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*Empowerment Zone
Waivers*

MEMORANDUM

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TO: Paul Weinstein

To: *Paul Weinstein*

From: *Mark Fabiani*

Dept Agency

Phone # *401-8932*

FROM: Mark Fabiani

Fax # *456-7028*

Fax # *401-8939*

NSN 7540-01-317-7300

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GENERAL SERVICES ADMINISTRATION

RE: WAIVER EXAMPLES

The initial review of Empowerment Zone (EZ) and Enterprise Community (EC) applications reveals widespread use of the Waiver Request Process. Communities have taken seriously the federal government's promise to administer programs more flexibly and innovatively. To date we have seen no waiver requests relating to civil rights or environmental provisions of federal laws; in fact, many applicants have explicitly said they would not seek waivers of civil rights or environmental laws and regulations.

The waiver requests reviewed so far can be grouped into the following general categories:

JOB TRAINING AND EDUCATION

- Waive the federal rule that counts all aid provided to student welfare recipients not spent on tuition as income. According to applicants, this rule often cuts off welfare and food stamps to single parents with small children, who are often forced to choose between an education and aid for their families.
- Waive restrictions on receiving unemployment benefits while seeking and partaking of training relating to job opportunities within the EZ. According to applicants, the current law often terminates unemployment benefits because schooling renders beneficiaries unavailable to seek and be ready to work each and every work.
- Ease rules requiring the providers of training-related programs to compile information from program participants regarding their income eligibility for the program. Applicants say that many participants in training programs, who are overwhelmingly from economically depressed families, fear that participation in training programs will jeopardize their unemployment compensation or other aid.
- Extend the period for dislocated persons receiving unemployment benefits to qualify for job training and placement resources where the necessary training or retraining extends beyond the allowable two-year period.

- Reinststate federal rules making part-time students eligible for Pell Grants.
- Ease requirements regarding mandatory minimum gains in reading and math scores under JTPA programs to allow more time than the usual three-to-nine months for individuals to post those gains.
- Seek federal waivers to allow joint eligibility requirements and enrollment procedures for complementary federal programs such as JOBS, JTPA and CDBG.
- Seek a federal waiver of allow the use of JTPA funds to upgrade the skills of entry-level individuals who are placed as the result of EZ-related programs; the training would be part of a career development plan for the entry-level workers.
- Seek a federal waiver to allow JTPA funds to be used for adult education programs offered through community centers and other JTPA-approved local sites.

HEALTH AND HUMAN SERVICES

- Waive the public service cap applicable to CDBG funds in the Empowerment Zone. Applicants say that this waiver will allow CDBG funds to be used to address the needs identified by the community in the Empowerment Initiative process.
- Secure waivers to allow Medicaid and other private providers to reimburse school-based and school-linked health centers for student services on a fee-for-service basis until sufficient data are available to determine a per capita rate.
- Waive federal rules that prohibit the line-item transfer of funds. For example, applicants would like to utilize child care programs funds for facility construction and improvement where necessary.

ECONOMIC EMPOWERMENT

- Adjust the income, equity, and asset thresholds that trigger a loss or reduction of assistance under federally-sponsored programs, including Section Eight, subsidized public housing, food stamps, Medicaid, CEDA Energy, SSA, SSI, child care and Head Start. Applicants have suggested various changes to these thresholds. For example:
 - Adjust thresholds to allow EZ residents to maintain Individual Development Accounts.
 - Allow public housing residents to stay at current rent levels

despite increases in income for eighteen months in order to build savings.

- Raise Medicaid eligibility for pregnant women and infants to 185 percent of the federal poverty level.
- Change federal definition of "small business" to include extremely small businesses, including micro-businesses and community ventures.
- Waive relevant provisions of the Social Security Act and related state law provisions restricting the ability of persons receiving AFDC to engage in micro-business development. Applicants say that current law limits the allowable assets, both personal and business-related, for remaining eligible for continued AFDC assistance, as well as on the deductibility of business-related expenses.
- Waive or reduce the local match under various federal transportation laws, including ISTEA.
- Seek a federal waiver to permit SBA technical assistance funds to be used to technical assistance providers other than SBDCs, SCORE and SBIC.
- Relax the underwriting standards and paperwork requirements within Ezs for SBA 504 and 7(a) local programs.
- Seek acceleration and reduction of paperwork associated with the use of CDBG funds.

HOUSING

- Waive the prohibitions against federal resources (including HOME, CDBG and Title XX) being drawn down in advance and placed in escrow upon closing to be disbursed based on qualified program activities.
- Permit the use of federal resources as a guarantee to secure private financing in the development of affordable housing or economic development projects.
- Waive Federal Housing Administration fees to be charged on insurance programs for properties located within Ezs.
- Waive Treasury Department recapture provisions under the single family mortgage revenue bond and mortgage credit certificate programs.

I have described these waivers very generally, and more categories will undoubtedly be created as the review process continues. Please let me know if you need more specific information.