1- The Social Services Block Grant increase between FY 1993 and FY 1994 is due to Empowerment Zone/Enterprise Community obligations. 2- The Prevention/Treatment of Substance Abuse Block Grant included mental health until FY 1992. 3- The Community Development Block Grant does not include undistributed allocations, nor does it include spending on the nonentitlement portion of the Block Grant. 4- JTPA Block Grant is for the Adult and Youth Training Block Grant portion of the JTPA program -- interpreted to mean Titles II-A and II-C for 1994. Source: (1983-1993 Numbers) U.S. Office of Management and Budget, <i>Budget Information for the States</i>, FY 1985- FY 1995 (1994 Numbers) U.S. Office of Management and Budget & U.S. General Services Administration, <i>Catalog of Federal Domestic Assistance</i>, 1994. (Maternal and Child Health 1994 Number) U.S. Office of Management and Budget.												

of the new block grants, and in many cases, the states used those funds to make up some part of the funding shortfalls. Studies of the effects of the 1981 block grants showed that conserving funds whenever possible became a widespread practice that helped states to smooth out spending adjustments and achieve greater financial flexibility in the face of the federal reductions.²⁸

In addition, states used their own resources to replace funds lost as a result of the overall 12 percent federal funding reduction. The amounts they allocated and the extent to which they were willing to cover shortfalls varied from one program area to another. However, critics who had predicted that states would be unable and/or unwilling to use their own funds to offset federal cuts were proven wrong. While most states made minimal adjustments in the first year after the block grants were implemented, in later years they began to provide greater contributions.²⁹ Social services spending, which had seemed especially vulnerable, received surprisingly strong support. States also called on local governments to finance more of the total cost of human services that were eligible for funding through the block grant. Moreover, as Nathan and Doolittle have pointed out, states' replacement of lost federal funding was not limited to the block grants. They also took steps to offset federal cuts in other categorical aid programs for the poor, especially Medicaid.³⁰ This trend toward increased state spending on select programs continued after 1985. Data concerning state expenditures on federal matching programs show dramatic increases in spending for Medicaid, foster care, and child support between the mid-1980s and the early 1990s.³¹ (See Table 3.)

Table 3
Total State Spending on Federal Matching Programs for Children
(In millions of 1992 dollars)

<i>Program</i>	1985	% of Total	1990	% of Total	1992	% of Total	Percent Change in Spending (1985-1992)
AFDC	10160.7	67.92%	10471.0	58.61%	11330.0	52.60%	11.51%
Medicaid for Children	3003.7	20.08%	4470.2	25.02%	6160.5	28.60%	105.10%
Foster Care	667.2	4.46%	1464.1	8.20%	1994.6	9.26%	198.95%
Maternal and Child Health	719.3	4.81%	677.8	3.79%	729.4	3.39%	1.40%
Child Support	322.2	2.15%	588.9	3.30%	651.8	3.03%	102.30%
AFDC Child Care	0.0	0.00%	102.7	0.57%	317.3	1.47%	N/A
At-risk Child Care	0.0	0.00%	0.0	0.00%	266.3	1.24%	N/A
Child Welfare	87.6	0.59%	90.0	0.50%	90.4	0.42%	3.20%
Adoption	0.0	0.00%	N/A	N/A	N/A	N/A	N/A
Total	14960.7		17864.7		21540.3		43.98%
<i>Source: Stephen Gold and Deborah Ellwood, How Funding of Programs for Children Varies Among the 50 States, 1995 forthcoming.</i>							

The shift from categorical programs to block grants also led critics to speculate that states would reduce their spending when matching formula requirements were discarded. Matching grants typically require states to contribute 25 to 75 percent of the amount provided by the federal government, thereby creating a price incentive for recipient spending. Under block grants, the amount of federal aid to the states became a fixed allocation that is not increased by the amount of state or local spending. Most federal matching grants (except Aid to Families with Dependent Children and Medicaid) had been capped by the mid-1980s so that states spending above the matching limit did not receive additional funds. Therefore, the conversion from categorical programs did not have the predicted effect of discouraging state spending across the board, although it did have some effect in states where spending was below or just at the level of the matching limit. An Urban Institute study from the mid-1980s showed that low-expenditure states cut their spending on social services by approximately 5.3 percent under the Social Services Block Grant from what they were spending under the Title XX program. States that were spending above the matching limit prior to the conversion to a block grant actually raised their average expenditures for social services by 18.8 percent.³⁷

Since the early 1980s, state and local governments have continued to take on an increasing share of the burden for financing social programs and expenditures. In the face of declining assistance from the federal government, states and localities have also increased their spending for investments in infrastructure and economic development as well as for rapidly rising health care costs for the poor and the elderly. By increasing revenues (largely through raising taxes and imposing user fees) and by reevaluating their spending priorities, states have managed to meet these growing fiscal responsibilities.

Protecting Support for Vulnerable Populations

During the Congressional debates over the 1981 block grants, advocates for the poor, for children, and for other disadvantaged or minority populations voiced significant concern about what would happen if program targeting was abolished. In hindsight, it is clear that the results were not as dire as the critics forecast. However, state behavior in the several years following implementation of the block grants did not follow a single, simple pattern. It varied from one program area to another. While programs employing income eligibility standards generally tightened their focus, causing available assistance to be more narrowly targeted to the very poor, other programs—including the Community Development Block Grant and the Chapter Two Education Block Grant—shifted funds away from narrowly-defined populations with special needs.

Initially, most federal funding to states under the block grants was distributed on the basis of the state's share of funds received under the prior categorical programs in fiscal year 1981. With the exception of the Social Services Block Grant and the Community Development Block Grant, the consolidated funding streams included a requirement that the allocation of funds take into account what states received in previous years in order to ease the transition to block grants. Under the Alcohol, Drug Abuse, and Mental Health Block Grant, for example, funds had to be distributed in the same proportions as in fiscal year 1980. Over time, however, such distributions were found to be inequitable in several ways, and

Congress and the states themselves moved to adopt formulas that more heavily weigh beneficiary populations and other need-related factors.³³

Where block grants incorporated means-tested programs, states generally tightened their eligibility standards and targeted reduced levels of federal funding on a more narrowly defined poor population. For example, several states lowered their income cutoff for eligibility for state-financed child care and family planning programs and/or established sliding fee scales. As Peterson et al. suggest, these state responses helped protect the very poor, but forced those at the margin of income eligibility to make greater adjustments.³⁴ In many cases, working poor families found themselves no longer eligible for services they had previously received, such as child care.

In cases where block grants consolidated programs for which the purpose was broader than just ameliorating poverty, there is greater evidence that states shifted resources away from poverty populations toward populations defined by other characteristics. This movement was facilitated by the elimination of a prior federal requirement that at least half of all federal funds be used to support "categorically" eligible individuals -- those eligible because they participate in Aid to Families with Dependent Children (AFDC), Medicaid, or other federal categorical programs. As a result, some states began to define "needy" in terms other than low income, and applied their funds to a larger proportion of non-poor children and families who were at risk in other ways. For example, in several states, children and adults at risk of abuse or neglect were identified as eligible for family support and other protective services under the Social Services Block Grant, regardless of their families' economic status. By redefining categories of need in this way, Virginia, for example, shifted some of its federal social service dollars away from healthy, poor families in need of child care, employment training, and family planning to those vulnerable to physical abuse and neglect, regardless of family income.³⁵

In the education block grant, states retreated from targeting funds to big-city schools with large minority populations. Instead, many states redefined need as it applied to education, and distributed funds across their school districts based on school population rather than minority or socio-economic status. The education block grant requires states to distribute funds to local education agencies (LEAs) using a formula that considers relative enrollment and adjusts per-pupil allocations upward to account for large populations of students whose education imposes higher than average costs -- generally students from high-risk groups. Although this formula was prescribed, states were given the discretion to decide which factors to consider in determining who were high-cost students.³⁶ In 1985, only 17 states were still targeting funds available through the education block grant to LEAs based on the concentration of low-income and minority children.³⁷

A related effect of the Reagan block grants was to shift the general mix of federal aid away from populations with special needs, including those with disabilities, those for whom English is not a first language, and those of minority status. Between the mid-1960s and 1980, federal program support for special populations grew significantly faster than aid for general populations. Between 1981 and 1985, that trend was reversed. In education, for example, the growth in Chapter Two non-targeted aid was 18 percent between 1981 and 1984, compared to

aid for Indian education, which fell by 23 percent; support for the Follow Through program which fell by 75 percent; and Desegregation Aid, which was eliminated altogether.³⁸

The shift in patterns of distribution of federal funds was not limited to special populations. Cities were also clear losers under the Reagan block grants. Funds to big-city schools were cut dramatically with the elimination of desegregation aid. Several health and human service programs that had been largely targeted to urban localities experienced significant reductions. And large cities did not receive as great a share of funding through the Community Development Block Grant as they had through the previous categorical grant programs. According to Peterson et al., this diversion of block grant funds from cities reflects residual resentment on the part of states toward big cities, and a reduced federal priority for specific urban problems.³⁹ To some extent, it also undoubtedly reflects the fact that the prior federal grant structure had enabled big cities to tap directly into the federal coffers, bypassing the states. In contrast, the new federalism of the early 1980s shifted program decisionmaking and fiscal authority to the states. Because they had little historical stake in the urban initiatives that had been supported by federal funds, many states were less likely to give big-city claims a high priority in the face of competing demands for reduced federal funds. Undoubtedly, it also reflects the political power base in the Congress. Republicans and conservative Democrats, who often voted as a block, were more likely to represent suburban and rural districts. Democrats who represented the interests of large urban areas were in a distinct minority.

Where the law did not prescribe distribution formulas, states typically developed their own. Many states, for example, distributed Community Service Block Grant funds using formulas that more heavily weighed poverty, overcrowding, age of housing, and other measures of urban deterioration than prior categorical programs did. As a consequence, community action agencies in cities such as Chicago, Detroit, and Los Angeles saw their share of funds reduced to match more closely their relative shares of the states' poor children and families, even though the cost of providing supports and services in these large urban areas was greater than in small cities, towns, and rural communities. Similarly, the distribution of Community Development Block Grant funds provided a greater relative share of dollars to smaller communities, and more effectively targeted available resources to distressed communities. Because many more small communities applied for funds from the state-administered programs, state awards actually made funding accessible to more communities in need than did the prior federal grant programs.⁴⁰

In sum, critics who predicted that federal funding for the poor and for children in need would be radically redistributed to middle-class families and away from vulnerable populations under the block grants did not see their predictions come true. In some cases, the states more narrowly targeted funding for low-income children and families. In other cases, however, factors other than low income became the defining criteria for the distribution of significant amounts of public funding under the block grants. And across the board, large cities received a reduced share of funding from what they had received under the categorical programs.

Maintaining Accountability

The implementation of the block grants provided states far greater discretion and authority for establishing and maintaining program and service delivery standards than they had enjoyed under categorical programs. In the first several years, it also significantly reduced the reporting requirements imposed by the federal government on states. As a result, it became more difficult for the federal government to hold states and localities accountable for the monies they received.

With the reduction in federal reporting requirements, states generally assumed a greater role in providing oversight for programs and expenditures. GAO reports that in 13 states they studied, state officials were "maintaining their prior level of effort for data collection under the categorical grants."⁴¹ However, states were given the latitude to determine what program information to collect and report and how to report it. As a consequence, the states often redefined data requirements to meet their own planning, budgeting, and legislative needs, without regard to how other states were collecting and reporting information or whether it could be aggregated. Federal evaluation efforts were largely stymied, because it was impossible to make cross-state comparisons or assess cumulative effects. As a result, Congress, which maintained an interest in the use of federal funds, had limited access to information on program activities, services delivered, clients served, or the results of their investments.

In response, model criteria and standardized forms were developed in 1984 for some block grants in order to help states collect uniform information. The process relied on voluntary cooperation, however, rather than legal requirements. Data comparability remained an issue, and as a result, information that was collected was not always very useful to policy makers in assessing the magnitude of needs among the states, determining the allocation of federal funds, and comparing the effectiveness of program approaches across states.⁴²

Similarly, Congress became concerned about financial accountability in the wake of the block grant implementation, and in 1984 passed the Single Audit Act. The aim of the new law was to achieve more uniform, entity-wide audit coverage than was achieved under the previous grant-by-grant audit approach.⁴³ The single audit approach is credited with improving state and local systems for tracking federal funds, strengthening administrative controls over federal programs, and increasing oversight of entities to which the states distribute federal funds. However, the positive effects are limited by several factors. First, the sole criteria for determining which entities and programs are to be audited is the dollar amount of their allocation. While this does impose audit requirements on a significant proportion of federal assistance to states and localities, it does not necessarily focus audit resources on the programs at greatest risk of fraud and abuse. Second, the usefulness of the single audit reports is limited because they are not required until 13 months after the end of the audit period; state program managers are not required to report on the adequacy of their internal control structures; and federal program managers do not routinely compile them so that they can be analyzed for program-wide effects and directions for new program activity.⁴⁴ Third, the elaborate audit reports focus narrowly on how federal funds are expended, not on

what results they achieve. As a consequence, the audit process imposes strict rules and sanctions regarding the use of funds, but gives virtually no attention at all to how and whether programs accomplish their intended purposes.

Although an original purpose of the block grants was to alleviate much of the paperwork burden imposed by federal program regulations and reporting requirements, federal auditors--most prominently, Inspectors General--have in fact added significantly to the administrative burden in recent years. Fear of being cited for audit exceptions often leads service providers and state and local program officials to take extraordinary steps to document their actions in order to create a paper trail that can protect against cost disallowances when federal auditors review the records. Conflicting audit requirements create confusion and an extra burden on state agencies and local programs that receive funding from more than one federal program and must collect the same information in different forms to satisfy the needs of auditors in different federal agencies. This is particularly true if confidentiality requirements restrict using information collected for one purpose (and set of program records) for other administrative purposes. For example, schools cannot tell Job Training Partnership Act (JTPA) programs who is in the school lunch program in order to simplify eligibility for schoolwide programs, although participation in the school lunch program is an established JTPA eligibility criterion. Moreover, continual changes in audit requirements often require state agencies and local community-based organizations to reconstruct data after the fact in order to conform to new procedures and formats. The process is unnecessarily time-consuming and costly.⁴⁵

During the several years immediately following the implementation of the Reagan block grants, delegating responsibility for setting and maintaining program standards to the states significantly reduced federal control over the quality and content of service delivery. This is nowhere more clearly illustrated than in the promulgation of regulations governing the care of young children in child care centers. Beginning in 1982, child care services subsidized with Title XX funds were to be subject to the Federal Interagency Day Care Requirements (FIDCR). These regulations set stringent requirements for child/staff ratios, physical facilities, staff training, and a number of other aspects of child care service delivery to ensure the quality of care provided in publicly financed centers. The FIDCR were developed over a period of several years, following contentious debate among early childhood professionals, providers, and federal and state officials. With the implementation of the Social Services Block Grant, the FIDCR were shelved, and responsibility for regulating child care services was shifted to the states.⁴⁶ As a result, state requirements governing child/staff ratios, group size, teacher training, and other significant characteristics of service delivery varied dramatically. Many states, for example, set no limit on the number of children a single caregiver could care for and permitted large group sizes even for very young children.⁴⁷ Although early childhood professionals and advocates decried the lack of protection for children's health, safety, and development, states claimed significant administrative cost savings and increases in the population served as a result of not having to implement the FIDCR. Peterson et al. report that Texas was able to care for approximately 16 percent more children at almost 20 percent less total cost to the state by not specifying a ratio for the care of infants and by increasing the

ratio for toddlers from 12 (specified in the FIDCR) to 35 per caregiver. Only one state, Massachusetts, maintained the FIDCR standards after the block grants were implemented.⁴⁶

Only one of the federal block grant programs, the Job Training Partnership Act, implemented an outcome-based accountability system that infused federal policy priorities into the daily management of local programs. JTPA is aimed at training disadvantaged young people and placing them in the workforce. The program is fully funded by the federal government and does not require any state or local funding match. Perhaps for this reason, the architects of the program went further in their efforts to establish a system of accountability based directly on the achievement of federally-determined performance standards. For better or worse, the JTPA performance standards have created strong incentives for program management. The clear priority placed on job placement has led many local programs to select participants who are likely to require less training and who will be easier to place in private sector jobs. Critics of the standards now contend that although the program has demonstrated success in achieving desired outcomes (i.e., placing young people in jobs), it has generally failed to achieve desired impacts that add value above and beyond what might have been expected had the program not existed (i.e., moving the most disadvantaged and difficult-to-place young people into the labor force). The clear implication is that even when Congress and the federal bureaucracy take steps to focus accountability systems on outcomes rather than traditional inputs, it is not easy to define desired outcome measures in ways that do not create perverse management incentives that can ultimately undermine the program.⁴⁷

A clear objective of federalism was to return responsibility for program decisionmaking to the states. In so doing, however, the Reagan block grants largely relinquished federal control over program quality and accountability for the use of federal funds. In subsequent years, Congress and the federal agencies took steps to strengthen the quality of program data provided by the states and to impose audit controls. Although these developments imposed new requirements on states (and, in turn, on local programs) for collecting and reporting program data, they did not significantly enhance federal policymakers' ability to know how well public dollars were being used or what results they were achieving. Even where the federal government established performance standards to guide the management of programs receiving block grant funds, questions are raised about the outcome measures that are used to assess performance, and whether the incentives they created were contrary to Congressional intent.

