

(1319/SM)

THE WHITE HOUSE
WASHINGTON

4/14
10:30

April 13, 1994

MEMORANDUM FOR BOB RUBIN

FROM: SHERYLL CASHIN

SUBJECT: REVISED DRAFT OF EZ/EC DESIGNATION MEMORANDUM

Attached is a revised version of the memorandum that reflects changes Paul Weinstein, Kumiki Gibson and I agreed to internally. The only substantive change is that the document now includes more specifics regarding evaluation and the post-designation process. The document has not been recirculated to HUD, USDA or HHS.

Jack Quinn may call you today to discuss next steps on this process. I would like to brief you and Gene on a number of issues that I learned about in discussing selections with the people who designed the TRP selection process. Perhaps we can do this at the Rendell "pre-meeting."

cc:
Gene Sperling

DRAFT 4/13/94

April 13, 1994

MEMORANDUM FOR COMMUNITY ENTERPRISE BOARD

FROM:

SUBJECT: DRAFT FOR EZ/EC DESIGNATION PROCESS

At the first meeting of the Community Enterprise Board (Board), the staff was asked to make recommendations as to how the Empowerment Zones (EZ) and Enterprise Communities (EC) designation process should be structured to ensure an efficient process that enables all agencies represented on the Board to have adequate input. This memorandum sets forth a suggested framework for such a process.

1. ISSUES REGARDING DESIGNATION PROCESS

The following issues were raised by Board members and staff regarding the designation process:

- **Inclusion of all agencies.** The September 30, 1993 Presidential Memorandum that created the Board requires HUD and USDA to consult with the Board regarding the EZ/EC designations. All the Board members agree that we need to create a process that ensures that each agency represented on the Board has an adequate opportunity to evaluate and consider (1) the submitted strategic plans; (2) program usages and strategies contained in EZ/EC applications that are within the agency's jurisdiction; and (3) waiver requests within the agency's jurisdiction.
- **Input from and negotiation with applicants.** Some Board members, including Secretary Cisneros, have recommended that we give each EZ/EC applicant an opportunity for a face-to-face encounter with the Board or the Designating Secretaries so that applicants feel they have had a full and fair opportunity to present their plan. Some Board members have suggested that we have public site visits during the application or designation process. Others have expressed concerns that such public encounters may create political difficulties. All agree that we will need to consult with "finalists" on necessary adjustments to their strategic plans.
- **Maintaining Objectivity and Discretion.** All of the Board members agree that we need a process that ensures that all "finalists" meet the objective criteria set forth in the application while allowing some degree of discretion for other considerations, such as geographic diversity.
- **Timing.** In order to be able to demonstrate some early success, we need an efficient process that allows us to begin to designate a substantial number of EZs/ECs by

September, 1994 (although we may decide to defer all or many of the designations until a later date).

- **Input from Outside Experts.** Some Board members have suggested that we consider using a panel of outside experts to help screen applications and inject more objectivity into the process.
- **Interagency Review and Staffing.** To ensure consistency and high-quality review, some have suggested an interagency orientation team to provide initial guidance to agency reviewers about the goals of the initiative. Each agency will also be required to devote or detail adequate staff to the review process. (In the EZ/EC Application, we commit to considering the waiver requests of all applicants, whether or not the applicant is designated.) We also need to have as much certainty as possible about agency decisions regarding individual program and waiver requests prior to making a final EZ/EC designation.
- **Technical Assistance.** Some Board members have also suggested that we try to arrange for foundations and other non-governmental organizations to provide technical assistance to EZ/EC applicants. Questions have also been raised regarding the extent of technical assistance that ought to be provided by HUD, USDA and other agencies during the application process.
- **Post-Designation Implementation.** Some members, including the Vice President and Carol Rasco, have suggested that we should have interagency implementation teams and/or a coordinating mechanism at the regional level, like the State Rural Development Councils, that would help the designated communities follow-through with implementation and provide the local coordination necessary to help communities realize their strategic vision. One foundation has suggested that designated communities be required to go through an additional 3-4 month planning period to ensure appropriate implementation.
- **Evaluation.** Finally, some members, CEA Chair Laura Tyson in particular, have suggested that a third-party evaluator be selected to conduct a thorough evaluation of the EZ/EC initiative.

II. RECOMMENDATIONS

A. Prescreening for "Most Viable" Applications. Based on the level of interest to date, we expect to receive at least 400 and perhaps as many as 800 applications for the 104 EZ/EC slots. Because of this volume, we believe the only realistic way to ensure that some sites are designated by September, 1994 is to have HUD and USDA pre-screen the applications and present a manageable number of "most viable" applications to the staff and then to the Board for review.

