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SPOTLIGHTING FEDERAL GRANTS #6

ACT TOGETHER

INTRODUCTION

To its supporters, Act Together is a shining example of public/private partnership--a federal grantee whose programs aimed at high-risk youth, such as the D.C. Coalition for Youth and New York's Henry Street Settlement, richly deserve continued support. To its critics, Act Together is a self-serving "middle-man" in the federal grants process, more concerned with style and image than substance, and responsible for serious errors, miscalculations, and conflicts of interest. Considerable evidence has been amassed to support both conclusions. It will be left for the taxpayer to decide whether the millions of tax dollars entrusted to Act Together, and used for direct costs and dispersal to other organizations, is money well spent.

ORIGINS OF ACT TOGETHER

Despite its private nonprofit status, Act Together is a creature of the federal government. In Spring 1979, the Interagency Task Force on Youth, comprised of officials from four federal agencies and staff from the Carter White House, met to coordinate the efforts of public and private agencies dealing with high-risk youth. Historically, high-risk youth have posed special problems for federal funders because of the diverse factors involved in their behavior; they may be juvenile offenders, drug abusers, teenage single parents, runaways, or a combination of these. Problems associated with these characteristics often are addressed by many separate federal agencies, but rarely in a coordinated fashion. The Interagency Task Force determined that a nongovernmental intermediary corporation should be formed to develop a more comprehensive method of dealing with high-risk youth. According to a November 1979 memorandum sent by the Task Force to the White House:

The Intermediary, a private not-for-profit entity, would essentially serve as a broker between federal agencies, foundations and local service delivery programs. The Intermediary would be responsible for providing such services as designing "model" multi-service projects for high risk youth; collecting and disseminating information on policies, research efforts, evaluation results, and financial resources related to programs for high risk youth; continuing to provide independent assessment of youth policies and programs to identify areas that need to be changed; and conducting an evaluation of the entire program.¹

Originally, four federal agencies--Department of Health and Human Services, Office of Juvenile Justice and Delinquency Prevention (OJJDP), Department of Labor, and the Department of Agriculture--indicated interest in participating in the Act Together project. OJJDP provided the bulk of Act Together's operating expenses,² and was the organization's most enthusiastic supporter. The other federal agencies planned to provide OJJDP with block, interagency funds, which would then be distributed in grants to those high-risk youth projects around the country chosen by Act Together in consultation with OJJDP. Finally, Act Together would monitor the individual projects, providing them with technical assistance and advising the granting agencies--both public and private--as to what worked and what did not.

To set up the private intermediary, federal officials arranged for Thomas Scanlon of Benchmark, Inc., a private consulting firm, to encourage private support for the concept.³ An initial \$45,000 grant from the Edna McConnell Clark Foundation helped establish Act Together as a private nonprofit corporation, and shortly thereafter, a two-year \$1.2 million cooperative agreement award was approved for Act Together by the Law Enforcement Assistance Administration (LEAA) using funds from OJJDP.

By October 1980, Act Together had been incorporated, had received a two-year \$1.2 million federal operating grant, and was ready to begin funneling millions of dollars from federal agencies and private foundations into selected service operations for high-risk youth. However, with the change in the White House, Act Together lost some of its initial momentum and began to run

¹ U.S. government memorandum from Henry S. Dogin, Administrator of the Law Enforcement Assistance Administration, and Robert Taggart, Administrator of Office of Youth Programs at the Department of Labor, to Jack Watson, Assistant to the President, November 21, 1979.

² Act Together agreed to raise \$1 in private funds for every \$9 of federal money for their operating expenses.

³ Scanlon's Benchmark, Inc., later was to receive over \$150,000 in consulting fees from Act Together, the intermediary he was instrumental in helping set up.

into barriers. Officials from the "cooperating" federal agencies wondered how another "federal solution" would fit into Ronald Reagan's emphasis on state and local solutions for social problems. The concept of Act Together also seemed counter to the trend toward block grants. Act Together proponents at OJJDP argued that, because of the special problems of high-risk youth, federal action was necessary. In an April 21, 1981, letter to then-Secretary of Health and Human Services Richard Schweiker, OJJDP acting administrator Charles Lauer argued: "While the 'Block Grant' approach proposed by the current administration will overcome many of the serious problems caused by the multiplicity and categorical nature of the present system, it will not and cannot be expected to overcome them all." Lauer suggested that model, comprehensive high-risk youth projects must be initiated so other youth-serving agencies could replicate the Act Together sponsored models. Lauer also emphasized that Act Together would begin requiring that its project grantees match Act Together grants with at least two nonfederal funding sources. Said Lauer: "...our funds [would] be used merely as the impetus to bring other funding sources together."⁴ What started as a Carter administration initiative was now being portrayed as an example of Reagan's public/private sector policy.