Categorical Creep

Following the initial round of consolidations of domestic programs in 1981, additional block grant proposals were expected. The Reagan administration, bolstered by its initial success, proposed 23 more consolidations or expansions of existing ones. Administration officials also endorsed the creation of "super" block grants that would combine many of the original block grants and give even more latitude to the states to determine program priorities and design.

Only one of these proposals succeeded: replacement of CETA with the Job Training Partnership Act of 1982. Why did the block grant momentum come to such an abrupt halt?

Several observers attribute it to the fact that the Reagan consolidations were regarded first and foremost as a budget-cutting strategy, rather than as a means of achieving greater administrative efficiencies. This perception was reinforced as subsequent proposals called for even deeper cuts in federal social welfare spending. Moreover, because the initial block grants were maneuvered through Congress using the reconciliation process to bypass committee consideration of the proposals, Congressional leaders became more cautious and protective of their authority with subsequent rounds of legislation.

Funding under the nine Reagan block grants represented a reduction from previous funding under the categorical programs. Throughout the 1980s, the block grants generally continued to be reduced in both current and in constant dollars. (See Tables 2 & 4.) Despite recent modest increases, most of the block grants had lower constant dollar funding levels in 1994 than they did in 1983. Only two of the grants increased over the 11 years following implementation: the Preventive Health and Health Services Block Grant and the Prevention and Treatment of Substance Abuse Block Grant (formerly the Alcohol, Drug Abuse, and Mental Health Block Grant).

Several factors contributed to keeping federal funding through the block grants at stable or declining levels. First, block grants, in contrast to narrowly defined categorical programs, generally lack a clear expression of purpose and constituency. Although the block-grant structure gave the states flexibility to design and fund programs, it was typically at the expense of maintaining a strong identity and rationale for existence. Therefore, over time, it became politically more difficult to rally concerted support for funding increases (or even maintain stable funding levels) for block grants than for more targeted categorical initiatives. Second, because federal reporting requirements were significantly reduced with the establishment of the 1981 block grants, advocates found it increasingly difficult to make a strong case that block grant funds were generating tangible positive results. Third, because resources provided through the block grants were so fungible with other federal and state funds, it became nearly impossible to distinguish any positive results directly attributable to the block grants. Fourth, federal agency efforts to improve program effectiveness, often fueled by policy research that highlighted "horror stories" of fraud, abuse, and mismanagement, led to the implementation of more restrictive federal controls on block grant funding. Finally, and perhaps most significantly, in the wake of the block grants an array of new federal categorical programs was created. These narrowly defined authorities were intended to respond to the specific needs of vocal constituencies, who argued that they were short-changed by the block grants. They were also intended to direct federal dollars to specific social and economic problems that were not being addressed adequately in some states. Perhaps above all, they were intended to reinstate many of the federal program and fiscal accountability controls that were initially abandoned under the block grants.

Over the past decade and a half, the number of categorical programs serving children and families exploded from approximately 300 in 1980 (before the Reagan block grants) to just under 500 in 1994. As an example, over 90 separate federal programs, administered by

Table 4
Federal Block Grant Funding, 1983-1994
(Obligations in Constant 1994 Dollars)

<i>Block Grant Obligations (millions of dollars in constant 1994 dollars)</i>												
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994 (Est.)
Social Services ¹	3,886	3,757	3,653	3,364	3,410	3,294	3,152	3,092	3,013	2,923	2,855	3,800
Low-Income Energy Assistance	2,869	2,888	2,815	2,614	2,304	1,869	1,615	1,615	1,730	1,566	1,372	1,437
Community Services	542	484	493	458	465	443	372	360	469	376	379	386
Prevention/Treatment of Substance Abuse ²	680	643	657	611	644	594	941	1,335	1,364	1,127	1,130	1,178
Preventive Health & Human Services	123	121	119	113	113	104	98	93	98	135	146	152
Maternal & Child Health	694	555	641	595	628	642	647	620	631	678	677	687
Education (Chapter 2)	671	628	670	621	633	583	467	581	483	466	449	370
Community Development ³	3,458	3,312	3,201	2,673	2,603	2,407	2,397	2,207	2,368	2,502	2,845	2,871
Job Training and Partnership Act ⁴	2,056	2,625	2,528	2,321	2,326	2,207	2,087	1,953	1,911	1,851	1,725	1,742
Total	14,981	15,013	14,777	13,369	13,126	12,143	11,776	11,857	12,066	11,623	11,578	12,623

1- The Social Services Block Grant increase between FY 1993 and FY 1994 is due to Empowerment Zone/Enterprise Community obligations.
2- The Prevention/Treatment of Substance Abuse Block Grant included mental health until FY 1992.
3- The Community Development Block Grant does not include undistributed allocations, nor does it include spending on the nonentitlement portion of the Block Grant.
4- JTPA Block Grant is for the Adult and Youth Training Block Grant portion of the JTPA program – interpreted to mean Titles II-A and II-C for 1994.

Source: (1983-1993 Numbers) U.S. Office of Management and Budget, *Budget Information for the States*, FY 1985- FY 1995.
(1994 Numbers) U.S. Office of Management and Budget & U.S. General Services Administration, *Catalog of Federal Domestic Assistance*, 1994.
(Maternal and Child Health 1994 Number) U.S. Office of Management and Budget
(Deflator) U.S. Office of Management and Budget, Gross Domestic Product Deflator for 1987 converted to 1994 baseline.

11 agencies—including the Departments of Education, Health and Human Services, Agriculture, Housing and Urban Development, Interior, Justice, and Labor, as well as by the Small Business Administration, the Appalachian Regional Commission, the Corporation for National Service, and the General Services Administration--support services for very young children and their families. Many of these programs have similar or overlapping purposes, although they may target different populations, use different eligibility criteria, and provide a different mix of supports and services to children and their families.⁵⁰ In other domestic social policy areas, the experience is similar.

The rush to recategorize -- both through the imposition of new restrictions on the use of block grant funds and through the establishment of a multitude of new categorical programs -- suggests that reformers lost a measure of their political support. By the mid-1980s, the politics of the budget debate overshadowed the states' experience in implementing the block grants. Although critics had predicted that the states would abandon major parts of the domestic policy agenda without federal mandates and circumscribed program requirements, it did not happen. Instead, most states took aggressive steps to preserve the governmental role in providing education and other supports and services for children and families, increasing their own share of funding significantly over time. While many states reshaped their programs to meet local priorities, they did not dismantle them wholesale, nor did they radically redistribute benefits from the poor to middle and upper class children and families. Four years after the Reagan block grants were implemented, Peterson et al. concluded that the states had done at least as good a job of administering the funds as the federal government had, and there was far less opposition to the concept of block grants from advocates than might have been expected.⁵¹

The deep economic recession of the early 1980s also contributed to diminishing Congressional enthusiasm for block grants. By late 1983, even Republican members of Congress who were determined to continue to reduce federal social welfare spending found it difficult to cut basic health and welfare programs with the 1984 election looming. The administrative rationale for consolidation, as well as the political rationale for shifting program design and control to the states, were largely supported by the early experience with block grants. For this reason, it seems likely that there might have been substantial support for later block grant proposals, if they had been discussed in the context of budget neutrality. But they were not considered on their merits, largely because block grants were perceived to be a ruthless strategy for further reductions in federal spending.⁵²

BLOCK GRANT PROPOSALS IN THE MID-1990s

In the aftermath of the 1994 elections, the 104th Congress is considering a fiscal agenda that could radically restructure intergovernmental relations and could have a dramatic impact on the fiscal health of states and localities nationwide. The plan outlined in the Republican *Contract with America* has been fleshed out by U.S. House of Representatives with input from the governors, mayors, and others. The Contract called for passage of a constitutional amendment requiring a balanced budget by 2002; a supermajority requirement for passage of tax increases; enactment of personal and business tax cuts; welfare reform; and deep cuts in

social spending. Block grants feature prominently in plans for welfare reform and cuts in social spending.

The U.S. House of Representatives Plan

In January of 1995, the new Republican leadership identified eight broad areas for which federal welfare programs could be replaced with block grants to the states. These include food and nutrition; cash welfare; child care; social services; child welfare and child abuse; employment and training; housing; and health. In all, 336 programs were identified as candidates for consolidation, which accounts for approximately \$125.2 billion in FY 1994 or FY 1995 federal spending. Legislation was passed by the House of Representatives in March 1995 taking the form of H.R.4, which follows through on block granting some of the programs identified as consolidation candidates. (See Table 5.)

Table 5
Candidates for Consolidation in Eight Welfare Domains

Welfare Domain	Number of Programs Considered January 1995	Corresponding FY 1994 or 1995 Appropriation (in millions)	Number of Programs Proposed in H.R. 4
Cash Welfare	7	\$17,741 *	4
Child Welfare & Child Abuse	38	\$4,306	22
Child Care	45	\$11,771	7
Employment and Training	154	\$24,838	N/A
Social Services	33	\$6,589	N/A
Food and Nutrition	10	\$37,967	10
(Food & Nutrition Commodities)	(0)	N/A	4
Housing	27	\$17,516	N/A
Health	22	\$5,076	N/A
Total	336	\$125,234	47

*Figure for 1996.

Note: The figure of \$125.2 billion does not include the \$87 billion the federal government spent on Medicaid or the \$28 billion spent on Supplemental Security Income in Fiscal Year 1994.

Sources: U.S. House of Representatives Committee on Ways and Means, Subcommittee on Human Resources, January 1995 and H.R.4, March 29, 1995.

The new block grant discussions include many more and larger programs than were included in the 1981 block grants. In addition, they include programs that are fundamentally different from those in the earlier consolidations. All of the block grants that have been enacted in the past involved operating or capital expenses. Many programs for which Congress already provided specific sums of money annually were folded into a few larger grants for which Congress appropriated fixed sums. In contrast, many of the welfare programs identified for block grants in 1995 are entitlements that provide direct assistance to

individuals based on need—for example, Aid to Families with Dependent Children (AFDC), Food Stamps, and Supplemental Security Income (SSI) for children with severe disabilities. Others provide open-ended support for children who are placed in foster care. Under the entitlements, states receive federal aid on a matching basis. As the number of children and families in need increases, so does federal support. Folding the entitlements into block grants would convert these open-ended funding streams to capped appropriations. Each state would receive a lump sum of federal aid to serve its poor children and families, but federal spending would not increase in times of hardship or special need.

The House Republican plan calls for packaging and cutting many federal programs that provide a safety net for poor children and families.⁵³ Among those on the table for debate are the following:

- **Aid to Families with Dependent Children.** Republican House members believe fervently that any attempt to overhaul the welfare system should result in less federal spending. As set forth in the Block Grant for Temporary Assistance for Needy Families as outlined in H.R.4, AFDC would be converted to a block grant, ending its entitlement status and giving the nation's governors wider discretion to determine eligibility, set benefit levels, and establish conditions governing the receipt of cash assistance. However, the block grant would carry significant new federal mandates that restrict aid to children of teenage mothers, to children born to mothers who are already on welfare, and to noncitizens (including legal aliens). It would also establish requirements for work activity by welfare recipients (although it does not provide federal funds for workfare or for enhancing the employability of poor heads of household). And it limits the total number of months or years that a family can receive benefits. Under the provisions of the House bill, states would be allowed to transfer up to 30 percent of Temporary Assistance Block Grant funds to the Child Care Block Grant, the Child Protection Block Grant, the Title XX Social Services Block Grant, the Family-based Nutrition Block Grant or the School-based Nutrition Block Grant. They would also be permitted to save their block grant funds in a "rainy day" savings account to help cover increased demand for income support in recessions. And the federal government would establish a "rainy day" loan account from which states could borrow funds, repayable with interest, in cases of extreme economic hardship. State matching requirements would be eliminated, so that state contributions above and beyond the fixed allocation of federal aid would be left to state discretion.
- **Supplemental Security Income.** The House bill would also create a block grant for the portion of Supplemental Security Income that provides cash assistance to children with severe disabilities. Funding cuts of up to \$12 billion over five years would be achieved by limiting eligibility for cash assistance only to those judged likely to be institutionalized if the family does not receive aid. Instead, states would receive block grant funding for medical and non-medical services for disabled children, and would have the discretion to determine which services need

to be provided to qualified children. In order to eliminate a potential disincentive for parents to work, children currently receiving cash benefits whose financial eligibility is suspended would continue to receive cash benefits if their financial eligibility were later restored. The block grant would grow with the number of eligible children, but it would be set at a base lower than current expenditures.

- **Nutrition Assistance.** The House bill would package several child and adult nutrition assistance programs into two block grants. The School-based Nutrition Block Grant would end the entitlement status of the School Lunch, School Breakfast, and part of the Special Milk programs. It would reduce funding by more than \$2 billion over the five-year period from 1996-2000 and eliminate all national nutritional standards, leaving regulation of nutritional content to the states. Although states would be required to assure that at least 80 percent of funds are provided to children in low-income families, they are permitted to determine the definition of "low income" up to 185 percent of the poverty level.

A second block grant, the Family Nutrition Block Grant, would end the entitlement status of the Child and Adult Care Food Program, which provides meals to children in child care centers, Head Start programs, and family day care homes. It would package the program with several other nutrition programs for young children and their families, including part of the Special Milk Program, the Homeless Child Nutrition Program, and the Special Supplemental Food Program for Women, Infants, and Children (WIC). Funding would be cut by approximately \$5.7 billion over five years in the Family Nutrition Block Grant. Eighty percent of the funds would be reserved for WIC. National standards for the WIC food package, as well as nutritional standards for child care food programs, would be eliminated. However, states would be required to establish cost containment measures for WIC and to report to the federal government on their success in achieving savings. After contentious debate, the Food Stamps Program was left out of the proposed block grant.

- **Child Care.** Under the provisions of the House bill, seven separate federal child care assistance programs would be combined into a single child care block grant, including the current Child Care and Development Block Grant (a discretionary program) and the At-Risk Child Care Program (a capped entitlement). Child care entitlements for families on welfare and those coming off welfare would be ended. The law would create a single discretionary program. Funding would depend on annual Congressional appropriations. States would be required to implement safety and health requirements, although there would be no federal requirements governing state provisions.
- **Services for Abused and Neglected Children.** As a part of the House plan, the Child Protection Block Grant was established to assist states in protecting abused and neglected children. The new block grant would eliminate the entitlement status of the federal foster care and adoption assistance programs, Title IV-E. These programs would be combined with 20 other discretionary programs aimed

at addressing abuse and neglect, and funding would be cut by approximately \$5.5 billion over five years. States would have the option to transfer up to 30 percent of funds from other block grants into this block grant, but they would be restricted from transferring funds out until 1998. Federal requirements that states match federal dollars would be eliminated. So too would most of the federal standards and regulations governing service delivery and the care of children placed outside their homes, although states would be required to establish at least three citizen review panels to meet and review the performance of state and local officials handling of child abuse and neglect cases.

