21ST CENTURY CITIES INITIATIVE

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DEDICATED YOUTH FUNDS:
Local Governments Respond to Inequality through Focused Investments in Children

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Earlier this year, the 21st Century Cities Initiative held a community forum on the importance of directly involving young people in Baltimore City's policy and program design process. One of the main topics discussed was the city's new Children and Youth Fund.

In November 2016, Baltimore City voters overwhelmingly approved a ballot measure allocating approximately $12 million per year from property tax payments for youth activities and programming. The Baltimore City Council formed a community-led task force to set guidelines for Baltimore's Children and Youth fund. The task force recently submitted its recommendations for implementation of the fund to City Council; and City Council President Jack Young has since filed legislation that creates a framework for how the fund will be spent and managed, with an initial funding round scheduled for summer 2018.

This brief examines the history and trends of dedicated youth funds like Baltimore's, including key elements of a youth fund cities should consider for ensuring public investments most effectively target disadvantaged youth and some of the broader policy implications associated with the recent proliferation of these funds nationwide.

Supporters of youth funds often point to evidence that human capital investments for low-income youth are valuable for increasing economic mobility. The work of economist Raj Chetty and colleagues highlight that areas of the country where low-income families have the greatest chances of upward mobility have, among other characteristics, higher public school spending per student.[1] Yet, the Center on Budget Policy Priorities reports that public school funding was lower in 2014 than in 2008 in 35 states.[2] Local policymakers are increasingly in the position of investing in programs to address local racial and economic inequalities in the face of declining federal and state expenditures on children. According to the Urban Institute, 7.7 percent of the federal budget will be spent on children by 2026, compared to 10.7 percent in 2010 and 8.5 percent in 2000.[3] While federal support for child investments is declining, the costs to parents of raising children are increasing in multiple areas critical to child development, including child care, health care, and housing.[4]

Over the past two decades, an increasing number of cities and counties have responded to these concerns by creating

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local funds dedicated to providing community-based youth services and programming. According to the Forum for Youth Investment, a youth policy think-tank, 31 cities or counties nationwide have either established youth funds or dedicated funding streams to certain youth-focused services since the early 1990s, with significant growth in the past decade.[5] The growing popularity of these funds suggests a need for identifying characteristics of successful funds and exploring the use of this funding source for supporting local youth.

What is a Dedicated Youth Fund?

Dedicated youth funds are typically established via voter-approved ballot measures and operate at the county or city level by allocating money for specific youth-focused services. These services are funded primarily by setting aside a portion of money from local property or sales tax revenues. Some cities fund their programs through a new tax levy, such as a sales tax on soda that has been passed by Philadelphia and Boulder, Colorado. The amount of funds per child served varies depending on the model. For example, in Broward County, Florida, where the youth fund supports a wide range of initiatives serving one in three children in the county, the average cost per youth is about $460. Meanwhile, in Denver the average cost is $3,000 per child, and the fund is solely focused on increasing access to Pre-K for low-income families. Administrative costs are often capped at a certain proportion of the overall budget to ensure that most funding is dedicated to direct programming.

A variety of stakeholders are involved in garnering support for youth funding, including community leaders, service providers, and local policymakers. As a result of varying community needs, investment in youth services can focus on a range of interventions that seek to address economic inequality. Several cities, including Philadelphia, Denver, San Antonio, and Dayton, Ohio, have used their funds to focus on early childhood initiatives by expanding access to local Pre-K programs. But rather than focusing on a single issue, the majority of dedicated youth funds are directed to a larger array of programs, including school-based programs, substance abuse and mental health services, child maltreatment prevention programs, workforce development, and transition to adulthood services. Some programs and services target special at-risk populations, including runaway and homeless youth, truant and academically underperforming youth, LGBT youth, youth in foster or kinship care, and immigrant youth. Depending on the intervention type, a variety of ages are targeted, from birth to 20 years old.

Who is Using Dedicated Youth Funding?

Cities and counties across the U.S. have implemented youth funding. Typically, cities or counties are responsible for creating and administering youth funds, but Missouri and Florida initially organized these initiatives at the state level. Both states passed legislation, Missouri in 1993 and Florida in 2000, explicitly granting counties the authority, with voter approval, to apportion an amount of local tax revenue to create funding for children and families. To date, seven Missouri counties and eight Florida counties have established funds.