We recommend the following general approach. HUD and USDA would develop their own procedure to screen for a target class -- say 200 -- of the "most viable" applications. While HUD and USDA may not use identical screening criteria, they will coordinate with each other to ensure consistency in criteria and process. HHS would screen all applications for compliance with Title XX requirements.

All other agencies willing to invest the time would certainly be allowed to review all of the submitted applications and make recommendations to HUD and USDA about which applications should be placed in the "most viable" class. (HUD and USDA would make the documents available for review at their respective buildings.)

B. Screening for Finalists. HUD and USDA will also develop a process for winnowing the "most viable" class to a first round of approximately 20 to 30 urban and rural "finalists," all of which will have been adjudged, based upon their strategic plans, to be qualified to receive either an EZ or EC designation.

The winnowing process will require each agency to review all applications in the "most viable" class. Each agency must designate a team of reviewers for this purpose, and HUD and USDA will coordinate the orientation of all agency reviewers.

To enable in-depth review by the agencies, HUD and USDA will develop a form or process by which agency reviewers will record their evaluations of each application. The form or process will allow for each agency to identify the strengths and weaknesses of each application; provide a technical rating; and submit a narrative description of any concerns any agency may have with the plan, waiver requests or other program proposals.

This process would specifically require each agency to give, to the extent permissible, a preliminary indication as to whether the agency would grant, deny or amend the applicant's proposed uses of agency-administered funds (i.e., proposed uses of programs listed in the menu of federal programs). At an appropriate point to be determined by HUD and USDA, a decision on waiver requests would also be required. (See part E on waiver approvals, below.)

C. Presenting Finalists to the Board. Based upon the agencies' input and their own judgment, HUD and USDA would select approximately 20-30 first round "finalists."

HUD and USDA would then present these recommendations to agency staff, along with any significant changes that might be needed in an applicant's strategic plan. The agency staff would then offer responses. HUD and USDA would then make a formal recommendation to the Board on the nine proposed EZs and the "top" ECs remaining from the first round of finalists. Because agency staff should be in communication with their respective principals, at this juncture we expect there will be consensus on the recommendations. The Board would, however, have an opportunity to comment on the

recommendations and HUD and USDA would take these comments into consideration in making final decisions.

The winnowing process would be repeated for the remaining applications in the "most viable" class, resulting in the finalists for the remaining EC designations. Our goal would be to have the selection process completed by the end of the fall, although this goal would not necessarily be stated publicly.

D. Consultations with Applicants and Outside Review. If necessary, HUD and USDA and other funding agencies may conduct discussions with "finalists" to clarify any open issues and discuss any needed adjustments and performance agreements, particularly regarding total population requirements, proposed program uses or waivers. HUD and USDA will coordinate all discussions and, prior to such meetings, will consult with other agencies to confirm what program funds each agency is able to grant (or is inclined to grant) in support of the finalist's strategic plan. These consultations should also address specifics of any adjustments agencies would need in order to meet an applicant's program request, to the extent that these agencies can provide such information.

Given the number of expected applicants, we do not believe there will be sufficient time to conduct public hearings or site visits prior to designation. We also doubt that there will be sufficient time to allow outside experts to review the applications. In any event, such outside reviews raise legal and other concerns. The consultations discussed above, however, should provide agency officials with the opportunity to clarify any concerns they have about an application and to obtain an accurate assessment of a strategic plan.

E. Waiver Approvals. Except in extraordinary circumstances, all waiver requests made by applicants regarding program regulations should be decided upon prior to any EZ or EC designation. As HUD and USDA screen for finalists, they will submit program waiver requests to the relevant individual agencies. Agencies will be expected to respond within ten days of receiving such requests with a decision or a statement of extraordinary circumstances as to why a decision cannot be made at that time. (This provision does not apply to applications to conduct demonstrations with eligibility and benefit provisions of the Social Security Act.)

We believe that the process for approving waiver requests of applicants that are not selected for EZ/EC designations should be deferred until after the EZ/EC designations are completed. Applicants should be told that we will begin the process of "working with" communities on their waiver strategies after the EZ/EC designations are announced. The inter-agency EZ/EC Working Group will develop a process for responding to this remaining "third round" of applications and present it to the Board for review later this spring.