On June 29, 1981, Secretary Schweiker wrote to Act Together Chairman John Root. Said Schweiker: "The proposed \$700,000 transfer of funds to support this activity [Act Together] has been carefully and sympathetically reviewed by my Assistant Secretary of Human Development Services and my Administrator of the Alcohol, Drug Abuse, and Mental Health Administration. They have concluded it is not consistent with present budgetary and policy priorities of this department. We are therefore unable to proceed with the previously intended transfer of funds." Schweiker additionally commented: "...the Administration's policy of increasing State programs responsibility requires that we give the highest funding priority to activities designed to implement our block grant proposals. In light of these considerations, I regret the program to be administered by Act Together cannot be considered a top priority project within our limited resources."

OJJDP officials were stunned. HHS funding of Act Together long had been considered the crucial component of the interagency agreements. In an earlier memo from the Interagency Task Force on Youth to the Carter White House, Act Together proponents had warned: "The success of this program hinges on our ability to obtain a financial commitment from the Department of HEW."⁵

⁴ Lauer did not inform the Secretary that, "[matching] project dollars from other sources need not be 'new' dollars. For example funds used to meet the minimum one-half requirement may be applied from an ongoing program to the operation of a more comprehensive program for high risk youths," from the June 3, 1981, Federal Register which announced to the public the availability of Act Together grant awards.

⁵ U.S. government memorandum, November 21, 1979, op. cit.

Yet Schweiker's objections to Act Together seemed solid, well thought and talked out. One HHS career official who led arguments against Act Together was Warren Master. Though not a political appointee, Master was asked by Assistant Secretary for Human Development Services Dorcas Hardy to serve as Acting Commissioner of the Administration for Children, Youth, and Families. In such a role, it was Master's responsibility to advise Hardy on the Act Together decision. Says Master: "In our meetings at OJJDP, we raised serious questions about Act Together which could not be answered. We didn't go any further than withholding our approval, but if we had been more active in our criticism, perhaps other agency officials would have become less enthusiastic."

HHS raised three basic objections to the creation of a federal intermediary. "In the first place," Master told The Heritage Foundation in June 1983, "we already have enough federal levels. The states should move into the pivotal role as coordinator or intermediary. They could respond immediately to problems faced by high-risk youth programs--particularly in the area of juvenile justice vis-à-vis state laws and regulations. Second, there was the problem of funding. Although Act Together was a private organization, it was almost wholly dependent on the federal government for support. Yet, there was no time plan or serious objective set for getting Act Together off the federal dole. Third, there was the problem of evaluation--from all sides. In evaluating the success of Act Together, how objective can the federal folks who created Act Together be about their own baby; it can only succeed. And how objective can Act Together be in evaluating its demonstration projects; if they fail, Act Together will look bad. It requires a great deal of dispassion to evaluate human service programs, and one can't be an advocate for a specific project and a dispassionate observer simultaneously."

Another problem with Act Together was the apparent self-serving role of some of its strongest supporters, such as Tom Scanlon of Benchmark, Inc. When Act Together was trying to get HHS funding, Scanlon visited at least one U.S. Congressman,⁶ who later wrote a personal letter to Secretary Schweiker supporting Act Together. Scanlon's Benchmark, Inc., eventually received over \$150,000 in consulting fees from Act Together.

Act Together executive director Joyce Strom became the focus of a heated exchange between the legal offices of HHS and Act Together's legal counsel Peter Edelman over Strom's former connections with HHS. Prior to being hired as executive director of Act Together, Strom had served as a Carter appointee at HHS's Children and Youth Services. Had Strom been an advocate of Act Together when it was on the drawing board? If so, was her present lobbying in favor of HHS funding of Act Together (she joined

⁶ Joseph M. McDade (R-PA).