While the state model remains an exception, a growing number of counties and cities have enacted youth funds on their own and chosen to provide youth services through a variety of approaches. The examples of youth funds below illustrate some of these approaches:

OAKLAND, CALIFORNIA: An early adopter of the youth funding model, Oakland voters first approved its city youth funds in 1996. Oakland allocates a proportion

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of the city's general-purpose revenue to fund its programs, amounting to $14 million in 2016. Contracting with a variety of public and private agencies, programs are overseen by an advisory board that includes community members and youth. The advisory board identified four areas to focus on:

1. Early child education
2. Student school success
3. Youth development and empowerment
4. Transition to productive adulthood

Funded programs that address these four areas are evaluated in annual reports that include data from a variety of sources, including youth surveys and focus groups, programmatic data, and administrative data from local schools. Oakland's programs served over 17,000 youth during the 2015 fiscal year across 65 programs.

BROWARD COUNTY, FLORIDA: Broward County voters approved a youth fund known as the Children's Services Council in 2000 using a proportion of local property tax revenue. With an annual budget in 2016 of approximately $70 million, funds are used to provide a wide variety of programming by local providers that are selected by a competitive request-for-proposal process. Services offered include: early childhood education, employment and diversion programs for teens, public health and safety programs for families, and parenting programs for at-risk mothers. The services funded by the council align with their strategic goals around child and maternal health, strengthening families, youth employment and leadership. These programs are overseen by a 10-member council made up of policymakers and service providers. Providers use a common data management system to track outcomes, which are reported by the council in annual reports. Annual reports highlight progress towards the council's goals, such as reducing reports of child abuse and neglect, decreasing the number of high school suspensions and truancy, and increasing summer youth employment. Offering more than 50 programs across seven programming areas, an estimated one in three children living in Broward County are served by one or more of the council's programs.

DENVER: In 2006, voters in Denver approved a 0.15 percent sales tax to fund preschool programming for low-income families. The Denver Preschool Program (DPP), an independent, nonprofit agency created by the city to run the program, provides subsidies to parents for high-quality preschool. Using tax revenue of $19 million in 2016, the DPP is focused on narrowing the achievement gap between low-income and high-income students, with an additional focus on English-language learners. Following achievement outcomes for children once they enter elementary school, DPP produces annual evaluation reports that primarily examine how DPP participants have fared in elementary school in comparison to their peers. Since DPP began operations, approximately 41,000 children have been served through tuition subsidies.

Elements of Successful Youth Funds

Despite their increasing popularity and promising results of existing programs, youth funds remain a relatively underused source of funding for community-based youth services. But cities considering such funds can look to several existing programs for promising practices in administering a youth fund to achieve the greatest return on investment.

Seek community input. Members of the community, including agency partners, advocates, and youth, have important local knowledge about the needs of local youth and best practices for addressing those needs. When creating a youth fund, most cities have implemented an advisory board that is responsible for disbursement of funds and providing input on long-term