The Governors' Proposal

Out of concern that pressures to balance the federal budget and reorder spending priorities will lead to federal budgetary decisions that could shift costs to the states without achieving true savings, the nation's governors have offered their own welfare reform proposal. They did not reach consensus on whether federal cash assistance and other entitlements should remain available as federal entitlements to needy families or be converted to a state entitlement block grant. They do agree, however, that the states should have the flexibility to enact welfare reforms without having to request federal waivers and without federal micromanagement. They also agree that any federal block grants should be entitlements to the states, not discretionary grant programs. Viewing block grant proposals as an opportunity to achieve greater flexibility, rather than as a means to cut the federal budget deficit, the governors believe that the federal government must maintain a substantial financial role in assisting states and localities to meet the needs of children and families. In exchange for modestly reduced initial allotments, they called for guaranteed funding levels over five years based on the states' average allocations over several prior years. They also called for provisions that would allow the states to retain unexpended federal funds in "rainy day" accounts to hedge against economic downturns, and for a federal set-aside each year to protect states from experiencing high unemployment as a result of changes in the cyclical economy and major natural disasters.⁵⁴

In addition to radically overhauling the AFDC cash entitlement program, the governors have also called for a major restructuring of the federal grant-in-aid system to give the states greater flexibility to design and deliver supports and services and relieve much of the administrative burden. They support the establishment of block grants that would delineate clear policy and program objectives and certain minimum standards, but would provide the states broad discretion to design key program components. It is significant, however, that in presenting this element of their proposal, the governors clearly distinguish the themes of simplification and consolidation from spending reductions. They oppose efforts to balance the federal budget simply by shifting costs to the states.⁵⁵

The Mayors' View

Many of the nation's mayors have also spoken out in favor of block grants as a means of channeling federal aid to cities in ways that permit local decision-makers enough flexibility to

invest funds and tailor programs to meet local needs. In testimony before Congressional committees and in a statement from the National League of Cities, they have expressed support for efforts to restructure and realign the myriad of categorical grant programs.⁵⁶ They believe that a simpler, more rational, and more flexible intergovernmental system offers significant opportunities for cities and towns to develop more innovative and cost-effective methods of delivering services and building the infrastructure. Like the governors, they support fundamental changes to reduce federal deficits and make government more effective and accountable, but they strongly oppose actions that would balance the federal budget by simply shifting costs to the cities.⁵⁷ In other words, they support block grants as long as they are adequately funded.

Recalling the block grants of the early 1980s, the mayors also want new block grant proposals to recognize the direct federal-local relationships that have been forged in many program areas, including housing, law enforcement, and community development. They oppose a wholesale transfer of program responsibility from the federal government to the states in ways that would permit the states to satisfy their obligations by imposing unfunded--or under-funded--mandates on local governments. The National League of Cities favors the consolidation of categorical programs into highly flexible block grants directed to localities. To the extent that proposals continue to target funding to the states, they want assurances that allocations will be earmarked or otherwise targeted to local governments to prevent unmanageable cost shifting.⁵⁸

Like the governors, the mayors believe that overhauling the nation's welfare system is critical. However, they separate the programmatic goals of welfare reform from budget cutting. They oppose ending entitlements, which by design are currently intended to be an open-ended safety net to provide the most basic necessities to all who meet basic standards of need. They worry that capping or block granting the welfare entitlements would shift responsibility for filling the gap to local governments that lack the independent means to provide community residents adequate protections in cases of emergency and hardship. If federal deficit reduction is a goal of welfare reform, they want all budget elements -- means-tested and non-means-tested entitlements, tax expenditures, defense and discretionary spending -- to be on the table.⁵⁹

LOOKING AHEAD: ISSUES FOR CONSIDERATION

Even among the staunchest advocates of the categorical grant system, there is growing recognition that the consolidation of some federal discretionary programs, if properly structured, can improve services for children and families and reduce the enormous administrative inefficiencies that are inherent in a highly fragmented program structure.⁶⁰ The swell of categorical grant programs over the past decade and a half has created duplication and overlap that do not serve either taxpayers or the beneficiaries of public assistance well. Bringing together programs that serve a common purpose and similar target populations can reduce the administrative burden on states and localities, and at the same time give them greater flexibility to design program strategies that effectively meet the needs of their children and families.

Past experience with block grants can shed some light on the current debate. Several themes and issues emerge from a review of the 1981 reform experience that should guide members of Congress and the Clinton administration, the governors and mayors as they consider emerging block grant proposals and the restructuring of federal-state relations in domestic social policy.

To sustain support, block grants must define clear purposes, program goals, and objectives. By removing many of the categorical restrictions on how states and localities use federal funds, block grants offer the opportunity to design and implement programs in direct response to local needs and priorities. Because they enable state and local governments to blend funds from several programs, they provide a fiscal structure that is more conducive to the development of comprehensive, community-based systems of supports and services than a highly fragmented categorical system.

If past experience is prologue, however, federal funding for block grants is likely to decline over time. Unless the programs that are consolidated share common goals and a common purpose, and unless they are targeted to a clearly defined group of beneficiaries, block grants will have a difficult time mustering and sustaining political support. Overly broad consolidations and constituencies will dilute the sense of purpose and subvert funding. Moreover, it is politically easier for Congress to cut a block grant than to cut an entitlement to individuals. This is one of the reasons that advocates for the poor and for children so adamantly oppose converting the welfare entitlements to block grants.

Among policymakers who see block grants as an explicit tool for reducing total federal assistance to states and localities, fuzzing the sense of purpose, goals, and beneficiaries may be a deliberate strategy for diffusing political support for federal investments in social welfare spending. But the experience of the past decade suggests that over the long term this may be counter-productive. Although funding for the nine 1981 block grants generally declined, neither the Reagan administration nor fiscal conservatives in the Congress achieved the fundamental reforms in federalism that they sought. In the years following the initial restructuring, a plethora of new federal categorical programs emerged. Vocal constituencies reverted to business as usual, lobbying for narrowly-defined funding authorities responsive to their special interests, and Congress responded in kind. The federal grant structure proved highly resilient. There was no massive shift to the states of those domestic responsibilities that were the focus of the Great Society programs.

Flexibility requires adequate funding. Block grants represent a step toward decentralization. A primary goal of special revenue sharing in the early 1970s and the 1981 block grants was to give states and cities considerable freedom to decide how to spend federal money in response to local needs and priorities. To some extent, they did. However, achieving flexibility and encouraging innovative efforts to solve problems requires adequate resources.

Before 1981, federal efforts to consolidate federal categorical programs and devolve program responsibility to other levels of government carried additional federal funding. This enabled states and localities to maintain critical supports and services as they took steps to develop new responses to emerging program priorities and more innovative approaches to

old problems. The Reagan block grants were intended to enhance state flexibility and autonomy. However, they were also part and parcel of a concerted strategy to reduce federal domestic spending. From the very beginning, their laudable administrative goals were obscured by their budget-cutting role. Initial funding for the block grants was less than that of the programs they replaced, and they did not grow as fast as categorical programs through the 1980s and early 1990s. States successfully replaced much of the lost federal funding through a variety of approaches. Yet many found their flexibility limited over time as new mandates and restrictions were imposed on the use of federal block grant funds, and as the populations requiring mandated services grew (e.g., abused and neglected children who must be placed in foster care). Some of these mandates were the result of federal law and regulations aimed at maintaining accountability for the expenditure of federal funds. Many others were the result of judicial orders imposed when local citizens used the federal courts to press for changes in local practices.⁴¹

In their welfare reform proposal, the governors have clearly stated their opposition to federal budgetary decisions that simply shift costs to the states. The mayors have expressed similar sentiments. They want discussion about the parameters of welfare reform to proceed separately from discussions about how to balance the federal budget or cut the deficit. They recognize that states and localities will be under pressure to fill the gap in any budget shortfall created by reductions in federal funding. During past fiscal crises, states have been much more willing to raise taxes than the federal government, but the anti-tax mood reflected currently in Washington is also prevalent in the states. Some observers predict that if massive reductions in federal aid occur, many states would probably respond by increasing taxes somewhat, but not nearly enough to replace the lost federal funding.⁴² They might also try to push an increasing share of responsibility for providing mandated aid and services down to local governments. Because local governments also have a limited capacity to generate sufficient new revenues to meet the projected need, the result is likely to be a reduction in levels of service. Services that are provided will be only the most basic mandated protections, not more innovative efforts to provide comprehensive, prevention and support to at-risk children and families or workfare for poor heads of household who are required to leave welfare and enter the workforce.

Reductions in federal spending are clearly needed if the nation is to move closer to a balanced budget (with or without a constitutional amendment). However, it is unlikely that reductions in federal program spending through the proposed block grants will achieve the desired program flexibility and innovation, if funding is not adequate to do more than cover the most basic, mandated supports and services. Moreover, a persuasive argument can be made that if states are squeezed and forced to cut benefits to poor families, the incidence of poverty and child abuse and neglect will increase, placing an even greater burden on states to provide income assistance and mandated protective services.

Block grants should protect support for vulnerable populations. Combining related federal categorical programs and easing the administrative burdens on states and localities is a good idea. In the process, however, block grants should continue to protect the needs and

interests of vulnerable populations -- children, low-income families, the disabled, and disadvantaged minorities.

In 1981, advocates decried what would happen if the states were given broad discretion to establish spending priorities and control programs without significant federal regulation and oversight. Yet analysts who studied the lessons of the Reagan era experience with block grants did not find major state retrenchment in response to the 1981 federal cuts in aid. Instead, they found that state and local governments actually produced higher service levels than otherwise would have been the case, through replacement funding and a wide variety of other financial coping strategies and administrative reforms.⁶³ In areas where politically active local constituencies cared about particular program activities, the implementation of the Reagan block grants had virtually no impact.⁶⁴

In response to the House Republican plan, advocates for children, for the poor, and for other vulnerable populations are once again predicting disaster, if federal categorical programs are consolidated into block grants and funds are cut. Their claims may be well-founded. Three issues are of particular concern: 1) the administrative capability and competence of states to manage the large entitlement programs now administered by the federal government; 2) the ability of states to maintain an adequate social safety net in times of economic hardship; and 3) the fairness of proposed formulas for distributing block grant funds across the states.

Administrative capability. If anything, many states are better equipped to respond to reductions in federal funding now than in 1981. They have developed their own independent fiscal bases and administrative systems. They have more professional staffs and better management resources. They also have a significant stake in the continuation and success of programs and initiatives that they have developed and nurtured over the past decade and a half. States such as Wisconsin are often cited as bright examples of how well state governments can manage welfare programs when they are free of many of the strings of federal management. However, one of the important factors in Wisconsin's success in reducing its welfare roles, according to a recent study, is that the number of caseworkers was increased so that people on welfare could be supervised more closely. The clear conclusion is that reforming welfare may save money on balance, but it requires more bureaucracy rather than less.⁶⁵ Many states would be hard pressed to match Wisconsin's success, because they lack the administrative capability to handle the increased responsibilities that managing the large welfare entitlements would entail.

Maintaining an adequate safety net. As pointed out earlier in this paper, many of the programs currently targeted for consolidation are entitlements that provide aid based on the extent of need. Ending the entitlement would remove the guarantee of assistance to eligible individuals and families and make the availability of supports and services dependent on each state's fiscal capacity. In good economic times, states are likely to have greater ability to serve needy children and families. However, if the number of poor families with children and the number of children vulnerable to parental abuse and neglect continue to grow, it is not clear that states will be able to keep up with the increased demand for supports and services if federal funding does not rise. Moreover, in economic downturns and emergencies

or in periods of high inflation, the number of families in need can be expected to rise sharply at just the time when states have less revenue and a diminished capacity to respond. It is quite likely under these circumstances that states will face the difficult choice of turning away many needy applicants, dramatically reducing benefits across the board, or significantly raising taxes to meet the rapidly growing demand for assistance. There is little reason to think that states can easily replace lost funds of the magnitude that proposed welfare cuts would entail. Although state fiscal conditions have generally improved since the mid-1980s, they still have limited financial reserves available.⁶⁶

The House plan includes a provision allowing states to reserve their block grant funds in a "rainy day" savings account, and it establishes a federal "rainy day" loan fund. However, these raise questions about whether states will actually be able to save money in the face of projected budget cuts if they don't cut benefits or experience a sudden economic boom, and how states operating under balanced budget requirements will be able to pay back their federal loans (with interest) when they experience economic downturns and generate less revenue. Reductions in benefits and services seem inevitable.

Under any economic circumstances, poor states have much less fiscal capacity to take care of their poor populations than wealthier ones. There are large differences in AFDC spending among states, with poor states providing more limited programs -- serving fewer people and offering lower benefits. At present, the federal government helps them by matching their outlays at a higher rate than it matches the spending of affluent states. The House Republican plan would eliminate state matching requirements, however. If this happens and AFDC is converted to a block grant that provides states a lump sum payment rather than adjusting aid to the level of need, it seems likely that already low benefits will fall even more in poor states.⁶⁷ Benefits can also be expected to fall in wealthier states in economic hard times, leaving many children and families without an adequate safety net.

Equitable distribution of funds. The question of how to distribute the money may be the single most difficult issue faced by lawmakers writing the block grant legislation. The easiest approach, and the one taken in the past when block grants were established, was to allocate funds based on how much each state had been receiving from the individual programs that were folded into the block grant. As GAO has pointed out, however, this approach has proved to be inequitable.⁶⁸ It does not adequately take account of changes in the demographic composition of states' populations, their economic conditions, and other need-related factors. It also overlooks differences among states and localities in the costs of providing services and the states' ability to contribute to the costs of providing services. Thus, for example, many wealthier states supplement funds made available through the School Lunch Program. They use those funds to expand the number of students who are enrolled in the program, including some who do not meet strict income criteria. If, as proposed, the allocation of funds under the block grant is based on past enrollments, wealthier states may receive larger shares of federal funds than poorer states, even though poorer states may have a larger proportion, and even a larger absolute number, of poor students in need of subsidized meals. To compound the inequity, formulas will not be readjusted for a period of five years under the House plan.

To help ensure that funds are distributed to respond equitably to need, several factors should be included in distribution formulas, including: 1) the concentration of at-risk children to help determine the level of need; 2) the effective tax rate to reflect states' ability to pay; and 3) costs of providing services.⁶⁹ Revised formulas should also be phased in to avoid as much disruption in service delivery as possible. Regardless of what formula is developed and implemented for distributing federal funds available through the block grants, there will be winners and losers, which will inevitably stir political opposition. The goal must be to distribute funds equitably and at the same time to create more winners than losers.

In almost every political quarter, there is widespread agreement that the current welfare system doesn't work very well. Major reform is needed. Republicans in Congress and the Republican governors are eager to shift major responsibility away from the federal government to the states. Ending the entitlement status of basic cash assistance and other welfare-related benefits raises serious concerns, however. The House plan would make it possible for states to deny aid to anybody and everybody as long as they can demonstrate that they are spending their block grant funds on one of the bill's purposes -- for example, discouraging out-of-wedlock births or even saving for a rainy day. It seems unlikely that many states would adopt this kind of "cold turkey" approach. Yet eliminating welfare entitlements may not be the most effective or efficient way to reduce welfare dependency. Ultimately, the extent of political support for this kind of radical reform also seems questionable. Broad ideas that play well in campaigns do not always translate easily into administratively workable blueprints. For example, initial proposals to fold Food Stamps into the Family-based Nutrition Block Grant were abandoned when the Republican chairman of the House Agriculture Committee expressed serious concern about the wisdom of removing this piece of the safety net for poor families. Efforts to repeal the entitlement status of AFDC, Medicaid, and other basic welfare supports may meet similar resistance when debate is ended and the proposals are put to a vote in the Senate.