Scanlon in visiting Congress for support) inappropriate? Eventually, counsels agreed to drop the matter if Strom agreed not to concern herself with HHS funding of Act Together.

Finally, several of those most closely associated with Act Together serve on the boards of groups receiving Act Together demonstration project grants.⁷ Since the thirteen groups now involved in Act Together demonstration projects were chosen from an initial pool of 500, any connection between Act Together's board or staff and those fortunate few who received Act Together funding hints of favoritism. This may not be the case, but again one is forced to question the evaluation of groups so intimately connected with the kind of neutral granting organization that Act Together is supposed to be.

ACT TOGETHER IN PRACTICE

Ultimately, the Department of Labor became the only federal agency to join OJJDP in supporting the Act Together project. In announcing the Department's \$2.2 million contribution to the Act Together project, Labor Secretary Raymond Donovan commented: "...the goals of the proposed high-risk youth program are very worthy ones to pursue. This is especially important with the increased emphasis on projects using smaller federal contributions as seed money to encourage the cooperation of local level agencies in accomplishing similar purposes. The Act Together effort should serve as an excellent example of this philosophy."⁸ Labor's contribution provided Act Together with the funds to award grants of between \$100,000 and \$300,000 to thirteen projects in the U.S. and Puerto Rico. One of those projects was run by a state agency (Alabama Department of Youth Services) and another was run by a county agency (Lexington-Fayette Urban County Division of Children's Services). The remaining eleven groups were private organizations experienced in providing youth services. Since Labor was the only source of federal funding for these demonstration projects, Act Together had to emphasize employment services for the high-risk youth projects.

According to Act Together executive director Joyce Strom, one of the primary tasks of Act Together has been to teach its demonstration projects to become less dependent on federal support. Says Strom: "High-risk youth is not a group for which it's easy to get money. That is, they have been out hitting old ladies and

⁷ Act Together Counsel Peter Edelman is on the Board of Directors of Act Together grant recipient, D.C. Coalition for Youth; Act Together board members H. Robert Wientzen and Myrtis H. Mosley Powell are on the board of Act Together grant recipient, New Life Services, Inc., in Cincinnati, Ohio.

⁸ May 11, 1981, letter from Raymond J. Donovan to OJJDP acting administrator Charles A. Lauer.

vandalizing and it's not a natural group for the local communities to think of funding. As a result, the groups which deal with high-risk youth have been relying on federal money. What we have said is: 'Hey, you guys, it's not going to be there--the federal money...So we do a lot of promotion of strategies that work.'

These strategies are promoted in Act Together newsletters and trips by Act Together representatives to the thirteen demonstration projects. Strom cites the Centro de Orientacion y Servicios in Ponce, Puerto Rico, as an example of how Act Together has influenced programs. She says: "Centro was always terrific, but until Act Together, it had never coordinated its programs before. We actually paid our support...to put the programs there to work. Because before they were just segregated projects...what we do is to help them get money and help them to market the products they make."⁹ In the case of marketing, Strom explained that Act Together had been instrumental in helping the Puerto Rican group sell hand-made Christmas cards in the United States.

Another method by which Act Together provides technical assistance to its demonstration projects is by bringing the groups together to exchange information. Most of the groups contacted praised these meetings for their fund-raising tips and the chance to share information about strategies of dealing with high-risk youth. For instance, one of the Act Together demonstration projects, New York's Henry Street Settlement, discovered a new method of using peer pressure to get high-risk youth to work. Henry Street had placed a number of newly arrived Asian and Hispanic immigrants at several New York job locations. Cultural and language differences, however, dimmed the chances of success for these immigrants. Nevertheless, the individuals were highly motivated and advanced faster than many of their American-born co-workers. High-risk youth were exposed to these immigrants, and their motivation increased markedly; they realized that success is possible despite disadvantages. This information was passed on to other groups at the Act Together Workshops and became readily available to those within the Act Together network.

