

Section 737: Performance Partnerships

Section 737 sets out terms for Performance Partnership pilots, which would allow a State, region, locality, or Federally-recognized tribe to propose pooling a portion of discretionary funds they receive under multiple Federal streams while measuring and tracking specified cross-program outcomes. Proposals would be approved by the heads of all affected agencies and the Director of OMB. This model for pooling funds, combined with strengthened accountability for results, could significantly ease administrative burden—such as applying for and reporting on grants—and promote better outcomes in cross-cutting policy areas such as disconnected youth and distressed neighborhoods.

The President's 2013 Budget proposes a government-wide general provision, for inclusion in the annual appropriations acts, providing the authority to establish a limited number of Performance Partnership pilots designed to improve outcomes for disconnected youth or to support the revitalization of distressed neighborhoods. This provision is designed to respond to requests from State and local communities for greater flexibility in how to manage resources provided by multiple Federal programs so that they can achieve better results for this high-need population and communities.

What are Performance Partnerships?

Performance Partnerships, which build on a strategy implemented by the Environmental Protection Agency, allow states and localities to pilot better ways of using Federal resources by giving them additional flexibility in using discretionary funds across multiple Federal programs in exchange for greater accountability for results. The Administration proposes to focus Performance Partnership pilots on two areas where flexibility may be particularly needed and appropriate: improving outcomes for disconnected youth and revitalizing distressed neighborhoods. States and localities that elect to participate in these pilots will commit to the achievement of measureable improvements in outcomes in exchange for this new flexibility.

How many pilots would be authorized under the proposed Performance Partnerships general provision?

With the support of Congress, the Administration could launch up to 20 projects in the two targeted policy areas (disconnected youth and neighborhood revitalization) in 2013.

What Federal programs could be involved in the pilots?

The Performance Partnership pilots implemented in FY 2013 could involve Federal programs, including formula and competitive grant programs, financed with discretionary funds only (not mandatory, or entitlement funds). Pilots focused on improving outcomes for disconnected youth could involve discretionary programs (primarily at the Departments of Education, Health & Human Services, or Labor) that:

- are either already targeted on disconnected youth, or are designed to prevent youth from disconnecting from school or work; and,
- provide education, training and employment, or other social services, including those interventions related to improving social and emotional well-being.

Neighborhood revitalization pilots could include discretionary Federal programs (primarily at the Departments of Housing & Urban Development, Justice, and Education) that contribute to the goal of transforming neighborhoods of concentrated poverty into neighborhoods with:

- safe streets;
- quality affordable housing;
- high-quality schools and education programs, services, public assets, transportation; and,
- ready access to jobs, or other opportunities for children, youth and adults.

Will States and localities receive additional funding to operate these pilots?

The President’s Budget does not request dedicated funding for Performance Partnerships, since they would be designed to facilitate flexible use of *existing* funds. It does propose a limitation that the total aggregate amount of the Federal funds directed to the pilots could not exceed \$200 million.

However, there are new initiatives in the Budget that would provide an avenue for Federal support of State and local implementation of these pilots. For example, the Budget proposes \$5 million at the Department of Education and \$5 million at HHS – as well as a \$10 million set-aside within DOL’s Workforce Innovation Fund – to be targeted at activities to assist disconnected youth. These funds, if provided by Congress, could potentially be used to enhance and support the activities undertaken in a Performance Partnership pilot.

Why has the Administration chosen disconnected youth and neighborhood revitalization as two areas in which to pilot this new approach?

While performance partnerships could potentially be useful in a range of social program areas, the Administration believes these two areas are ripe for testing. Through dialogue across Federal agencies and with State and local officials about disconnected youth and neighborhood revitalization, bipartisan consensus is emerging that greater flexibility to blend and braid funds– if tied to a strong plan for improving outcomes – could improve the impact of Federal investments that now flow through multiple programs supporting the same broad goals.

Conversations with States and localities following the release of the Presidential Memorandum on Administrative Flexibility made clear that new approaches to serving disconnected youth are particularly needed. These discussions revealed three overarching challenges with the systems serving this population:

1. limited knowledge of what program models are most effective in helping disconnected youth achieve positive outcomes;
2. a relative lack of attention to this population at the State, local, and Federal levels, and lack of coordination in addressing their needs; and,
3. the need for more comprehensive approaches to meeting the multi-faceted needs of members of this population who may have educational deficits, unstable housing, health, behavioral health, and trauma-related challenges, and histories of involvement with the criminal justice system.