Some block grant funding should target resources to populations with clearly defined needs, not just to categories of services. As Congress considers which federal programs to consolidate and in what combinations, special attention should be given to constructing some block grants that focus resources on the multiple needs of target groups, rather than simply echoing the current categorical program structure, albeit in larger units. To provide greater flexibility in meeting the multiple needs of very young children and their families, for example, it may make more sense to fold together numerous programs that are aimed at addressing the special health and developmental needs of this age group. Similarly, adolescents have an array of developmentally-related needs that may be more effectively addressed through a unified youth development funding stream, rather than through a series of block grants combining alcohol and drug abuse initiatives, nutrition programs, juvenile justice programs, remedial education, and health services in categorical silos serving populations of many ages.

The Congressional committee structure perpetuates categorical programs and budgets, and often discourages more cross-cutting policy initiatives. Nevertheless, targeting block grants to special populations and enabling states to use these funds to design programs that

bring together an array of supports and services will help overcome the fragmentation that families face in negotiating the current system. It will facilitate the development of more comprehensive, community-based systems of support. It will also lead to a greater diversity and increased availability of specialized services, many of which do not fit neatly into formalized program categories.

Block grants should protect federal funding for the nation's cities. Block grants, which offer the potential for greater local flexibility and discretion to tailor programs to achieve desired results in a local community setting, have gained support from the nation's mayors. Overburdened by federal program regulations and requirements and, in many cases, lacking the capacity to compete effectively for categorical grants, many mayors strongly support proposals to streamline and consolidate federal programs through block grants.

However, it is important to recall that big cities were losers in the Reagan block grants. When states were given control over the distribution of federal funds, they generally shifted support away from narrowly conceived urban activities that they regarded as primarily federal initiatives. Some mayors express concern that cities could once again be at a political disadvantage in state decision-making, if the process is dominated by suburban, ex-urban, and rural representatives. While most enthusiastically support the greater use of block grants and believe this administrative reform is in the interest of local governments as well as the federal government, they oppose directing all block grant funding to states. Citing recent crime proposals aimed at providing support for local law enforcement, the mayor of Dallas, Texas suggested that channeling the monies through the states would unnecessarily contribute to the growth of state government bureaucracy and would result in longer delays and fewer dollars actually reaching local communities.⁷⁰

Developing effective block grant legislation that would protect support for the nation's large and small cities requires a clearly defined purpose and adoption of an established policy for carrying it out. Cities would like to see a significant proportion of federal funds directed to them with few strings attached, rather than being routed through state government. Congress may be reluctant to support this approach. Alternatively federal legislation could bracket cities according to population, and target some portion of funds directly to large urban areas that have adequate administrative capability to conduct programs without state intervention. It could adopt sub-allocation formulas requiring pass-throughs to major cities, if block grants are directed only to states. It could also require states to allocate funds based on formula or other criteria that reflect the special needs of cities, ensuring that they receive an adequate share of available funding. To further urban revitalization, the block grants could also create self-authorizing enterprise zones with meaningful tax breaks for businesses and individuals to encourage economic development and attract middle-income residents.

Some reformers argue that cities should not be given special status in the distribution of federal block grant funds.⁷¹ They should be forced to fight it out in their own states. But history suggests that vesting sole decision-making authority in the states may unfairly disadvantage large cities where it is more expensive to address housing, education, economic

development, and infrastructure needs than it is in rural areas, especially if the balance of power and decision-making lies with non-urban legislators and administrators.

In the end, this issue raises a larger concern that must be addressed as the debate over the shape of federal block grants proceeds. The Reagan era restructuring took it for granted that the states were the appropriate locus of power and decision-making concerning the allocation of federal funds. However, this assumption deserves reconsideration. Just beneath the surface of the devolution debate are several fundamental questions: In a decade when global economic restructuring has become a preoccupation, is it still relevant to assume that state governments should play a preeminent role in economic development and social problem-solving? Or should intergovernmental relations be reorganized to highlight the federal role in macro-economic affairs, the regional role in strategic planning, and the neighborhood role in addressing America's most serious social problems, since it is at the community level where these matters must ultimately be dealt with? What criteria should be used in deciding which matters of law and public policy are allowed to vary, and to what degree, among and between states and localities? Who should decide these matters -- Congress, federal and state judges, governors, state legislators, city officials?⁷³

Accountability should be based on an established set of measurable results. Congress and the executive branch have a continuing responsibility to ensure that federal taxpayer dollars are used efficiently, effectively, and for the purposes for which they were intended.⁷⁴ Creating block grants that combine categorical programs with similar purposes, and that serve similar or related target populations, makes it possible to identify intended results and evaluate progress toward achieving them over time. Maintaining accountability for federal block grant funding should be based on a relatively simple, clear set of measurable goals, not just on satisfying extensive bureaucratic paperwork requirements.

The 1981 block grants were established with virtually no requirements to hold states and localities accountable for the expenditure of federal funds. A backlash of concern that funds were being misused led to the promulgation of audit rules and procedures to prevent waste, fraud, and abuse. Although implementation of single audit report requirements helped generate data on state expenditures, it added significantly to the administrative burden borne by state and local governments and community-based organizations. And it is not clear that Congress was any better informed about what results were being achieved by federal funding through the block grants. This is largely because audit procedures focus on adherence to administrative rules rather than measures of effective performance. Moreover, as one observer has noted, the federal auditor has had a chilling effect on innovation.⁷⁵ Under current audit procedures, program officials are evaluated on how well they comply with eligibility rules and the quantity of services they provide, rather than the outcomes they achieve. As a consequence, many are discouraged from implementing new management and service delivery approaches, or from taking steps to creatively marshal program resources for a needy child and his/her family, if there is any chance these actions could run afoul of the auditors and lead to penalties and disallowances.

Performance accountability is a significant theme in the movement to reinvent government.⁷⁶ Substituting clear and reasonable results measures for the detailed process

audits that now exist is a commendable goal. However, as recent Congressional testimony illustrates, far more thought is needed about how this would work in practice.⁷⁶ The specifics of performance measurement are critically important, but not well-developed. Nor are the processes by which Congress and federal agencies would monitor states' progress toward established performance goals and actually hold them accountable.

Related to performance accountability are performance standards to ensure the minimum quality of services that are provided using block grant funding. The current House plan calls for the elimination of many of the performance standards that govern federal categorical programs, including nutrition assistance programs and foster care and adoption. Advocates worry that without basic requirements for the delivery of services, children's health and safety will be threatened. They are right to be concerned. As the experience of the 1980s illustrates, many states achieved administrative savings by reducing or abolishing standards governing the quality of services and the administrative apparatus for monitoring it. In child care, for example, some states set caregiver/child ratios and group size requirements so high that they did compromise children's safety and development.⁷⁷ The challenge is to structure standards to set appropriate thresholds of quality without strangling states and localities in a tangle of overly detailed regulations.

Ensuring that federal funds made available through block grants have their desired impact also requires that these monies not be subverted to offset state and local budget and tax cuts. States and localities face growing fiscal pressures. Most operate under balanced budget requirements that prohibit deficit spending, even in economic downturns and emergencies. Over the past decade and a half, states have found a number of ways of balancing their budgets, including shifting growing fiscal responsibilities to local governments, moving some areas of expenditure off-budget, and deferring payments from one fiscal year to the next. They have also become far more savvy about how to draw down federal funding for social welfare supports and services, most of which require the states to match some proportion of federal dollars with their own resources. If federal matching requirements are eliminated, there will be less incentive for states to contribute their own resources to help fund programs. As the 1980s experience shows, while states spending above the matching limit are not likely to change their funding behavior dramatically, those spending at or below the limit are more likely to reduce or discontinue altogether their financial contributions to basic supports and services. Because states funding below the matching limit are also likely to be poor states, which already provide lower levels of services and benefits, the elimination of matching requirements could lead to further reductions and compromises in the quality of essential services. In addition to establishing clear accountability measures and performance standards, maintaining state matching requirements can be expected to help ensure that federal funds have their desired impact, and do not just supplant state and local funding.

MOVING FORWARD TO IMPROVE THE EFFICIENCY AND EFFECTIVENESS OF FEDERAL INVESTMENTS IN CHILDREN AND FAMILIES

In her book, *Reviving the American Dream*, Alice Rivlin called for a major realignment of government responsibility for improving education and training, delivering social services, fostering economic development, and building infrastructure.⁷⁸ These are public policy domains that depend on experimentation, adaptation, and community participation and support. Effectively delivering human services requires improving service quality, increasing responsiveness to customers and clients, and empowering workers at all levels to contribute to organizational success. Because quality is closely related to the interactions that take place between clients and staff, workers must have a clear sense of mission and discretion to get the job done.⁷⁹ Rivlin argued that many federal programs should be “devolved to the states or [should] gradually wither away,” in order to improve the efficiency and effectiveness of public investments and to relieve pressure on the federal budget.⁸⁰

Rivlin’s proposals strike a remarkably similar note to those of prominent Republicans. At least in principle, there seems to be broad agreement that efforts to restructure the relationship between the federal and state governments are important and timely. However, the hard work of crafting specific proposals and turning them into legislation that can be passed remains to be done.

Block grants represent one avenue for accomplishing realignment. The concept of block grants, however, engenders strong support from some and equally strong opposition from others. Almost no one is neutral. For this reason, it is important to look back and learn from past experience about what block grants are and are not, what they can do and what they cannot do. At this point, block grants are a somewhat amorphous, but highly value-laden, label for diverse federal efforts to consolidate some or many of the plethora of federal categorical programs, to revive federalism reform, and to relieve the mounting pressures on the federal budget. What programs will be combined, how much control over program design and administration will be shifted to the states, and what magnitude of federal spending cuts will be achieved remains to be seen.

What is clear is that the block grants of the early 1980s did not create the catastrophic social welfare disaster that critics predicted. As the federal government relinquished its role in domestic policies, the states did not retreat, as many observers thought they would. Instead, they stepped forward to replace the federal presence, albeit according to their own priorities rather than those of politicians in Washington. There were no massive redistributions of federal resources from the poor to the middle-class. America’s needy children and families were not worse off as a result of this administrative reform.

What is also clear is that the block grants of the early 1980s were not the unqualified administrative triumph that proponents forecast. They did not achieve the fundamental reforms in federalism that President Reagan had called for. There was no large-scale transfer of domestic responsibilities to the states. The federal grant-in-aid system was not undermined. In fact, as Peterson et al. suggested, the federal grant structure continues to give “practical definition” to federalism.⁸¹

When all the ideological and political concerns about federal retrenchment and budget cutting are stripped away, the block grants of the early 1980s can be seen for what they really were: groundwork for effective administrative reform. It is on that foundation that current debates about a new wave of block grants should be based. In the past, block grants have been subverted by the perpetual desire on the part of Congress and constituencies to recategorize federal social spending. In the current context, they present a positive opportunity for crafting a renewed expression of broad federal priorities and for using federal funding as the core, or seed money, for stimulating new state program approaches for welfare reform, education reform, community building, and economic development. Properly structured, block grants could encourage states and localities to launch local improvement projects, to experiment with new ways of providing a safety net for vulnerable children and families, and to develop new, more efficient management systems, rather than merely using federal block grant funds to supplement or supplant their existing budgets. With attention to the lessons of the past and the special issues surrounding emerging proposals, Congress and the Clinton administration, in partnership with the nation's governors and mayors, could dramatically -- and positively -- change the course of American governance for years to come.

ENDNOTES

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THE FINANCE PROJECT

The Finance Project is a national initiative to improve the effectiveness, efficiency, and equity of public financing for education and other children's services. With leadership and support from a consortium of private foundations, The Finance Project was established as an independent nonprofit organization, located in Washington, DC. Over a three-year period that began in January 1994, the project is undertaking an ambitious array of policy research and development activities, as well as policymaker forums and public education activities.

Specific activities are aimed at increasing knowledge and strengthening the nation's capability to implement promising strategies for generating public resources and improving public investments in children and their families, including:

- examining the ways in which governments at all levels finance public education and other supports and services for children (age 0-18) and their families;
- identifying and highlighting structural and regulatory barriers that impede the effectiveness of programs, institutions, and services, as well as other public investments, aimed at creating and sustaining the conditions and opportunities for children's successful growth and development;
- outlining the nature and characteristics of financing strategies and related structural and administrative arrangements that are important to support improvements in education and other children's services;
- identifying promising approaches for implementing these financing strategies at the federal, state and local levels and assessing their costs, benefits, and feasibility;
- highlighting the necessary steps and cost requirements of converting to new financing strategies; and
- strengthening intellectual, technical, and political capability to initiate major long-term reform and restructuring of public financing systems, as well as interim steps to overcome inefficiencies and inequities within current systems.

The Finance Project is expected to extend the work of many other organizations and blue-ribbon groups that have presented bold agendas for improving supports and services for children and families. It is creating the vision for a more rational approach to generating and investing public resources in education and other children's services. It is also developing policy options and tools to actively foster positive change through broad-based systemic reform, as well as more incremental steps to improve current financing systems.

RESOURCES FROM THE FINANCE PROJECT

Working Papers:

Rethinking Block Grants: Toward Improved Intergovernmental Financing for Education and Other Children's Services by Cheryl D. Hayes, with assistance from Anna E. Danegger (April 1995)

Securing Equal Educational Opportunities: Past Efforts and the Challenges Ahead by Alexandra Tan and Martin Orland (February 1995)

Reform Options for the Intergovernmental Funding System: Decategorization Policy Issues by Sid Gardner (December 1994)

School Finance Litigation: A Review of Key Cases by Dore Van Slyke, Alexandra Tan and Martin Orland, with assistance from Anna E. Danegger (December 1994)

Spending and Revenue for Children's Programs by Steven D. Gold and Deborah Ellwood (December 1994)

The Role of Finance Reform in Comprehensive Service Initiatives by Ira M. Cutler (December 1994)

Forthcoming Working Papers:

Comprehensive Service Initiatives: A Compendium of Innovative Programs by Elise Lipoff and Anna Danegger (Spring 1995)

How Funding of Programs for Children Varies Among the 50 States by Steven D. Gold and Deborah Ellwood (Spring 1995)

Financing Comprehensive Services: Cases Studies of State Innovations by Ira M. Cutler, Ann Segal, and Alexandra Tan (Summer 1995)

Federal Funding for Children and Families: An Analysis of Trends and Patterns by Cheryl D. Hayes, Anna Danegger, and Elise Lipoff (Summer 1995)

Financing Early Care and Education: Meeting the Challenges Ahead by Cheryl D. Hayes and Sharon L. Kagan (Summer 1995)

The Financing of Children's Services in Six Communities by Bill Benton (Summer 1995)

Federal Funding for Education and Other Children's Services by Karen Baehler (Summer 1995)



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Dr. Paul E. Kreider, *President*

May 16, 1995

Carol Rasco
Assistant to President Clinton
for Domestic Policy

Re: Update on Oregon's activities with National Skill Standards
and their application to Oregon's Educational Reform Initiative

Dear Ms. Rasco:

Thank you for the opportunity to provide an update on Oregon's involvement and use of National Skill Standards and their application to Oregon's Educational Reform Initiative and School-to-Work efforts. The following represent a few of the nationally recognized activities currently underway which integrate National Skills Standards:

► **Partnership between the Oregon SB 81 Statewide Projects for Business and Management Certificate of Advanced Mastery (CAM) Curriculum Framework Project with the National Retail Federation and the Council on Hotel, Restaurant, and Institutional Education (CHRIE).**

These partnerships demonstrate a national model for the integration of National Industry Skill Standards with state curriculum and certification. These efforts include the following objectives, resulting in validation by national and local industry partners:

- Encourage industry and education communication and partnership;
- Incorporate industry skill standards in program outcomes and certification;
- Reflect industry needs and expectations as part of program design;
- Invite industry representatives to participate in the classroom and as advisors;
- Integrate school and work-based learning;

- Provide real-life work experiences for students;
- Help develop and validate skills of employees as mentors or teachers;
- Build basic employability skills;
- Connect students and employers, and;
- Expose students to a range of employment and career opportunities.