However, one Act Together gathering, a week-long conference in Washington in August 1982, became the focus of controversy and dissent. Three youths, the executive director, and a youth worker from each of the thirteen projects were invited. In all, 42 youth and 27 staff representatives attended. Included among the week-long activities was a two-day event called the Breakthrough Workshop. A strong believer in Werner Erhard's "est awareness training,"¹⁰ Joyce Strom had invited the Breakthrough Foundation--

⁹ From a May 27, 1983, taped interview.

¹⁰ Apparently Joyce Strom encouraged the Act Together staff to undergo "est training." OJJDP officials say they were aware of Strom's commitment to "est" but did not believe U.S. government funds were used to underwrite any "est-like activities"--whether for Act Together staff or in the Breakthrough Workshop.

an "est" spin-off¹¹--to conduct a two-day, 17-hour workshop. An "est" workshop is an extremely confrontational form of group therapy in which participants are constantly berated for their "judgmental mind-sets." According to Strom, the Breakthrough approach is not as confrontational, but certainly employs some of the same psychological techniques.

The Breakthrough Foundation was established, as its 1982 brochure asserts, "...to deliver throughout the world a 'technology of transformation': a powerful methodology that generates a fundamental, self-perpetuating transformation in the effectiveness of individuals and organizations working to improve the quality of human life" (page 5). The brochure claims: "The process of breaking through is not a step-by-step sequence, nor is it a function of methods, structures, or procedures. It is, rather, a dynamic human event of transformation" (page 11). Says Strom of the Breakthrough Workshop: "Kids got an incredible experience out of it...there was not any kid that had a single destructive thing happen because of it, and the results were incredible." To back up her statements, she refers to a booklet published by Act Together after the 1982 meeting which contains quotations about the workshop from participants. No negative comments appear, only positive statements, such as: "I have become me! Very positive, cool headed....I feel as if I've been given a second chance in life." And "The three young people from our agency all considered their week in this training conference as a major turning point in their lives." Yet, Strom and Act Together are not telling the whole story.

In a September 9, 1982, letter from acting OJJDP administrator Charles Lauer to Act Together board chairman John Root, Lauer commented on the Breakthrough Workshop: "The first two days of the overall workshop received a very mixed reaction from program participants. While some persons felt positive about it and felt they got some good out of it, others felt terribly negative about it and felt that it was harmful to them and their young people."

Lauer's letter included comments of project staff concerning the Breakthrough Workshop. These statements contradict Strom's claim that the event was not confrontational: "Brain-washing....Students didn't get much out of it. Set back for them." "Terrible error, gross misjudgment. You, I or anyone else should not impose our point of view...." "I've been in a tremendous amount of conflict about this program. I felt personally violated by the program. I felt the program was autocratic and manipulative." "I didn't feel we had a choice....I have trouble with training being imposed on people." Kathie Costin, an OJJDP official who attended the workshop, wrote in an

¹¹ The Breakthrough Foundation's board includes several present and past members of Werner Erhard Associates and employs the same jargon and many of the same behaviorist techniques used in "est training."

August 11, 1982, memo to OJJDP project monitor for Act Together, William Modzeleski: "After the session I listened to many of the young people talking to each other in the hallway, and their comments about the training indicated that they thought it was a waste of time and that they did not want to attend any more of it." Finally Lauer commented, "...it is inappropriate for the OJJDP to endorse, sponsor, or support either directly or indirectly any program which promotes, teaches, or espouses a particular religion, philosophy or point of view when the teaching, promoting, etc. is conducted in an atmosphere which is either non-voluntary, manipulative, coercive or is done in an atmosphere which has the appearance of being non-voluntary, manipulative or coercive." Lauer also questioned whether any OJJDP funds were used for the event, commenting: "It is our understanding that the workshop was presented even though a sufficient amount of funds to cover all the costs were not available."¹²

Perhaps more significant than the Breakthrough Workshop itself was Act Together's refusal to report the event accurately. For an event with so clearly manifested mixed reactions to be reviewed in Act Together literature as entirely positive raises serious questions about Act Together's evaluation methods. And all too often, Act Together's evaluations present, at best, only part of the whole story.