In addition, limited flexibility and contrasting requirements across Federal program areas – including affordable housing, economic and community development, education, and workforce development – can make it challenging for local leaders to use Federal funds for truly comprehensive neighborhood revitalization. Performance Partnership pilots could provide models for how to address these challenges.

How will the Administration ensure accountability for results under the pilots?

Before implementing a pilot, the involved Federal agencies, Office of Management and Budget, and the State, locality, or Federally- recognized tribe requesting the pilot authority would be required to enter into a mutually agreeable Performance Partnership agreement that specifies:

- the fiscal entity for the pilot and its partners and their roles in the pilot;
- the State, local, or tribal programs that will be involved in the pilot;
- the length of the agreement;
- the Federal discretionary funds, Federal programs, and Federally-funded services that will be involved in the pilot;
- any non-Federal funds that will be involved in the pilot;
- the populations to be served;
- the cost-effective Federal and State, local, or tribal oversight procedures that will be used to maintain accountability for the use of the Federal discretionary funds;
- the outcome (or outcomes) that the pilot is designed to achieve;
- the appropriate, reliable, and objective outcome-measurement methodology that the Federal Government and the participating State, local, or tribal governments will use to determine whether the pilot is achieving, and has achieved, the specified objectives; and,
- an assurance that the pilot will not result in denying or restricting the eligibility of any individual for any of the services that are funded by the Federal discretionary funds that are involved in the pilot.

In the event that the pilot does not meet the specified outcomes, the pilot agreement will also lay out the consequences of failing to meet the programs goals and the corrective actions that will be taken in order to increase the likelihood that the pilot will have achieve the specified outcomes.

The Performance Partnership agreement will also specify the waivers of statutory, regulatory, and administrative requirements granted to the State, locality, or tribe in conjunction with the pilot. The general provision requests the authority for agency heads to grant waivers of statutory requirements—beyond the agencies' current authority—if the waiver:

- is consistent with the statutory purposes of the Federal program;
- is necessary to achieve the outcomes of the pilot as specified in the Partnership Performance agreement and is no broader in scope than is necessary to achieve such outcomes; and,
- will result in either:
 - realizing efficiencies by simplifying reporting burdens or reducing administrative barriers with respect to such discretionary funds; or,
 - increasing the ability of individuals to obtain access to services that are provided by such discretionary funds.

The Committees on Appropriations and other committees of jurisdiction in the House of Representatives and the Senate would receive at least 60 days advance written notice if such waivers are granted.

How will the Administration ensure that vulnerable populations are not adversely affected by the pilots?

A Federal agency would participate in a Performance Partnership pilot only if the agency head determines that the agency’s participation in the pilot will not result in denying or restricting the eligibility of any individual for any of the services that are funded by the agency’s programs and Federal discretionary funds that are involved in the pilot. In making this determination, the head of the agency would take into consideration the other Federal discretionary funds and any non-Federal funds (including from private sources as well as governmental sources) that will be used in the pilot, and any other relevant factors, including the past performance of the State, locality or Federally-recognized tribe involved in the pilot.

Performance Partnerships References

2013 Budget Appendix

Government-wide General Provisions (see Sec. 737):

<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/ggp.pdf>

2013 Agency Congressional Justifications

Disconnected Youth Initiative	Department of Labor, Employment and Training Administration Overview	Page 4	http://www.dol.gov/dol/budget/2013/PDF/CBJ-2013-V1-03.pdf
	Department of Education, Innovation and Instructional Teams	Page G-97	http://www2.ed.gov/about/overview/budget/budget13/justifications/g-iit.pdf
	Department of Health and Human Services, Administration for Children and Families	Pages 117-8	http://transition.acf.hhs.gov/sites/default/files/assets/CFS%20final.pdf
Neighborhood Revitalization Initiative	Department of Education, Promise Neighborhoods	Page E-13	http://www2.ed.gov/about/overview/budget/budget13/justifications/e-sss.pdf
	Department of Housing and Urban Development, Choice Neighborhoods	Page N-1	http://portal.hud.gov/hudportal/documents/huddoc?id=choice-neighb.pdf
	Department of Justice, Byrne Criminal Justice Innovation Program	Pages 95-97	http://www.justice.gov/jmd/2013justification/pdf/fy13-ojp-justification.pdf