➤ Selection of Mt. Hood Community College and regional consortium high schools as the third national demonstration site in a National Demonstration Project with McDonald's Corporation.

This project will develop and pilot test a national youth apprenticeship program designed to provide employment and management training opportunities. Program components:

- Are based on national skill standards developed by the National Retail Federation and the Council on Hotel, Restaurant, and Institutional Education (CHRIE);
- Focus on identification of a service core which crosses all areas of the service sector;
- Focus on development of service core outcomes, to be integrated into curriculum;
- Are designed to provide portability across all aspects of industry in the service sector;
- Include a four-year program which will start students in their sophomore year and provide them with the employment and training opportunities to become restaurant managers after one or two years of post-secondary education and training;
- Encourage all students to meet or exceed national or state standards of academic achievement at all grade levels and to demonstrate the workplace skills necessary to become productive citizens;
- Encourage all students to complete high school and to successfully transition to post-secondary education and training and employment, and;
- Encourage all students, who wish to pursue management careers in the consumer service industry, to achieve appropriate industry certifications that would allow them to progress from entry-level to management positions within McDonald's or other consumer service companies.

Additional industry partners include Fred Meyer, Inc. and Red Lion Hotels.

► School-to-Work Activities, designed to allow students to gain life success tools and skills from the integration of school and work experience.

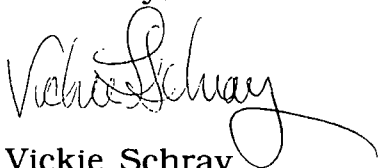
In addition to the traditional job-related objectives that are collaboratively designed by the student, the work supervisor, and the instructor, groups of students meet in weekly seminars to:

- Design;
- Propose, and;
- Carry out objectives for career, education and personal management areas.

Students will learn and practice group problem-solving skills to develop specific methods of verifying successful achievement of seminar objectives, including developing a portfolio of work and educational accomplishments.

The enclosed materials will explain the above programs in more detail. If I can be of further assistance please feel free to contact me at (503) 667-7223.

Sincerely,



Vickie Schray
Director for Professional Technical Education
Community and Workforce Development
Mt. Hood community college

VLS/pl

Mt. Hood Community College Management Development Academy (M.D.A.)

Introduction

The U.S. Department of Labor awarded the National Youth Apprenticeship Demonstration Project to McDonald's Corporation and Northern Illinois University. Mt. Hood Community College and its district high schools were recently selected as one of three national sites in this project

Overview

The Mt. Hood Community College Management Development Academy is a four-year training program beginning in the sophomore or junior year of high school and continues through two years of postsecondary education. The academy is designed to prepare students for business management careers.

Major Goals

The major goals of the Academy include:

- Encouraging all students to meet or exceed national or state standards of academic achievement at all grade levels and to demonstrate the workplace skills necessary to become productive citizens;
- Encouraging all students to complete high school and to successfully transition to post-secondary education and training and employment, and;
- Encouraging all students, who wish to pursue management careers in the consumer service industry, to achieve appropriate industry certifications that would allow them to progress from entry-level to management positions within McDonald's or other consumer service companies

Components of Academy

The Academy bridges the gap between the worlds of work and school. It is based on high academic and employability standards. which include the following areas:

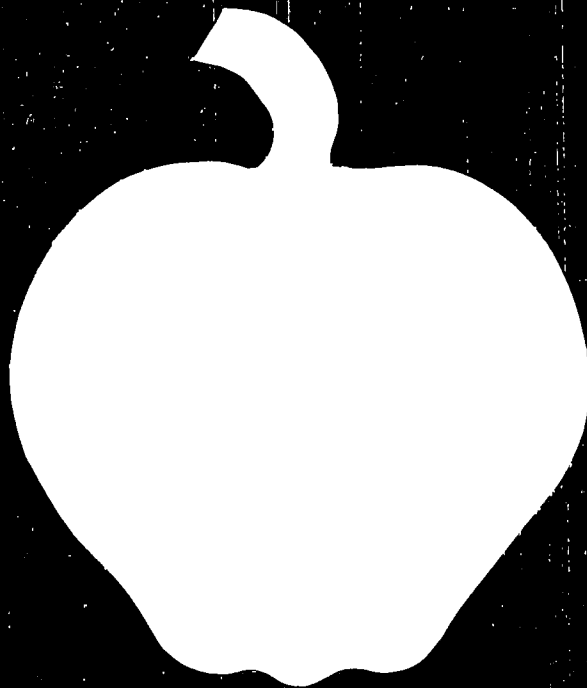
- Business communications
- Business mathematics
- Work maturity
- Career planning and employment relations
- Customer service.

Corporate Partners

Fred Meyer, Inc.; Red Lion Hotels and Inns; McDonald's Corporation

For more information, please contact:

**Vickie Schray, Director for School-to-Work
Mt. Hood Community College
26000 S.E. Stark Street
Gresham, Oregon 97030
(503)667-7223**



**David Douglas School District
Oregon Business Council
Model District Partnership**



What's happening?

Educational change is alive in David Douglas School District. The staff and community are working together to design a new education system that will better prepare students for life in the 21st century. Assisting in these efforts is the Oregon Business Council, an organization representing the largest businesses in Oregon. The Oregon Business Council chose David Douglas to be their partner and model district for implementing the major components of the Oregon Educational Act for the 21st Century. The changes affect early childhood through high school students and are based on building an even stronger foundation of reading, math and communication skills, coupled with computer and other skills.

What's different?

The journey to higher academic standards will begin by improving early childhood learning. Preschool and Head Start programs will be housed in district buildings. Three schools will offer full day kindergartens.

Parents and students will have a choice in which of the David Douglas schools they attend and the special programs they join.

Students needing additional help to meet new standards will be offered after school lessons and summer school opportunities.

High school students will have various career-based experiences both in school and at the workplace to help them make the career decision that's right for them.

Access to numerous social services will be provided to needy families to help keep students in school.

All along the way, parents, community members and the Oregon Business Council will be closely involved with education through communication and review of future programs. Everyone will need to work together to ensure students are prepared to meet tomorrow's challenges.

If you have questions or would like to help, call your school principal or the David Douglas district office (503) 252-2900.

Schools

Cherry Park Elementary

1930 SE 104
Portland, OR 97216
(503) 256-6501

Gilbert Heights Elementary

12839 SE Holgate
Portland, OR 97236
(503) 256-6502

Gilbert Park Elementary

13132 SE Ramona
Portland, OR 97236
(503) 256-6503

Lincoln Park Elementary

13200 SE Lincoln
Portland, OR 97233
(503) 256-6504

Menlo Park Elementary

12900 NE Glisan
Portland, OR 97230
(503) 256-6506

Mill Park Elementary

1900 SE 117
Portland, OR 97216
(503) 256-6507

Ventura Park Elementary

145 SE 117
Portland, OR 97216
(503) 256-6508

West Powellhurst Elementary

2921 SE 116
Portland, OR 97266
(503) 256-6509

Alice Ott Middle

12500 SE Ramona
Portland, OR 97236
(503) 256-6510

Floyd Light Middle

10800 SE Washington
Portland, OR 97216
(503) 256-6511

David Douglas High

1001 SE 135
Portland, OR 97233
(503) 256-6500

David Douglas V/FAB

1500 SE 130
Portland, OR 97233
(503) 252-3158

David Douglas School District No. 40

Portland, Oregon

PROGRAM

Project STARS

PROGRAM OBJECTIVE

To better prepare students for the 21st-century workforce.

SCHOOL BOARD PRESIDENT

Freida Christopher

SUPERINTENDENT

Anthony R. Palermini

In concert with the school guidance counselor and students' parents, students select their constellation of study in eighth grade.

Mike, a high school senior in the David Douglas School District No. 40 in Portland, Ore., doesn't plan to pursue a post-secondary education. His goal is to work in the area's burgeoning tourism industry, perhaps at a hotel or the convention center. To aid him in the pursuit of that goal, Mike chose to focus his studies in the "Hospitality and Tourism Constellation" of the district's "Project STARS."

Unlike Mike, Sarah plans to attend a four-year university and go on to medical school. To prepare for her future career, Sarah has selected the project's "Environmental and Health Sciences Constellation."

Thanks to Project STARS—an acronym for "Students Taking Authentic Routes to Success"—the more than 7,000 students of the David Douglas School District will enter the workforce or move on to post-secondary schooling with a mastery of many of the specific skills relevant to their chosen careers or vocations. Those skills include grasping technical information, understanding computer applications, and effectively working as part of a team. They'll acquire such skills by concentrating their studies in a specific "constellation"—either business and management, hospitality and tourism, social and human services, environmental and health sciences, production and technology, or arts and communication. Eventually, says Barbara Rommel, the district's special projects director, students will graduate with some kind of certification, recognized by area businesses, in their chosen constellation.

Project STARS was the brainchild of the Oregon Business Council, an organization of the 43 largest employers in and around Portland. The group publicized its desire to form a partnership with a local school district to implement school reform, and it selected David Douglas as the pilot site.

Months in the making

Developing the program was an immense undertaking. It involved more than 220 volunteers—district staff, parents, and community and business representatives—who each donated approximately 20 hours of time over a four-month period to design the format.

After determining the six most appropriate areas of study, "design teams" decided which specific courses and skills would best prepare students for careers in those areas. The result is a comprehensive range of instruction and experiences for students from preschool to high school. For example, the preschool portion of the program offers a "speakers bureau" of parents willing to share the basics of their jobs. For high school freshmen, tours of area businesses open their eyes to the range of career opportunities.

"Without these experiences, many students would know only about the jobs their family members are involved in and what they see in daily life and on TV," Rommel notes. "This really broadens the scope of possibilities for them."

In concert with the school guidance counselor and students' parents, students select their constellation of study in eighth grade—of course, they have the option to change their minds later. From that point, they are offered experiences and studies more directly linked to their constellation. In their sophomore year, for example, students spend a day "shadowing" employees who work in their chosen career field. As juniors and seniors they can participate in such in-school enterprises as a functioning campus bank, operated in cooperation with Portland's First Interstate Bank, or the campus restaurant, called The Kilt.

The program, launched in the fall of 1994 and currently in place at all 12 campuses, carries a \$500,000 price tag—5 percent of the district's budget. Funds were secured by reallocating existing resources, along with a few grants. Although still in its first year, Project STARS has attracted an abundance of positive feedback from parents. But perhaps the greatest indication that the program is effective comes from comments made by students themselves. For example, one high school student declared, "I've never worked so hard, but I feel I'm learning a lot."

For more information, contact Barbara Rommel, special projects director, at (503) 252-2900. ▲



David Douglas Board Member Jeff Reardon (center) discusses Project STARS with Jerry Meyer, CEO of Tektronics (right), and Shelly Potter, public affairs officer, Tektronics (left).

CAM update

All Certificate of Advanced Mastery (CAM) endorsement areas will be working within a design team model by January, 1995. The six endorsement areas are Arts & Communications; Business & Management; Environmental, Physical & Health Sciences; Hospitality & Recreation; Production & Technology; and Social & Human Services. The 12-15 member teams will include members from David Douglas High School, community college representatives, students, and members of the business community. Leadership for each group will be provided by a DDHS educator and an Oregon Business Council member representative. The initial task of each design team will be to identify skills and knowledge that students should be able to demonstrate upon completion of the CAM program. Next steps will include designing curriculum, projects, and career-based experiences which will ensure that students are capable of demonstrating proficiency in the identified skills and knowledge.



Arts & Communication

reading by members of Portland Repertory's acting company. This project is the result of a professional alignment with Portland area theatres and represents the direction CAM curriculum is heading.

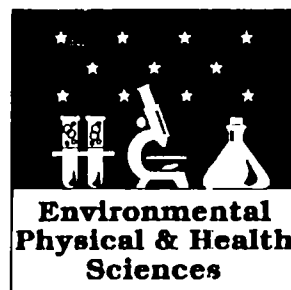


Marketing & Business

students meaningful career-based experiences within the school.

Co-Chairs: Rick Zimmer, DDHS and Judy Hughes, PacificCorp. Initial design team meeting: Tuesday, November 29, from 7:00-9:00 a.m. Theatre Arts students have been involved in a play writing unit conducted by Portland Repertory Theatre. One or two of the student plays will be selected for a staged

Co-Chairs: Denise Lisac, DDHS and Pete Gilmour, Fred Meyer. In addition to piloting CAM curriculum and projects with selected students, the design team is examining existing in-school enterprises (ex.: student store; bank) and potential ideas for new enterprises in order to provide



Environmental Physical & Health Sciences

Co-Chairs: Joe Bushman, DDHS and Don Brown, Sisters of Providence. Initial design team meeting: November 1, 1994. Team members have visited health occupations programs at the Owen Sabin Skills Center and Benson High School.



Hospitality & Recreation

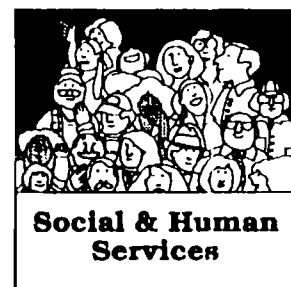
Co-Chairs: Debbie Page, DDHS and Maggie Aldrich, Red Lion. Initial design team meeting: November 1, 1994. A December 2 meeting was held at Red Lion, Jantzen Beach, where team members toured the facility as part of their business meeting.



Production & Technology

Co-Chairs: John Murray, DDHS and Pete Capell, Century West Engineering. This design team is developing a CAM project pilot with a small number of seniors. Plans include a hands-on project, a research paper, a worksite experience related to the project, an on-going

relationship with a worksite mentor, and a presentation of the project to a panel of educators and worksite experts.

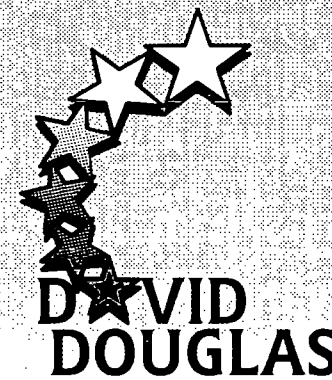


Social & Human Services

Co-Chairs: Carol Michael, DDHS and Roger Henderson, Portland General Electric. Initial design team meeting will be held in early January, 1995. Specialty areas in this CAM which are offering programs to students are the Law Network and Child Development and

Education. Law Network II seniors are working toward earning certificates of completion which will be awarded in June, 1995.

The general timeline set by the State Board of Education for CAM implementation is the 1997-98 school year. David Douglas High School expects to have all CAM programs in operation by 1996-97. ☆



Connections

David Douglas High School business partner news

Fall 1994
Vol. 1, Issue 1

What is School-to-Work?

School-to-Work is a system which combines school-based learning activities with work-based learning activities through connecting activities.

What is the goal of the School-to-Work Program?

The goal of the School-to-Work Program is to provide a comprehensive education for all students while at the same time preparing them for an increasingly competitive job market.

How will David Douglas students participate in School-To-Work activities?

Currently, students begin preparation for School-to-Work activities through course work and classroom presentations by teachers and the School-to-Work Coordinator in Careers classes. In addition, the School-to-Work Coordinator has made workplace preparation presentations to selected Personal Finance classes and to Law Network I and II students, and is available to make similar presentations in other classrooms.

Career exploration for freshmen includes classroom presentations by business speakers and worksite tours.

Sophomore job shadows allow students to spend one half to one full day "shadowing" an employee at a job in which the student has expressed an interest.

Juniors and seniors will participate in internships and work experiences at business sites or in in-school business ventures like the Bank of David Douglas or the Douglas Depot (student store).

What are the requirements for students participating in School-to-Work Activities?