EVALUATING ACT TOGETHER

One of Strom's biggest selling points for Act Together is its alleged success at guiding its thirteen demonstration projects away from federal support. Says Strom: "It's perfect; it's terrific! We are doing exactly what the new federalism is all about; we are trying to get groups to be self-sufficient. They have raised over \$3.2 million during the course of the last 12 months with our help. Our whole project from the beginning has been to get local projects to be less dependent on federal funding, because we knew the money was stopping."¹³ In a subsequent mailing,¹⁴ Strom updates her figures: "...over the course of the demonstration, over and above the (Act Together) match, the projects raised locally \$1,804,884 as of June 1. You will note that the total raised locally--\$5,899,002--is even higher than our original calculation of \$3.2 million, which was based on documentation available early in the demonstration." Strom's letter included figures from the thirteen demonstration projects showing the Act Together contribution, the actual match raised by groups, and monies raised above the match by the thirteen groups.

¹² Joyce Strom insists all costs for the \$4,000 Breakthrough Workshop were paid for with private funds. This included a \$1,000 donation from the est Foundation.

¹³ From a May 27, 1983, taped interview.

¹⁴ June 15, 1983, letter from Joyce Strom to David Asman (signed).

"In short," Strom states, "Act Together has done a great deal to implement the Administration's policy of encouraging private giving and expanding public-private partnerships."

The clear implication from the preceding is that all Act Together match monies are either private or, at least, nonfederal. But Strom fails to mention a clause in Act Together's 1981 Federal Register grant announcement, under the heading "Mobilization of Additional Resources." It states: "...funds used to meet this minimum one-half requirement may be applied from an ongoing program to the operation of a more comprehensive program for high-risk youths." In the case of at least one of the demonstration projects, D.C. Youth Together, the above clause allowed them to draw more than half of their match money from federal sources. D.C. Youth Together was given a \$299,996 award from Act Together. According to Strom's figures, Youth Together matched that amount by raising \$446,292 for the demonstration project. However, one source of that match money, according to D.C. Youth Together finance/development consultant Cam Stivers, was a Section 330 grant from HHS which the group already had been receiving. A portion of this grant was pro-rated to the number of youths participating in the Act Together project. According to Stivers, the pro-rated HHS money amounted to more than one-half of the \$446,292 match figure. In other words, Act Together had not been responsible for developing new, private, or nonfederal funding sources in much of this case; it had merely shifted the sources of old federal funding.

Another area regarding Act Together's alleged success at leveraging nonfederal funds that must be questioned is whether Act Together can take the credit for achieving its claimed results. When asked whether the matching funds could have been raised had it not been for Act Together, Strom says not. "I know that the government could not have achieved these kinds of results without Act Together as an intermediary," said Strom in the June 15, 1983, letter. Yet the question is whether Act Together was the key factor in leveraging matching funds or were the federal grant awards themselves the key factor? Strom insists that Act Together's technical assistance to the groups was as vital to their obtaining matching funds as the federal grants. She produces letters from the groups to prove her case. The letters praise Act Together's assistance in opening up doors to new funding sources. However, groups that rely on Act Together's support for at least half of their demonstration project's income are reluctant to criticize Act Together, as HHS official Warren Master had predicted. Privately, the groups tell a different story.

A director of one \$150,000 Act Together grantee explains: "If you're asking whether we have been able to raise more money than we would have without Act Together, I must say no. They haven't helped us raise money. Act Together is particularly helpful with regard to bringing groups together to discuss problems and successes. But at \$1.2 million I have serious questions

about whether it is cost-effective."¹⁵ Joyce Turner, employment coordinator for D.C. Center for Youth Services, similarly remarked: "Act Together has been most helpful in bringing together other groups, but they were not actively involved in helping us raise money." The former director of another Act Together grantee commented: "An awful lot of money goes into Act Together. I would rather see the money being spent on the guy who's out in the street working with the kids." (Ironically, Act Together's OJJDP project monitor William Modzeleski, after an on-site visit to the organization represented by the last quote, said: "In summary, I was quite pleased with the project, and was also encouraged by the agency's staff's pleasure with Act Together.")¹⁶

Act Together's direct costs have been mentioned by others in addition to its critics. According to the minutes of Act Together's April 2, 1982, board meeting, board member Robert Wientzen noted: "...the Act Together board [has] to make every effort to reduce the size and cost of the program...we cannot be just another layer [of bureaucracy]. Frankly, up to the present time, I think we have been another layer....Mr. Scanlon pointed out that due to the efforts of the Act Together board and staff, the quality of the projects was definitely superior. Mr. Wientzen agreed but added this was done at great cost."