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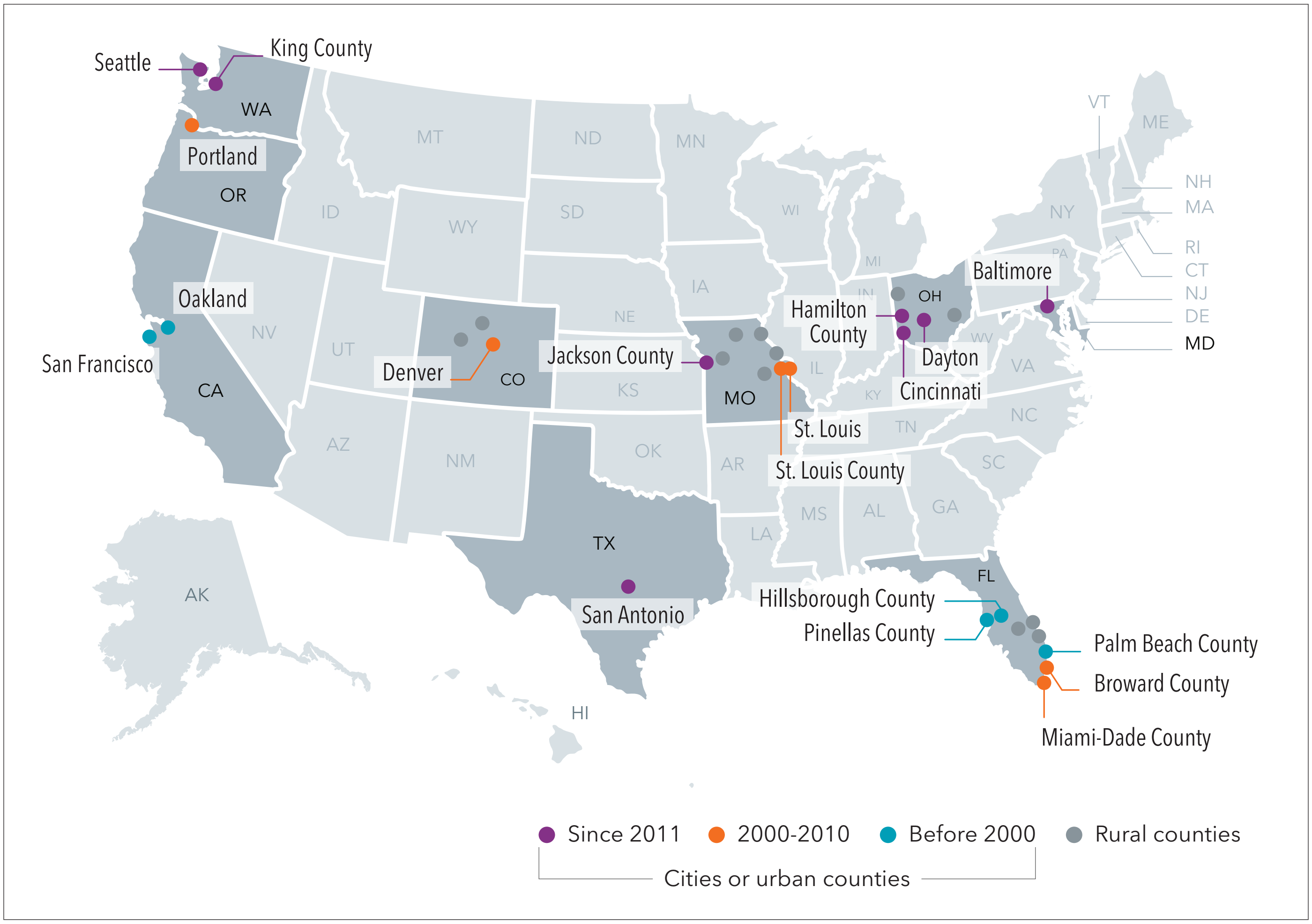
CHILDREN AND YOUTH FUND MAP



planning and evaluation. Advisory groups should meet regularly via public meetings and should be responsible for developing a strategic plan and evaluation plan.

Analyze community needs. Unless a youth fund is approved for a specific intervention, the types of programs that an advisory board chooses to fund should be guided by local community needs. Local disparities in high school graduation rates, literacy, poverty and food insecurity rates, child welfare system involvement, and youth employment can all be examined using publicly available data. Community hearings and engagement with the public are also important avenues for understanding what gaps community members see in available services and how those gaps contribute to ongoing disparities. Community members can also help to identify best practices for effectively serving local youth.

Develop a strategic plan. In addition to coordinating allocation of funds, an advisory group should also create a plan that provides directives for how the funds should be used. Based on an assessment of community needs, the plan should describe how the funds will be targeted to most effectively address the community's goals, using evidence-based programs that can be evaluated using appropriate methods.

Seek community participation. While youth funds can help reduce racial and economic disparities among local youth, funds can also address unequal access to resources among community organizations that serve youth impacted by such disparities. Successful youth funds not only benefit from community members who represent vulnerable and at-risk youth, but also from organizations that work in low-income communities and communities of color with a history of service to at-risk youth. The process of awarding youth funds to local organizations represents an opportunity to examine the landscape of community service providers and identify grassroots organizations engaged in youth development that are often excluded from more traditional funding mechanisms. Such approaches should also focus on supporting evidence-based or evidence-informed programs, while providing technical assistance resources to organizations that might be receiving government funding for the first time.