- In addition to meeting school requirements for class work and attendance, students are required to
- ☆ participate in a workplace preparation class; topics include respect/responsibility, appropriate dress and communication skills including introductions
 - ☆ write a "perfect" letter of introduction
 - ☆ write a "perfect" resume
 - ☆ write a thank you letter to their business host
 - ☆ complete an evaluation and reflection form

How does School-to-Work fit with CIM (Certificate of Initial Mastery) and CAM (Certificate of Advanced Mastery)?

School-to-Work activities are integrated into CIM and CAM programs making School-to-Work activities essential for all students. CIM and CAM will be discussed in detail in a later newsletter.

Jeanne Yerkovich
Kathy Lillis

David Douglas High
1001 SE 135
Portland, Oregon
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(503) 252-2900
Fax 261-8399

School-to-Work Fall 1994 career exploration

David Douglas High School's School-to-Work program has been in high gear since September and shows no sign of slowing down!

This fall, the primary focus has been on the Career Exploration Program for eleven freshman careers classes taught by Jane Miller, Marilu Hutchens, Meg Cummins and Joe Bushman. The program included two weeks of classroom preparation by CAM Coordinator Kathy Lillis and School-to-Work Coordinator Jeanne Yerkovich, presentations in career classrooms by Oregon Business Council (OBC) company speakers, and worksite tours. David Douglas' partnership with the Oregon Business Council, through the OBC's Mimi Bushman, was instrumental in securing business participation in "adopting" a careers class.

There were several goals in the Career Exploration Program. First, to expose students to the personal skills and work ethic values which are a necessary piece in assuring future success, and secondly, to give students a well rounded career exploration experience to help them make informed, educated decisions when they choose a Certificate of Advanced Mastery (CAM) endorsement area at the end of tenth grade.

Classroom subjects included listening & respect, responsibility, proper dress, introductions and constellation/career awareness. Students worked in groups and prepared two-minute presentations for videotaping. The five best (one from each topic) were edited (complete with graphics and music) in cooperation with Ken Snider of Multnomah Cable Television for presentation to careers classes and may be shown on local cable access television.

Another important piece of the classroom preparation was to help students understand the importance of oral and written communication skills in the workplace. Students were assigned the task of writing a letter of introduction for their "adopted" OBC company. The intent was to give the business people some background information about each of our students, and also to teach students the importance of clear, concise, flawless writing for business people. The letter was also an important measuring stick. Students who did not complete the letter assignment were not allowed to go on the worksite tour.

Participating OBC companies included Bank of America, Blue Cross Blue Shield of Oregon, Copeland Lumber Yards, Hoffman Construction

Company, NW Natural Gas Company, PacifiCorp, PGE, Standard Insurance Company and Weyerhaeuser Company. Business speakers came to David Douglas prior to the tours and shared company background, hiring practices, and educational requirements with students. Emphasis was also placed on the importance of work ethic and interpersonal skills. Copeland Lumber's Sheryl Salazar even gave students an employment test.

Worksite tours, lasting about two hours, proved to be a valuable and fun learning experience for students and teachers alike. Formats varied by business site, however, the most successful divided students into smaller groups led by an individual tour guide. This format gave students an opportunity for in-depth observation and lots of time to ask questions.

Students were able to see jobs in most, if not all, six constellation (endorsement) areas. Business partners personalized the experience for students by referring to their letters of introduction during the tours. At Standard Insurance students were divided into specific tour groups after employees had reviewed their letters.

Tour highlights included a mock board meeting in the board room at PGE, observing the teamwork and automated machinery at Weyerhaeuser's box making plant, and an apartment construction site tour at Hoffman Construction. At Standard Insurance, students were challenged to prepare a marketing plan for a new product, "Pictorial Bubble Gum" and offered the opportunity to call back and discuss their ideas with the Corporate Communications Manager.

Students were shown state of the art equipment at NW Natural Gas Company and at PacifiCorp students observed a full range of careers from computer programmers, engineers and executives. Copeland Lumber provided resume and job application information, and at Bank of America, students heard presentations by bank employees who were recent high school and college graduates and played an informational bingo game.

Following the tours, students were required to write thank you letters to the OBC business, and to complete an evaluation and reflection of the entire career exploration program. Feedback has been positive, and suggestions from students, teachers and business people will be reviewed for implementation second semester with another group of freshman students. ☆

Freshmen connect School-to-Work on company tours

As students gathered information while on the company tours they learned a variety of things. Tammy Rusnak found out that "big companies...have a lot of job opportunities." David Nguyen learned that some jobs require employees "to dress properly" and that many opportunities are available for advancement. Chad Hambrick found out that good "communication and listening skills are important."

When reflecting upon the importance of schoolwork as one makes a transition to the world of work some students made an important connection. Khoa Huynh states that "to be successful in school you have to do your schoolwork, and to be successful in getting a good job you need to have been successful in school." Brandy Williams says that she has "always valued schoolwork and education but the tour showed that in order to get somewhere in life you have to work *hard!*" In Freshman Career classes, students are beginning to bridge the gap between school and work.

Other Quotes

Matt Hardy - "The Freshman Career Exploration Unit has changed my opinion by showing me that I need good grades to get a good job."

Job Shadows

The next phase of David Douglas' School-to-Work program will be job shadows. Students will spend one half to one full day with an employee working at a job in which the student has expressed an interest. Job shadows are constellation (endorsement) area specific. For example a Business & Management student might shadow an accountant or a bank teller. Participating employers will be encouraged to perform their normal work activities and to talk to students about their work.

Like the freshman program, students will be required to participate in a preparation workshop. This fall, Mrs. Yerkovich has made classroom presentations to juniors and seniors enrolled in the Kristy Eby and Pam Ramsey's Law Network program. Similar presentations have been made to sophomore

Alina Dingman - "This has helped me understand that schoolwork is very important to my future."

Maresa Valenzuela - "This unit has shown me how I'm going to be able to use the things I'm learning now. So, I should really pay attention to the things I'm learning."

Annie Walsh
"I realized after the Career Exploration Unit that school is very important because it helps you get better jobs."

Alisa Monckton
"The Career Exploration Unit showed me that if you start good habits at school, they will go with you when you work."

Stacie Martinez
"The Career Exploration Unit showed me I should care at this age what kind of career I want."

Lisa King
"Keep an open mind when choosing your career choice."

students in Bruce Bliese's Personal Finance classes and to juniors and seniors enrolled in Denise Lisac's Banking and Marketing classes.

Presentations will cover workplace readiness and written and verbal communication skills. Students will be required to complete a flawless letter of introduction and resume to be considered as a candidate for a job shadow.

Last year, approximately 100 students participated in job shadows at Wacker Siltronic, Boeing, First Interstate Bank, Standard Insurance, US Bank and Fred Meyer. Additional students shadowed judges, lawyers, legal secretaries, FBI agents and law enforcement personnel. The goal for the 1994-95 school year is to get a minimum of 250 students out on job shadows between January and June. ☆

Employer Worksheet

☐ Yes! I would like to participate in the Job Shadow Program at David Douglas High School.

Name _____
Organization _____
Title _____
Address _____
City/State/Zip _____
Telephone Number _____ Fax Number _____
Best time to call ☐ AM ☐ PM _____

Brief description of your organization _____

I would be willing to host students for Job Shadows in the following area(s), divisions or departments (please include corporate as well as branch locations). A brief description of the job(s) would be helpful:

1) _____ # Students _____
2) _____ # Students _____
3) _____ # Students _____
4) _____ # Students _____
5) _____ # Students _____

I would be willing to host students during the following dates and times (please list range of dates):

Jan _____	Feb _____	Mar _____
Apr _____	May _____	Jun _____
Jul _____	Aug _____	Sep _____
Oct _____	Nov _____	Dec _____

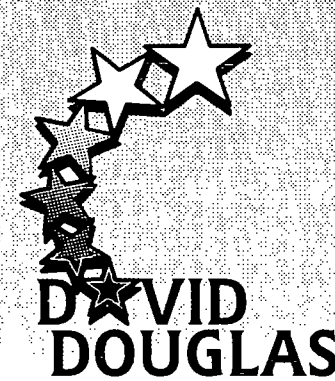
☐ Full day job shadows ☐ Half day job shadows ☐ AM ☐ PM

I would also be interested in participating in the following areas:

- | | | |
|---|--|---|
| ☐ Classroom speakers | ☐ Company tours | ☐ Internships |
| ☐ Structured work experiences | ☐ Youth apprenticeships | ☐ Design team member |
| ☐ Donate equipment or services | ☐ Other _____ | |

Others in my organization who would be interested in participating

Thank you very much for your support of our program.



Connections

David Douglas High School business partner news

What is a Job Shadow?

A job shadow provides an opportunity for a David Douglas student to spend one half or one full day with one or more employees at a business, non-profit organization or government agency. It is one of a number of School-to-Work opportunities, such as company tours and internships that prepare students for the world of work.

What is the objective of a Job Shadow?

The objective of a job shadow is to provide the student with an opportunity to learn as much as possible from a person working at a job in which the student has expressed an interest. Employers should provide general information about their jobs and the skills needed, as well as educational and training requirements.

Why should my organization get involved in Job Shadows?

Education and business are changing to meet the demands of the new world of work. Oregon's Educational Act of the 21st Century requires rigorous academic standards and career/workplace exposure. Your organization's participation will enable us to enhance the education of our students by providing opportunities to introduce them to the expectations of the world of work through job shadows.

What do students need in order to meet the demands of the new world of work?

Employers need employees who have:

- A strong academic foundation
- Communication and problem solving skills
- The ability to work in teams and adapt to change
- Technological know-how

Jeanne Yerkovich
Kathy Lillis

David Douglas High
1001 SE 135
Portland, Oregon
97233
(503) 252-2900
Fax 261-8399

How do Job Shadows fit in the context of the Certificate of Initial Mastery (CIM) and Certificate of Advanced Mastery (CAM)?

The Certificate of Initial Mastery (CIM) will be awarded to students who demonstrate proficiency in the eleven specific outcomes. Some of these outcomes include the ability to communicate, think critically, work with others and in teams and use computers and other technology. These are the same skills required by employers in the world of work. During a job shadow, students will see practical application of these critical skills.

Students will work toward a "major" in one of six broad occupational areas to achieve the Certificate of Advanced Mastery (CAM). The program is designed to provide students with opportunities to develop proficiencies and explore career options within their chosen area, develop job skills they can use after high school and see how their classroom learning relates to the world of work. Job shadows provide opportunities for career exploration.

What are the benefits of involvement in Job Shadows?

Some of the benefits include:

- Motivating students by making their learning relevant.
- Helping students to make educated choices of Certificate of Advanced Mastery (CAM) areas.
- Preparing students to become skilled, productive, responsible citizens and workers.
- Building partnerships between educators, employers, students, parents, and community organizations.

What happens during a Job Shadow?

During a job shadow, host employers are encouraged to perform their normal work activities, talk to students about their work, its significance in the organization, and the skills and knowledge required to

perform their jobs. Students observe and are encouraged to ask appropriate questions of their hosts.

How do you match employers with students for Job Shadows?

At David Douglas, students select one of six broad occupational areas: Arts & Communication, Business & Management, Environmental, Physical & Health Sciences, Hospitality & Recreation, Production & Technology and Social & Human Services. Job shadows are arranged to provide students opportunities to shadow jobs within their selected occupational area. For example, a Business & Management student might shadow an accountant or bank teller or a Social & Human Services student might shadow an attorney or policeman.

What are the employer expectations for a Job Shadow?

Participating employers should:

- Agree to host the student(s) for one-half or one full day.
- Identify areas, divisions, departments and individuals within the organization who will serve as hosts for the job shadows.

Job Shadow hosts should:

- Accept a telephone call from the student to confirm the job shadow date and time.
- Review the student's letter of introduction and resume which will be mailed to the employer prior to the job shadow.
- Explain the important aspects of the job and how it relates to others in the organization.
- Discuss any education and training needed to perform the job.
- Answer the student's questions
- Complete a brief evaluation of the job shadow experience.
- Have fun. For many students, this job shadow will be their first entry into the world of work. An adult's willingness to spend time with a student can create a positive experience that will help the student make informed decisions about his/her future.

What are the student expectations for a Job Shadow?

To participate, David Douglas students should:

- Meet performance and attendance criteria set by the school.
- Participate in a workplace preparation class.
- Complete a flawless letter of introduction and resume and mail to employer prior to the job shadow.
- Telephone employer to confirm the job shadow date and time.
- Obtain parental or guardian permission (signature) to participate.
- Obtain permission (signature) of teachers from other classes that will be missed.
- Arrange transportation to and from job shadow.
- Dress appropriately.
- Arrive on time for the job shadow.
- Display courteous behavior at all times.
- Ask relevant questions of host employer.
- Obtain signature of employer to verify the experience.
- Thank employer.
- Complete thank you letter to employer.
- Complete evaluation and reflection forms.

What is the liability exposure to an employer during a Job Shadow?

Liability for a student participating in a job shadow at a work site, and while the student is in transit to and from the job shadow, is the responsibility of the David Douglas School District. Students are not eligible for workman's compensation coverage as they are not actually working at the site. Employers should handle liability issues in the same manner that they are handled for visitors who spend time in their facility.

What if a student fails to show up for a Job Shadow or displays inappropriate behavior?

All rules of conduct that exist in school, also exist during a job shadow experience. Students displaying inappropriate behavior will be disciplined in the same way they would be at school.

Students are advised that under no circumstances are they to "not show up" for their job shadow. In the event that a student is unable to attend, students are instructed to call both the employer directly and the School-to-Work Coordinator at the High School. If questions or problems arise, employers should contact the School-to-Work Coordinator, Jeanne Yerkovich, at 252-2900 ext. 339.

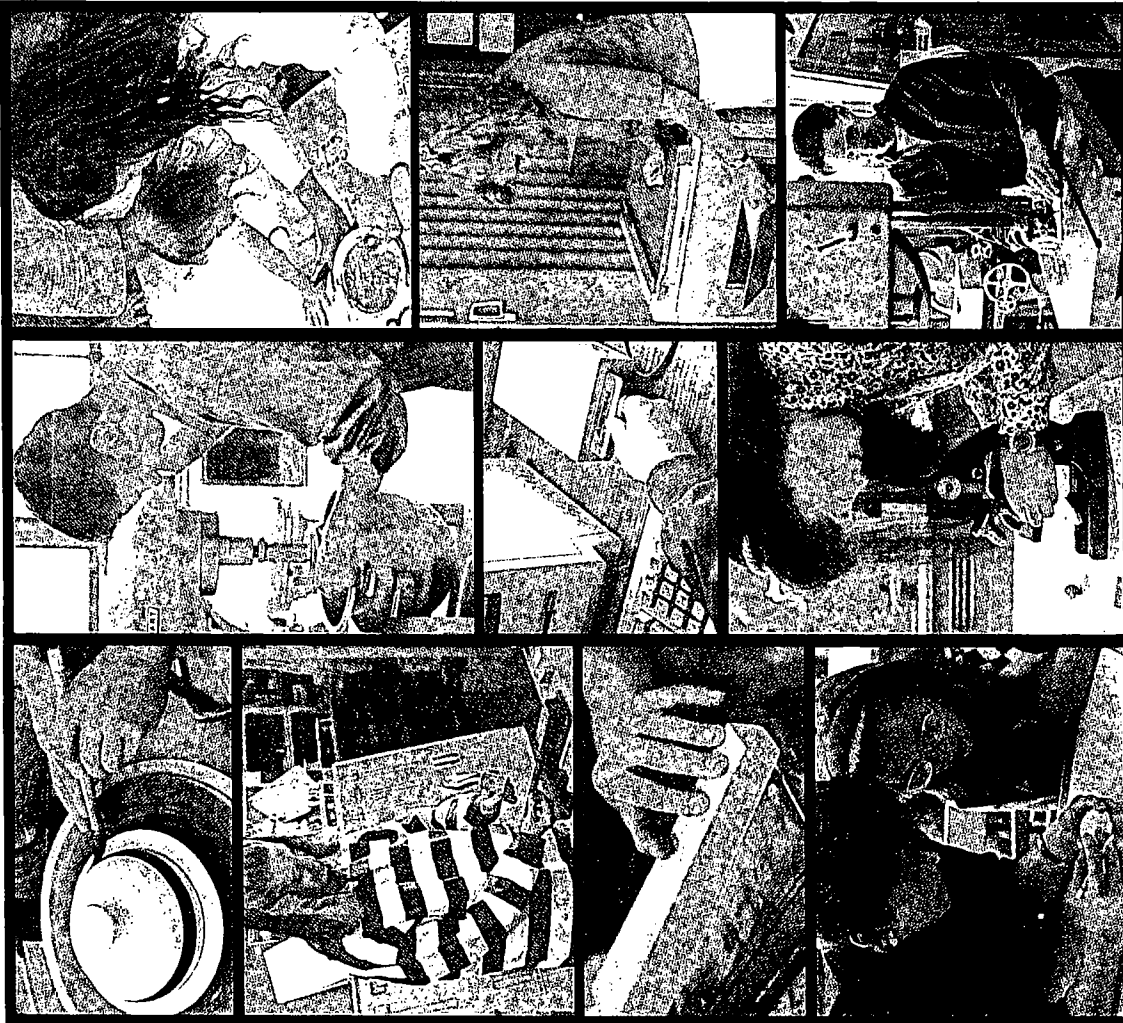
Are there other School-to-Work opportunities in which my organization can get involved?