Another individual well prepared to evaluate the costs of Act Together is the director of the National Center for Neighborhood Enterprise, Robert Woodson. He received a \$150,000 grant from the Department of Housing and Urban Development (HUD) to provide technical assistance to ten groups similar to the Act Together projects.¹⁷ At one-tenth the cost of Act Together's operating budget, Woodson claims to provide the same basic services to his projects as Act Together does for theirs. "However," Woodson explains, "we don't take money for our groups, and our groups are not dependent on us. Thus, the evaluations are clean." According to Woodson, the technical assistance provider should always be separate from the funding source. "Otherwise," says Woodson, "cost-effective evaluations are impossible."¹⁸

Woodson has been following Act Together since its inception and suggests: "If the Act Together demonstration projects prove to be successful models and deserve continued federal assistance, why not provide those groups with a voucher of 10 percent of their total federal grant. This voucher would be applied to whatever method or group they felt could supply them with the best technical assistance. If they are satisfied with Act Together,

¹⁵ The two directors who have not been mentioned by name request anonymity.

¹⁶ Memorandum from William Modzeleski to Alfred Regnery, Administrator of OJJDP, April 15, 1983.

¹⁷ In fact one of those projects, Centro de Orientacion y Servicios in Puerto Rico, is an Act Together grantee.

¹⁸ From a June 1983 interview.

as many clearly are, fine; apply their vouchers to Act Together. But instead of the government paying out \$600,000 or \$700,000 a year for an organization with intimate connections both with the federal government and the groups it is funding, we would spend \$200,000, and cut the dependency between the technical assistance provider and the funder."

Woodson's voucher concept appeals to several of the groups in the Act Together network, some of whom spoke very highly of Act Together's services. David Droppa, assistant director of program for Pittsburgh's Act Together grantee Three Rivers Youth, while praising Act Together's standards, agreed that "the voucher idea sounds like a good one." Alan Cintron, economic development director of Act Together's Puerto Rican grantee, also liked the idea of a voucher system. Says Cintron: "I think that is a very good idea. It would be very easy to arrange." But the major advantage of the voucher system would be to make sure that Act Together--which so far has not demonstrated its own ability to wean itself of federal support¹⁹--does not develop into a federal "subagency." Mike Fry of Henry Street Settlement in New York, a strong Act Together proponent, shares this concern. "I would like to see something built into the Act Together structure which would lead it to self-sufficiency," said Fry. Lyle Gertz, also of New York's Henry Street Settlement commented: "I would not like to see Act Together become just another federal program. It needs to be continually assessed by the same standards that we are assessed."²⁰

ACT TOGETHER'S FUTURE

When asked whether it is possible for Act Together to stand on its own without federal support, Joyce Strom answers: "Yes, I think it's possible, but I don't think it makes sense. I'm totally committed to public-private partnerships. Public money is going out anyway, and with Act Together you get four times the bang for your buck." The evidence demonstrates that Act Together's "bang" is not always as big--or as well appreciated--as Strom implies. Act Together's demonstration projects that have proved themselves worthy of providing needed services to high-risk youth cannot be criticized. However, there seem to be some clear conceptual flaws in the mechanism of Act Together--flaws that were correctly perceived by HHS representatives two years ago. These flaws include lack of input from state governments (which could act as intermediaries), evaluation difficulties, and dependency on federal support. At the heart of the issue is whether Act Together--a creature of the federal government--will ever learn to walk on its own.

¹⁹ In May 1982, Act Together's Board agreed to come up with \$360,000 of private monies to match the government's share. By May 1983, Act Together had only been able to raise half that amount.

²⁰ This and the other quotations noted in the paragraph were taken from phone interviews during the last three weeks of June, 1983.

Act Together's grant from OJJDP expires in September 1983. Already the Act Together board has been lobbying for continued OJJDP support in the amount of \$700,000. Joyce Strom and the Act Together board have enlisted the support of Senator Strom Thurmond and other public officials not ordinarily known for supporting questionable federal outlays. Before OJJDP officials make their final decision, a thorough examination of alternatives to continued federal outlays for Act Together seems in order.

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