F. Designation Announcements. Decisions regarding the timing of announcing the EZ/EC designations should be made independent of this proposed selection process. In other

words, although the process would be designed to select the top-rated applications first, this does not necessarily mean that these designations should be announced in this order.

We would expect, however, that at the time an individual designation is announced, the announcement would include substantial specifics about what agency program commitments are being made to the designated community -- e.g., SBA One Stop Capital Shop, Fannie Mae partnership investments, Commerce National Information Infrastructure Grant, DOL One Stop Career Center, etc. This will be especially important for the ECs, in order to debunk contentions that the ECs are not valuable.

G. Technical Assistance. The agency staffs are in agreement that all agencies should do everything possible to respond to requests for information and assistance from applicants. HUD, USDA, and Justice are now part of the Community Empowerment Internet, which will allow applicants to submit queries by computer and to access basic "Q&A" and other information about the EZ/EC process. HUD and USDA are developing a master list of agency contacts to distribute to applicants and a list of outside entities, particularly foundations, that have committed to provide resources and technical assistance to EZ/EC applicants. In addition, HUD and USDA have agreed to make the list of applicants (who have filed a notice of intent) available to foundations, other organizations and all the Board Members in order to facilitate technical assistance to applicants. Fannie Mae, for example, is conducting eight intensive technical assistance workshops around the country to provide EZ/EC applicants explicit instruction on how to enter into partnerships modeled on their HouseOakland Initiative.

H. Post-Designation Implementation. HUD has committed to devote one full-time field staff person for each urban EZ and one full-time staff person for every three urban ECs. USDA will also be devoting field staff to the initiative. These field staff will work on a day-to-day basis with their designated communities to ensure speedy implementation of the strategic plan and quick federal response to any problems or issues that arise.

Upon designating an EZ or EC, we would like each agency on the Board to identify a key contact person in the relevant field office who will be committed to working as part of a local, interagency implementation team that will meet regularly with the designated community to assist in implementation and problem solving. To ensure that the Board provides a rapid, coordinated federal response to local problems for designated EZs and ECs, we would like each EZ and EC to have an "ombudsman" at the federal level and would like each agency to take on the ombudsman role for one EZ and a number of ECs. Acting as the ombudsman for its assigned EZ and ECs, each agency would be knowledgeable about their designated communities' strategic plan and would help to solve any federal-level problems their designated communities face. The Community Enterprise Board would meet regularly at the ombudsman level to facilitate cross-agency coordination and cooperation for all communities.

We would like each cabinet secretary to be personally involved in seeing to it that his or her agency is fulfilling its ombudsman role. Each cabinet secretary would be responsible for ensuring regular site visits from Washington officials and regular contact with the local interagency implementation teams for the communities for which their agencies are serving as ombudsman. These are initial ideas on post-designation. We welcome additional suggestions.

I. Evaluation. The Departments of HUD and USDA will contract with a third-party evaluator to assess key aspects of the empowerment zone program. In particular, the contractor will review key elements of empowerment zone and enterprise community strategic plans to identify elements that have worked and could be replicable in other communities across the nation. The evaluator will also examine the implementation of strategic plans to identify methods that have been particularly successful and could serve as models for future efforts. At this juncture, no decisions have been made as to the precise design of the evaluation or who the evaluator will be. We welcome your input and suggestions. HUD and USDA will present more detailed plans regarding evaluation at a later date, at which time all Board members will have an opportunity to comment.

III. CONCLUSION

Because the Board is comprised of 15 agencies and departments, any form of collaboration is going to be labor- and time-intensive. We believe that the above-described framework strikes a good balance that will allow agencies to have full input into the process without overly taxing their resources. If this general framework is acceptable to the Board, HUD and USDA will proceed with developing the details of the process.

(TU Bob) -

ISM

Memo has been revised to reflect compromises with HUD. We would like to circulate to Senior WH Staff on Monday.

May 13, 1994

SDC

MEMORANDUM FOR SENIOR WHITE HOUSE STAFF

FROM: CAROL RASCO
ROBERT RUBIN
JACK QUINN

SUBJECT: EMPOWERMENT ZONES/ENTERPRISE
COMMUNITIES DESIGNATION PROCESS
MEMORANDUM

Attached for your information are (1) a brief memorandum for the President on the selection process for choosing Empowerment Zones/Enterprise Communities and (2) a memorandum to the Community Enterprise Board outlining the process in greater detail. If you have any questions or concerns please consult us as soon as possible.

