

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Assistant Secretary for Community Planning and Development

24 CFR Part 585

[Docket No. FR-4038-I-01]

RIN 2506-AB79

Opportunities for Youth: Youthbuild Program

AGENCY: Office of the Assistant Secretary for Community Planning and Development, HUD.

ACTION: Interim rule.

SUMMARY: The Youthbuild program is one of many HUD programs that directly invests in distressed communities, and opportunities to further the goals of the program and stimulate community investment and support for the Youthbuild program must be encouraged. This interim rule amends the regulations for the Youthbuild Program to define administrative costs for which Youthbuild funds may be expended.

DATES: Effective Date: June 17, 1996.

Comments Due Date: July 1, 1996.

ADDRESSES: Interested persons are invited to submit comments regarding this interim rule to Rules Docket Clerk, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street SW., Washington, D.C. 20410-0500.

Communications should refer to the above docket number and title.

Facsimile (FAX) comments are not acceptable. A copy of each communications submitted will be available for public inspection and copying between 7:30 a.m. and 5:30 p.m. weekdays at the above address.

FOR FURTHER INFORMATION CONTACT: The Office of Economic Development, Department of Housing and Urban Development, Room 7136, 451 Seventh Street SW., Washington, DC 20410. Telephone (202) 708-2035; TTY (202) 708-1455. (These telephone numbers are not toll-free.)

SUPPLEMENTARY INFORMATION:

Background

Section 164 of the Housing and Community Development Act of 1992 (Pub.L. 102-550) amended title IV of the National Affordable Housing Act (42 U.S.C. 1437aaa) to add a new subtitle D which established the Youthbuild program. On February 21, 1995, the Department published a final rule at 60 FR 9734, which is codified at 24 CFR

Part 585. This interim rule is intended to further address the use of Youthbuild funds for administrative costs, including overhead and salaries and wages associated with an implementation grant.

The Department believes that the Youthbuild program is a valuable tool to promote job skills, neighborhood revitalization and economic self sufficiency and recognizes the need to staff these programs with competent personnel to provide education and training, and other support services to an ever growing population of disadvantaged youths. The Department and Youthbuild grantees now have valuable program experience in cost efficient ways of meeting the program's mission, delivering quality training and services, and serving more youth successfully. These times of shrinking Federal resources make it even more imperative that Youthbuild funds benefit the greatest number of youths. Examples of ways Youthbuild grantees have limited overhead expense include eliminating some administrative positions and assigning tasks to other personnel, physically locating the program in an existing facility, utilizing the expertise and experience of other programs and organizations, paying administrative costs with other funds, using existing equipment from other programs, and securing non-federal matching funds to cover administrative costs. These examples demonstrate that partnerships with other public and private organizations in the community can be one of the keys to an effective program.

The Youthbuild program is one of many HUD programs that directly invests in distressed communities, and opportunities to further the goals of the program and stimulate community investment and support for the Youthbuild program must be encouraged. Numerous Youthbuild grantees have been particularly innovative in establishing partnerships with local organizations such as educational institutions, training organizations, apprenticeship programs, social agencies, foundations and local governments, and adopting innovative and creative ways of delivering program services.

This interim rule will affect only future grant awards.

Justification for Interim Rulemaking

HUD generally publishes a rule for public comment before issuing a rule for effect, in accordance with HUD's own regulations on rulemaking in 24 CFR part 10. However, part 10 provides for exceptions to the general rule if the

agency finds good cause to omit advance notice and public participation. The good cause requirement is satisfied when prior public procedure is "impracticable, unnecessary, or contrary to the public interest" (24 CFR 10.1). HUD finds that good cause exists to publish this rule for effect without first soliciting public comment, in that prior public comment is contrary to the public interest. This rule ensures direct program benefits for the maximum number of disadvantaged youths. Further, by letter dated December 6, 1995, the Department asked all Youthbuild implementation grantees to describe innovative ways to limit overhead expenses as well as suggestions for measuring success. This rule takes into consideration those suggestions. Therefore, the Department believes that a 45-day public comment period is more than adequate in light of the compelling need to finalize the Department's policy for limiting overhead expenses.