Absolutely! There are many opportunities for involvement. Business partners can:

- Volunteer as classroom speakers to share information about careers.
- Host tours for groups of students and teachers.
- Host teachers for full or half day job shadows.
- Offer internships for in-depth work experience for students and teachers.
- Offer structured work experience and youth apprenticeship opportunities.
- Join educators as members of school advisory committees.
- Join educators on design teams creating connected school and work programs.
- Donate equipment or services.

How do we sign up?

Mail or fax the employer worksheet attached or call :
Jeanne Yerkovich
School-to-Work Coordinator
David Douglas High School
1001 SE 135th Avenue
Portland, Oregon 97233
Phone 503-252-2900 ext. 339
Fax 503-261-8399



Project
STARS

For more information about Project STARS,
the David Douglas School/Business Partnership or
the David Douglas Educational Foundation,
you may contact:

Kathy Lillis, Career Coordinator
252-2900

If you have questions regarding
your student's educational plan,
please contact his/her high school counselor:
252-2900 extension 520

David Douglas High School
1001 SE 135th Avenue
Portland, Oregon 97233
John Harrington, Principal
Anthony Palermini, Superintendent

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David Douglas High School
1001 SE 135th Avenue
Portland, Oregon 97233

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David Douglas



**Project
STARS**












Deliberate on public issues by applying the social sciences

Understand human diversity and communicate in a second language

Interpret literature and the visual and performing arts

Apply math and science to practical situations

Understand positive health habits

Direct own learning by planning and carrying out complex projects

Think critically, creatively and reflectively in making decisions and solving problems

Communicate by reading, writing, speaking and listening

Use computers and other technology to process information and produce documents

Quantify numerical relationships by applying measurement, statistics, probability, geometry and algebra

Work with others and in teams

Certificate of Initial Mastery Outcomes



What to expect

These eleven outcomes were adopted by the Oregon State Board of Education in December 1992. The outcomes specifically require students to demonstrate ability in math, reading, science, writing, social science, a second language and the arts in order to receive the Certificate of Initial Mastery which is awarded at about grade 10.

CIM - Certificate of Initial Mastery. The CIM is awarded to qualified students at about grade ten. Based on a rigorous general academic program, the certificate represents a student's cumulative learning accomplishments.

Outcomes - What students are expected to know and be able to do.

Working portfolio - A collection of student work, including work still in progress.

CIM portfolio - Examples of the student's best work showing achievement toward the Certificate of Initial Mastery.

CAM - Certificate of Advanced Mastery. Upon receipt of the CIM, students will begin work on the CAM. This certificate is specific to a career goal and will prepare students for their future after high school.

Standards of Achievement - The standards represent a level of knowledge and skills students are expected to demonstrate. The standards were set by the State Board of Education.

For more information about the Curriculum, contact your middle school:

Floyd Light
10800 SE Washington
Portland, OR 97216
(503) 256-6511

Alice Ott
12500 SE Ramona
Portland, OR 97236
(503) 256-6510

Or the
David Douglas District Office
1500 SE 130
Portland, Oregon 97233
Telephone: (503) 252-2900



Middle School CURRICULUM

Dear parents,

This booklet provides an outline of many of the skills and concepts your child is expected to learn during his/her middle school years. It is organized around the standards set by the State of Oregon to measure student progress toward earning a Certificate of Initial Mastery. The Certificate of Initial Mastery will be awarded to qualified students at about grade ten and will show that students can apply a high level of knowledge and skills in practical ways. You will be regularly informed of your child's progress through parent conferences, portfolio reviews and report cards.

Please contact your child's teacher or me any time you have questions or concerns. We share your interest in helping your child achieve the highest level of academic success possible, based on our continuing strong basic skills curriculum. During the school year, there will be many opportunities for you to attend school activities and learn more about the educational program. We encourage you to be involved in your child's education. Together we can make a strong, positive impact on helping your child succeed.

Sincerely,

Dick St. Claire,
Principal,
Alice Ott Middle School





Communication

Communicating effectively

Whether preparing a report for class or resolving a conflict with friends, communication is an important tool for students. Developing these skills is a top priority in David Douglas. Students will learn to express themselves through a variety of reading, writing, speaking and listening activities at each grade level.

All subject areas encourage students to develop strong reading, writing, speaking and listening skills.



Math and science

Quantify and apply math and science

Students will learn to apply math and science in practical ways. Not only will they get a strong foundation in basic concepts, but they will also explore the connections between classroom activities and the real world around them.

These skills are developed in Math and Science courses, as well as other classes.



Technology

Using new skills

David Douglas district is currently undergoing the process of networking computers in the classrooms, libraries and buildings to communicate to each other and the world via the "information superhighway." Students will be taught to use this current technology as a tool to communicate, process information and produce high quality work.

Opportunities to use new technology occur in library classes, computer classes and throughout the subject areas.



Self directed learning

Becoming independent

It is important for students to have good work habits that include consistent attendance, completing tasks on time and accepting responsibility. Students will develop skills that will help them get organized and be in charge of what they produce. Planning, researching and developing complex projects will give them valuable experience and better prepare them for effective lifelong work habits.

Each student will be encouraged to develop appropriate work habits in all subject areas.



Collaboration

Learning to cooperate

Students preparing for the world of work will need to have good interpersonal skills to help them work in teams with others. They will exhibit citizenship, respect and cooperation by working with diverse personalities to achieve a common goal.

Students at the middle school level are encouraged to develop social skills appropriate for their level. They will:

- ◆ Participate in group activities
- ◆ Work cooperatively
- ◆ Resolve conflicts constructively
- ◆ Associate with others in a positive, constructive and safe manner
- ◆ Express feelings appropriately, whether verbal or nonverbal
- ◆ Recognize and respond to feelings and needs of others
- ◆ Demonstrate responsible citizenship and sportsmanship
- ◆ Seek and make friends
- ◆ Respect authority
- ◆ Respect the rights and property of others
- ◆ Accept differences in others
- ◆ Understand the need for, and follow, school and class rules



Thinking

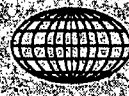
Discovering mindpower

Students will be encouraged to become self-sufficient seekers of information. They will be taught various ways to think through a problem in order to solve it.

Each student will be encouraged to develop thinking skills at his/her level.

- ◆ Obtain and use information to solve problems
- ◆ Analyze information
- ◆ Recognize relevant data
- ◆ Synthesize and apply information
- ◆ Understand and apply a decision-making process
- ◆ Recognize a problem and apply an appropriate process to solve it
- ◆ Participate in cooperative problem solving

These skills will be integrated into all subject areas.



Public issues

Belonging to a community

Students will become aware of the position of their local community in relation to other societies and the world. A dialogue will develop that will enable students to consider public issues affecting society.

Students gain community awareness in Social Studies, Math, Science and Health courses.



Human experience

Exploring the arts

To produce well-rounded individuals who appreciate art and are able to express themselves artistically, David Douglas involves students in a rich variety of experiences in the fine arts. Outstanding music and drama programs are a tradition in the district as well as considerable exposure to the fine arts.

Art, Music, Language Arts and Drama courses help students experience the arts.



Positive health habits

Wellness for life

Students will become familiar with positive health habits that can be maintained for a lifetime. They will not only learn about nutrition and exercise, but safe living issues, including drug abuse prevention, stress management and accident/disease prevention.

Students learn about these issues in PE, Health, Home Arts and Science.



Diversity

Understanding diversity

What does it mean to get along with others? Beginning in kindergarten, students learn how to socialize in acceptable ways with their peers. This includes tolerance for differences. David Douglas students will be taught to interact positively with others.

Students at the middle school will be encouraged to acquire the skills to recognize and understand diversity and to live cooperatively.

Still need more information?

Clinton Presidential Records Digital Records Marker

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This marker identifies the place of a publication.

Publications have not been scanned in their entirety for the purpose of digitization. To see the full publication please search online or visit the Clinton Presidential Library's Research Room.



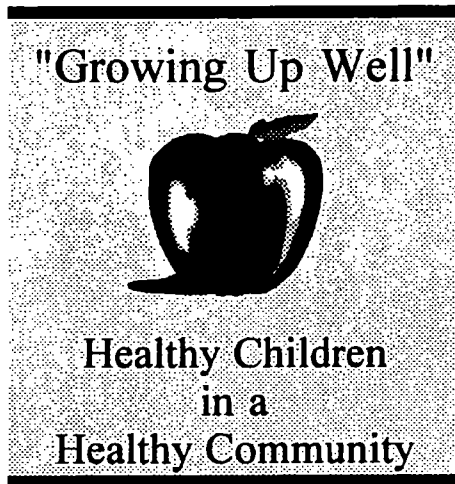
OREGON BUSINESS COUNCIL

David Douglas School District

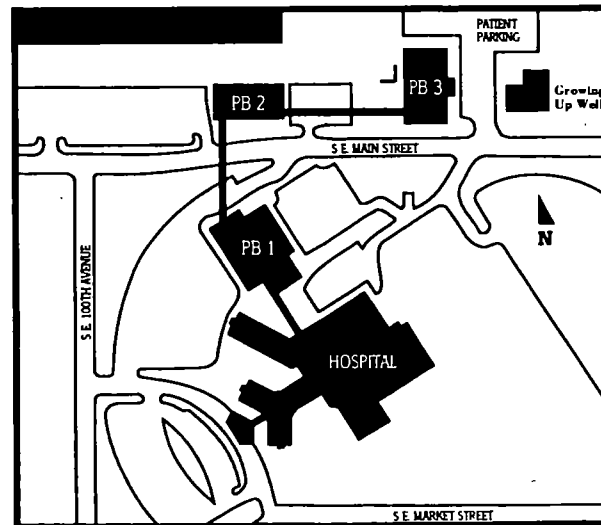
Partnership for 21st Century Schools

An Eight Point Plan for Successfully Implementing the Oregon Education Act for the 21st Century

"Growing Up Well"
10303 SE Main
Portland, OR 97216



Community Health Partners members:
David Douglas School District
Multnomah County Health Department
Multnomah County Sheriff's Department
Multnomah Education Services District
Parkrose School District
Portland Adventist Medical Center
Portland Police Bureau
Walla Walla College School of Nursing
Other Community Agencies and Businesses



What Is "Growing Up Well"?

"Growing Up Well" is a program that works with school aged children who have needs which cannot adequately be addressed by a short visit with a school nurse or counselor. Many of these children come from families with no health insurance or the knowledge of how to utilize community resources.

The result of these needs not being met is high absenteeism from school, crime, abuse and many other problems which end up having an effect on the community at large.

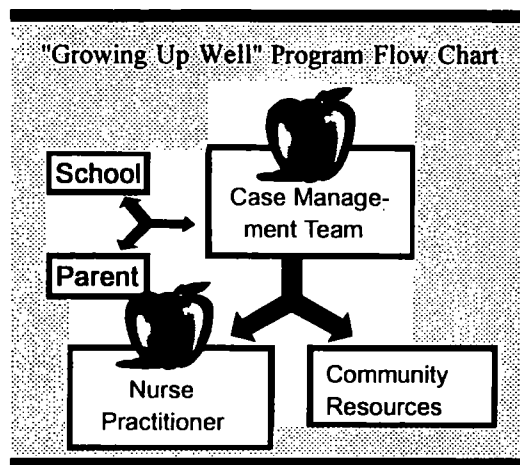
The organizers of "Growing Up Well" recognize a single program can't solve all these problems . . . but it can help.

How Can It Help?

"Growing Up Well" addresses special needs in two ways. First, a case management office is available for schools to use as a referral source for students. This office is staffed by a case management team which includes a school nurse and two outreach workers. In addition to the on-site staff, both the Multnomah County Sheriffs and Portland

Police will be able to assist in areas where their expertise is needed.

The "Growing Up Well" offices are located at 10303 SE Main. Referrals may be made to the case management team by calling **251-6153**.



When "Growing Up Well" staff see children who have health needs and who are not served by other health resources (such as the Oregon Health Plan or school based health clinics), the second part of the program comes into operation. Walla Walla College School of Nursing and Portland Adventist Community Services center operate an afternoon clinic staffed by a pediatric nurse practitioner. The clinic, located at 6611 SE Powell Boulevard, is open Monday through Thursday, 1-5 p.m., by referral only.

Approximately 1,000 students in the David Douglas and Parkrose School Districts have no health insurance.

Who Is Behind "Growing Up Well"?

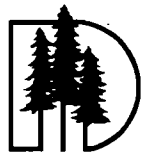
"Growing Up Well" is the first program to be implemented by Community Health Partners (CHP), the community health partnership founded by Portland Adventist Medical Center in 1993. The group is composed of 25 community leaders who represent a broad range of area organizations. CHP has worked to identify community health needs in the Mid-County area which is defined by Multnomah County from SE 82nd to SE 162nd.

Their research ended up focusing on the many community health needs faced by children which result in problems like youth crime, poor academic performance and high absentee rates. This research combined with input from community forums and school and public health officials led to the development of "Growing Up Well."

How does AIM work?

AIM offers classes five days per week throughout the entire school year and has the same vacation schedule as all other schools within the David Douglas School District. School starts at 8:20 AM and ends at 2:50 PM each Monday through Thursday. Friday classes are from 8:30 AM to 12:25 PM. During a student's enrollment at AIM, he/she will be able to take classes in English, social studies, mathematics, psychology, health, literature, science, careers, economics, reading, arts and crafts, sewing, keyboarding, and work experience in order to achieve credits for a high school diploma.

AIM conducts its classes on an A/B block schedule. Students attend three 1-hour and 45 minute periods per day. They attend the same three classes on Monday and Wednesday and a different three classes on Tuesday and Thursday. On Friday, students attend classes in two additional subject areas and are dismissed at 12:25 PM. This schedule allows students to earn as much as 3½ credits per semester.

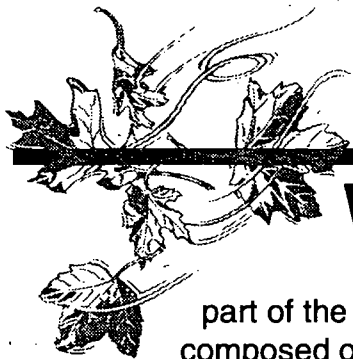


David Douglas School District
Anthony Palermi, Superintendent
Portland, Oregon



HIGH SCHOOL

10822 SE Bush Street
Portland, Oregon 97266
Telephone (503) 256-6530



What is AIM?