Develop an evaluation plan of programs and services. As an initiative funded by taxpayers and in many cases requiring reauthorization by voters, agencies and partners involved in youth funds need to provide evidence of program impacts. Public reports that describe how the programs have helped youth that they serve can help secure the long-term success of youth funds by providing evidence of their value to the community. Data collection is also an essential element of the evaluation process, and the advisory board will need to decide during the planning process what kinds of data will be collected from programs and participants to ensure a rigorous evaluation process. Partnerships with university researchers may be valuable for providing technical assistance on data collection practices as well as for evaluation services.

Policy Implications for Youth Funding Initiatives

Given trends in declining federal and state investments in youth and increasing economic inequality, community leaders may wish to advocate for a youth fund in their own city. There are several reasons why a youth fund may be a valuable resource for improving local investments in youth, though there are also issues to consider.

They encourage community engagement. The voter approval, planning, and evaluation stages all depend on and are enriched by community engagement and support to ensure that youth funds are most effectively spent for serving local youth. Community voices provide valuable input for understanding current community needs, and many cities invite community members to take part in fund oversight. The process can also provide greater community ownership and oversight in determining local spending priorities and identifying the most effective policies for serving vulnerable and disadvantaged youth.

They can assist in filling budget and policy gaps for investments in children. With declining federal and state spending on youth, cities are in a position to address this gap in their own communities by finding ways to provide funding for additional services. Programs that complement or enhance existing school and early childhood services can help address this gap, particularly when they target at-risk youth and families who are especially vulnerable to the lasting effects of income inequality. Funded programs may also fill important gaps around equity. For example, nationwide, just 31 percent of eligible children ages 3-5 had access to a Head Start program. Since the beginning of the Denver Preschool Program, the proportion of children enrolled in preschool (including

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Head Start) increased from 41 percent in 2006 to 56 percent in 2013—a majority of the increase is composed of children from low-income families.

They often have broad community support, though the funding structure can be problematic. In November 2016, Baltimore's youth fund was approved by 82 percent of voters. A number of funds have been reauthorized since their initial approval, suggesting that well-managed funds developed through a community-led process are likely to receive wide public endorsement. Despite their popularity, some have criticized the funding structure of youth funds as problematic. The former mayor of Baltimore, Stephanie Rawlings-Blake, vetoed legislation from the Baltimore City Council to put an amendment on youth funding before voters, which the city council overrode. The objection by Rawlings-Blake, shared by other city leaders that have voted on youth funding, was based on an opposition to earmarking funds for specific programs. Earmarking reduces budgetary flexibility by city government and its ability to respond to changing circumstances during worsening economic times.

While voters often respond to earmarking more positively compared to general funding when the earmark is for a program or issue that they care about, earmarking can raise challenges for local government. Youth funds have also received some criticism when funded through a new or increased sales tax, a particularly regressive form of taxation that requires lower-income households to pay a larger proportion of their income on the tax than higher-income households. Identifying an appropriate and equitable funding structure is likely to be an important element of planning for a youth fund to ensure support from both voters and city leaders.

They may have a complicated relationship moving forward with state preemption efforts. Many state legislatures are engaging in the practice of preemption, in which cities are legally prevented from passing their own legislation around issues such as minimum wage, paid sick leave, smoking restrictions, LGBT discrimination, and firearm safety. These types of preemption efforts often hinder city leaders' abilities to address critical disparities in their communities. To fill this void, youth funds can provide community-based services to effectively address local economic, public health, and social needs. However, state legislatures may restrict cities' ability to increase tax revenue streams to fund targeted initiatives, as the Texas state legislature recently considered during its special session in summer 2017. While some cities have directed a proportion of existing sales or property tax to youth funding, others have created new taxes to fund youth services, such as Philadelphia's recent soda tax. The creation of a new tax may be at greater risk of a state preemption response than the use of existing resources.

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