Other Matters

(a) *Environmental Impact.* A Finding of No Significant Impact with respect to the environment for this interim rule has been made in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969. The Finding of No Significant Impact is available for public inspection between 7:30 a.m. and 5:30 p.m. weekdays in the Office of the Rules Docket Clerk, Office of the General Counsel, Department of Housing and Urban Development, Room 10276, 451 Seventh Street SW., Washington, D.C. 20410.

(b) *Regulatory Flexibility Act.* The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed this interim rule before publication and by approving it certifies that this interim rule would not have a significant economic impact on a substantial number of small entities because the Youthbuild program affects primarily economically disadvantaged young adults by providing assistance for a wide range of multi-disciplinary activities to assist those young adults. The opportunities are designed to help disadvantaged young adults who have dropped out of high school to obtain the education and employment skills necessary to achieve economic self-sufficiency and develop leadership skills and a commitment to community development in low-income communities. It is anticipated that this interim rule will increase the number of young adults receiving assistance under federally-funded Youthbuild programs.

(c) *Executive Order 12612, Federalism*. The General Counsel, as the Designated Official under section 6(a) of Executive Order 12612, *Federalism*, has determined that this interim rule does not have "federalism implications" because it does not have substantial direct effects on the States (including their political subdivisions), or on the distribution of power and responsibilities among the various levels of government.

(d) *Executive Order 12606, The Family*. The General Counsel, as the Designated Official under Executive Order 12606, *The Family*, has determined that some of the policies of this interim rule would have a potential significant impact on family formation, maintenance, and general well-being. The expected expansion of opportunities to economically disadvantaged young adults to enhance their education and employment skills will provide a positive impact on the family maintenance and general well-being. However since the impact on the family is beneficial and the interim rule involves very little HUD discretion, no further review is necessary.

(e) *Catalog of Federal Domestic Assistance*. The Catalog of Federal Domestic Assistance Program number assigned to this program is 14.243.

List of Subjects in 24 CFR Part 585

Grant programs—housing and community development, Homeless, Low- and very low-income families,

Reporting and recordkeeping requirements.

Accordingly, for the reasons set forth in the preamble, part 585 of title 24 of the Code of Federal Regulations is amended as follows:

PART 585—YOUTHBUILD PROGRAM

1. The authority citation for part 585 continues to read as follows:

Authority: 42 U.S.C. 3535(d) and 8011.

2. In § 585.305, paragraph (m) is amended to add new paragraphs (m)(1) and (m)(2), to read as follows:

§ 585.305 Eligible activities.

* * * * *

(m) * * *

(1) *Administrative costs*. The amount of Youthbuild funds used to pay the following costs, in whole or in part, must be charged as administrative costs:

(i) Salaries, wages and related costs of the grantee's staff or other staff who are primarily engaged in general program administration and oversight.

Youthbuild funded staff presumed to be primarily engaged in general program administration and oversight include the executive director, the program manager, the fiscal officer, the secretary and the administrative or program assistant. However, a grantee may provide evidence to rebut this presumption for an individual case.

(ii) Other costs for goods and services required for the program, such as rental or purchase of vehicles, office supplies

and equipment, utilities, insurance, legal, staff training, rental and maintenance of office space, mailing, advertising, technical assistance and fund raising.

(2) *Further restrictions on the use of Youthbuild funds*. (i) Further restrictions may be imposed if the Department determines, based on information readily available that:

(A) Costs are not sufficiently itemized;

(B) The amount of program funds for trainee wages and benefits, including need-based stipends, benefits, incentives, tools and work clothes and/or the number of Youthbuild participants served are low in comparison to other comparable programs;

(C) The participant training period is shorter than that in other comparable programs;

(D) Alternative use of funds for eligible activities would be in the overall interest of the Youthbuild program.

(ii) Restrictions include, but are not limited to, limitations on the use and availability of grant funds, reallocation of Youthbuild program budget, or cancellation of grant.

Dated: April 24, 1996.

Andrew M. Cuomo,

Assistant Secretary for Community Planning and Development.

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