AIM High School is an alternative school which is part of the David Douglas School District and is composed of students enrolled in grades seven through twelve. As part of its

high school and middle school programs, AIM provides its students with an opportunity to pursue an education in a less traditional setting than can be found in a typical school. AIM stresses smaller class size, a more individualized educational program, a structured school environment, a more flexible and individualized curriculum, and a staff of professionals who have experience working within an alternative school setting.

*AIM stands for
"Alternatives In
Motivation."*

Who attends AIM?

AIM High School is for students who are residents of the David Douglas School District and who have been referred to AIM by an administrator of David Douglas High School or by an administrator of one of the district's middle schools. Students are usually referred to AIM for one or more of the following reasons: failing grades, poor attendance, behavior, a desire for a more flexible curriculum, or the advantages of a smaller school setting.

How is AIM staffed?

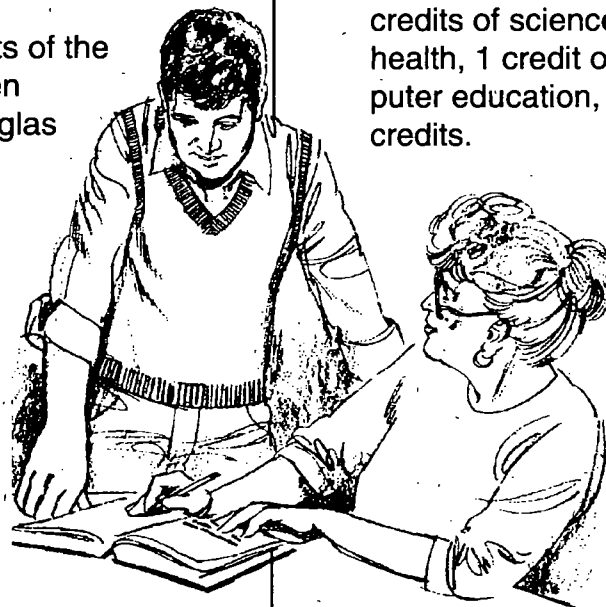
The staff at AIM is comprised of certificated teachers, instructional assistants, clerical assistants, a part-time nurse, and a principal/

counselor. In addition, a variety of specialists are also available through the David Douglas School District, the Multnomah County Educational Service District, and various agencies. The staff to student ratio at AIM is significantly lower than traditional school settings, which provides students with much needed attention.

What is offered at AIM?

AIM is an academic alternative high school which provides its students with an opportunity to work toward the attainment of a standard high school diploma. The AIM diploma meets all state requirements for graduation. In order to achieve an AIM diploma, students must attend school regularly and complete all course requirements which have been outlined on their Individual Academic Plan. Currently, each student must satisfactorily complete 4 credits of language arts, 2 credits of mathematics, 4 credits of social studies, 2 credits of science, 1 credit of personal finance, 1 credit of health, 1 credit of fine arts/practical arts, ½ credit of computer education, ½ credit of career education, and 8 elective credits.

*"An AIM diploma
meets all state
requirements for
graduation."*



Student safety

Safety Action Team

Multnomah County Sheriff's Department officers work with David Douglas School District students and their families when there are concerns such as physical or sexual abuse or neglect. The Safety Action Team is housed in the newly opened Child Services Center (formerly North Powellhurst School).

Children's Services Division

Support to student's families when the student's welfare may be in danger is available on a referral basis. The district's caseworker is located at Lincoln Park Elementary School one day each week. Contact your building counselor for access to this service.

New!

Schools

Cherry Park Elementary

1930 SE 104
Portland, Oregon 97216
503 • 256-6501

Gilbert Heights Elementary

12839 SE Holgate
Portland, Oregon 97236
503 • 256-6502

Gilbert Park Elementary

13132 SE Ramona
Portland, Oregon 97236
503 • 256-6503

Lincoln Park Elementary

13200 SE Lincoln
Portland, Oregon 97233
503 • 256-6504

Menlo Park Elementary

12900 NE Glisan
Portland, Oregon 97230
503 • 256-6506

Mill Park Elementary

1900 SE 117
Portland, Oregon 97216
503 • 256-6507

Social Services Center

1400 SE 135
Portland, Oregon 97233

Ventura Park Elementary

145 SE 117
Portland, Oregon 97216
503 • 256-6508

West Powellhurst Elementary

2921 SE 116
Portland, Oregon 97266
503 • 256-6509

Alice Ott Middle School

12500 SE Ramona
Portland, Oregon 97236
503 • 256-6510

Floyd Light Middle School

10800 SE Washington
Portland, Oregon 97216
503 • 256-6511

David Douglas High School

1001 SE 135
Portland, Oregon 97233
503 • 256-6500

AIM School

10822 SE Bush
Portland, Oregon 97266
503 • 256-6530

SOCIAL SERVICES

David Douglas School District

Winter 1994-95

Where can families turn for help?

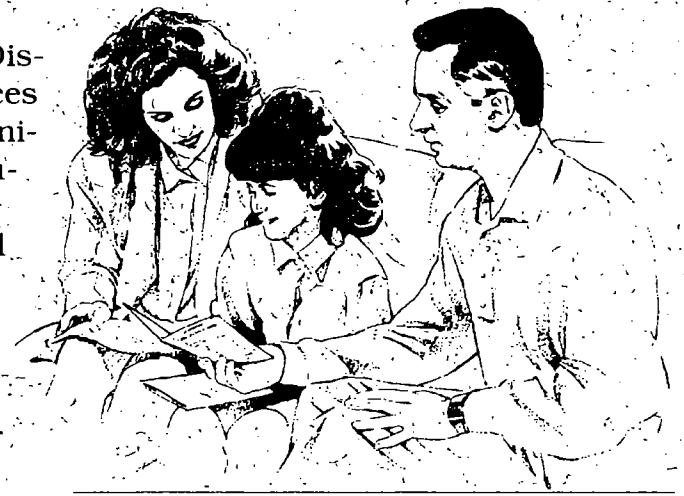
Big changes are happening in education. In response to the Oregon Education Act for the 21st Century, David Douglas is working to be sure that all David Douglas families have access to the social services they need. This is to ensure that students come to school ready to learn.

family assistance programs that help families keep kids in school and alert.

For more information about any of the programs or services described in this brochure, please contact the school counselor or principal (see back of brochure).

Did you know?

- The David Douglas School District offers a variety of services to our children and their families that support quality education.
- Counseling is provided in all schools, along with specialized parenting and therapy groups for families.
- In addition, David Douglas provides nutrition and other



David Douglas School District
Anthony R. Palermi, Superintendent
1500 SE 130 • Portland Oregon 97233
503 • 252-2900

Social services in David Douglas

Counseling and therapy

Student counseling

Small group instruction and individual counseling is provided either in the classroom or the counselor's office. Counseling groups may focus on areas such as decision making, problem solving and taking responsibility. School counseling services are available to all students in the school.

Solution focused therapy

District school psychologists provide short term therapy for students who may have adjustment problems such as disruptive behavior, depression, or withdrawal.

Family consultation

Occasionally, families require special help from a professional outside the school setting. Parents desiring extra assistance with parenting skills and other concerns relating to the support of their child can meet with a mental health counselor one evening every other week. The school counselor is able to facilitate contact with this service.

Student social skills development

New!

Social skills training is provided by trained mental health specialists at the new Child Services Center (formerly North Powellhurst School). This service is available from 2:15 PM to 5:15 PM with transportation being provided from school to the Child Services Center and home afterwards. The program serves Medicaid eligible students who need help with such skills as anger management or problem solving to succeed in school.

Student mental health service

Mental health services for Medicaid eligible students who can benefit from small group or one to one counseling is available. See the school counselor.

Parenting classes

New!

Parenting courses are available at Mill Park on Tuesday evenings. Parents who are feeling exhausted, frustrated, or angry with child behavior problems can attend this workshop called SOS. Classes are taught by district counselors.

Parent support group

New!

A support group for parents to explore a wide variety of parenting topics is also available. This is for parents interested in new and creative parenting techniques. The support group will focus on emotional support and practical ideas and is taught by district staff.

Family assistance

Daycare

The School After School program provides child care after school along with learning activities, tutoring and time for homework. It also includes fitness, crafts, computer work, and snack time. A reasonable daily fee will be charged. The program is offered only on school days and children will be enrolled on a space available basis. This program is located at West Powellhurst, Gilbert Park and Menlo Park elementary schools.

New!

Health and nutrition

Breakfast program

All David Douglas students are eligible for the breakfast program. Those who are on the free or reduced lunch program can also get breakfast on the same basis as they get lunch. Contact your building for an application form.

School nurses

A registered nurse is available in each building weekly to assist students with any health related concerns.

Health care

Portland Adventist Medical Center and the Mid County Health Clinic provide support to students when parents request health or medical assistance. Services may include health education, diagnosis of medical problems, prescribing medication and medical care when necessary. Health care professionals can come to the student's home when necessary.

New!

Open enrollment

Your child may attend any school in the district

Open enrollment will allow any David Douglas elementary or middle school student to apply to attend any school in the district where space is available. Although all David Douglas schools meet high educational standards and offer similar programs, some students may find that their educational needs would be better served in a school other than the one in their neighborhood. Applications will be considered for academic or childcare reasons and only if the new school is not overcrowded. A bus system has been organized to transport elementary students to the school of their choice. Middle school students must provide their own transportation. If you wish to apply for open enrollment, check that box on the enclosed inquiry form and return it to your neighborhood school.

Schools

Cherry Park Elementary

1930 SE 104
Portland, Oregon 97216
503 • 256-6501

Gilbert Heights Elementary

12839 SE Holgate
Portland, Oregon 97236
503 • 256-6502

Gilbert Park Elementary

13132 SE Ramona
Portland, Oregon 97236
503 • 256-6503

Lincoln Park Elementary

13200 SE Lincoln
Portland, Oregon 97233
503 • 256-6504

Menlo Park Elementary

12900 NE Glisan
Portland, Oregon 97230
503 • 256-6506

Mill Park Elementary

1900 SE 117
Portland, Oregon 97216
503 • 256-6507

North Powellhurst Campus

1400 SE 135
Portland, Oregon 97233

Ventura Park Elementary

145 SE 117
Portland, Oregon 97216
503 • 256-6508

West Powellhurst Elementary

2921 SE 116
Portland, Oregon 97266
503 • 256-6509

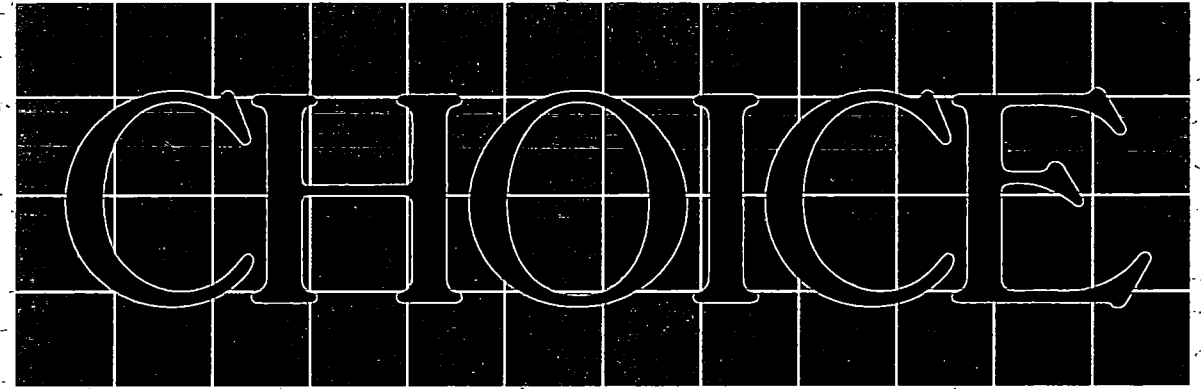
Alice Ott Middle School

12500 SE Ramona
Portland, Oregon 97236
503 • 256-6510

Floyd Light Middle School

10800 SE Washington
Portland, Oregon 97216
503 • 256-6511

David Douglas School District
Anthony R. Palermini, Superintendent
1500 SE 130 • Portland Oregon 97233
503 • 252-2900



David Douglas School District

Fall 1994

Parents! You have a choice!

Big changes are happening in education. In response to the Oregon Education Act for the 21st Century, David Douglas is offering parents and students more choices than ever to better prepare them for the future.

- ✓ **Would you like your child to go to kindergarten all day, every day?**
- ✓ **Does your child want to learn to speak Spanish?**
- ✓ **Are computers and technology interesting to your child?**

If you answered yes to any of these questions, you may choose to sign your child up for one of several new programs that will begin in September.

The new choices were recommended by committees of David Douglas parents and staff mem-

bers. Some of the programs will be available in every building, others will be offered on a trial basis in one or two schools. Students wishing to participate in the new programs may need to attend a school outside their neighborhood. This brochure will explain the special programs and how to apply.



Choices in David Douglas

Pilot programs

Does your child want to try something new?

Three new programs will begin this fall in David Douglas. These programs are being tried out to see if they will improve the way students learn. After the applications are received, participants will be selected from each elementary school through a lottery system. Transportation will be provided. Students will attend the pilot program school full time.

These are the programs and the schools where they will be offered in 1994-95:

Does your first or second grader want to speak Spanish?

Spanish experience or *Classroom Language Adventure in Spanish and English* will be offered at Mill Park Elementary. This classroom, which is a mixed-age classroom of students from grades one and two, will offer instruction in Spanish as well as English. While the main instruction will be in English, students will also receive daily lessons in Spanish. The goal is for children to learn Spanish vocabulary and conversational phrases while still maintaining strong basic English skills.

Does your kindergarten child want to go to school all day, everyday?

All day kindergarten will be available at Ventura Park, West Powellhurst and Gilbert Heights schools. The all day, every day kindergarten lets five-year-olds do activities they would not normally have time for in a traditional half day program. Communication, mathematics and social skills will be stressed. Traditional half day programs will still be offered.

Would your sixth grader learn more using a computer?

Technology Classroom is a sixth grade class at Cherry Park Elementary equipped with extra computers and technology. Students will use a variety of equipment to get and use information. They will do most of their lessons on a computer and compose multimedia presentations. Students will often work together in small groups and learn by doing, much as adults do in the workplace.

For more information about any of the new choices at David Douglas, parents should return the enclosed inquiry form to their neighborhood school or call their neighborhood school or the district office.



School After School

Does your child need after school care?

In order to meet the increasing need for child care after school, West Powellhurst, Gilbert Park and Menlo Park will begin a program called School After School. Not just a baby-sitting service, this program will provide students with time for homework, tutoring and other learning activities. It also includes fitness, crafts, computer work and snack time. Parents are responsible for picking the child up by 6 PM. A reasonable daily fee will be charged. The program is offered on school days and children will be enrolled on a space available basis.

Mixed-age classrooms

Would your child do best in a mixed-age classroom or a regular grade level?

David Douglas elementary schools will offer both regular grade level and blended or mixed-age classrooms at the primary level. Mixed age classrooms include students spanning two age levels. These classes concentrate on teaching students at their level of development. Active learning is encouraged with students completing projects. Students will usually remain with the same teacher for two years so continuous progress can be maintained. The groupings vary at each school. Call your neighborhood school for more information.

Preschools

Three and four year-olds may attend new and expanding programs at Mill Park Elementary and the newly re-opened North Powellhurst campus.

Mill Park Preschool is a parent-run organization that has a certified teacher and assistant and is located in the Mill Park building. Classes are divided between Juniors (three and four-year-olds) who meet on Tuesday and Thursday, and Seniors (four and five-year-olds) who meet on Monday, Wednesday and Friday.

North Powellhurst is a recently re-opened elementary building that will house a number of new programs including the **Double D Daycare, a daycare center** for three, four and five-year olds. Certified preschool teachers conduct the program. The preschoolers are assisted in their learning by high school students who are interested in careers working with children.

Fees vary for both programs. Contact Mill Park or the district office for more information.