LINDA:
Tell Sherrill
OK
Done from

May 13, 1994

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE VICE PRESIDENT

FROM: CAROL RASCO
ROBERT RUBIN
JACK QUINN

SUBJECT: EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES
DESIGNATION PROCESS

I. ACTION-FORCING EVENT

The Empowerment Zones/Enterprise Communities application process began on January 17, 1994. The deadline for submission of applications is June 30, 1994, at which time the selection process for the 9 Empowerment Zones (EZ) and 95 Enterprise Communities (EC) will begin. While the formal selections are to be made by the Secretaries of HUD (for urban areas) and Agriculture (for rural areas), in September, 1993 you created the Community Enterprise Board ("Board") and required the Secretaries to consult with the Board prior to making the selections. We have developed a process for implementing this consultation process and are submitting it to you now for your review.

II. BACKGROUND

The Board is comprised of the heads of 15 federal agencies, chaired by the Vice President and vice-chaired by Carol Rasco and Bob Rubin. At the first meeting of the Board, on February 2, 1994, the Vice President charged the staff with developing an interagency consultation process. A draft memorandum outlining the process and related issues is attached. It was developed in consultation with HUD, USDA and HHS (because of HHS' role in administering the social services funds available under this program). It has not yet been shared with the entire Board.

Thus far, over 650 communities across the country have informed HUD and USDA that they intend to apply for an EZ/EC designation. We expect a total of as many as 800 applications.

Many communities have begun to request meetings to discuss their applications. Although we have asked White House Counsel to provide us with guidance on appropriate procedures for such contacts at the staff level, we strongly recommend that neither you nor the Vice President agree to any such visits for the practical reason that, if you agree to one, you will be compelled to do many, many more.

III. OVERVIEW OF PROPOSAL

HUD and USDA would prescreen all applications to winnow the initial 800 or so applications down to a manageable number, say 200, of the "most viable" applications. The pre-screening would be based on the eligibility and selection criteria articulated in the EZ/EC application materials. HHS would review all applications for compliance with requirements regarding the Title XX, Social Services Block Grants.

All the agencies on the Board would then be required to review the "most viable" class of applications, using an evaluation form developed by HUD and USDA. Staff for the Chair and Vice Chairs of the Community Enterprise Board would also review the "most viable" applications. Agency reviewers would be directed in particular to deciding whether they would grant program funding and waiver requests that fall within their jurisdiction.

After considering the agencies' evaluations, HUD and USDA would then select approximately 30 to 40 urban and rural first round finalists. The agency evaluations, which would be primarily focused on their individual programs, would be given a collective weight of 50% toward the selection of finalists. Evaluations by the Designating Secretaries, the Chair and Vice Chairs of the Community Enterprise Board would also be given a collective weight of 50%.

Once the 30 to 40 first round finalists are selected, the entire Board would then meet to make recommendations as to which of the first round of finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA would make the final decision on the EZ designations (as is required by statute). The remaining first round finalists would receive EC designations and a second round of finalists would be considered, using the same procedures, for the remaining EC slots.

We hope to complete this process by mid-September. The actual announcements of the EZ/EC designations could be scheduled shortly thereafter. We believe it would be wise to announce some (2-3) EZ designations before the November elections and delay some (3-4) designations until after the elections. To mitigate the tensions surrounding the designations, we intend to work hard to ensure that, in addition to the EZ designations, the EC designations include valuable program investments. We would like to announce a number of enhanced ECs with large amounts of additional investments.

IV. DISCUSSION

The proposal has the following advantages:

- Input from the Board: It would ensure that each agency on the Board has an adequate opportunity to evaluate and consider (1) the submitted strategic plans; (2) program usages and strategies contained in EZ/EC applications that are within the agency's jurisdiction; and (3) waiver requests within the agency's jurisdiction. This will help ensure that each community designated as an EZ/EC will receive a viable package of federal resources and waiver approvals. In addition, there will be review and input by the OVP, DPC, NEC, CEA and OMB, all of which are represented on the Board.
- Standards to ensure the longterm success of the program: In order to win, an application would be required to meet baseline eligibility criteria and selection standards that emphasize indicia of potential success. The Empowerment Zone initiative is going to draw close scrutiny from Congress and the press. If the initiative is not perceived as a success in the long term, it will hamper our ability to marshal additional resources for distressed urban and rural communities. It will be important, therefore, to select applicants on the basis of a process that requires true community participation; the commitment of resources from state, local and private sources; the know-how to be successful; and an implementation team that is committed to following through with the strategic vision.
- Balanced Discretion: Although the agency reviewers would be asked to consider objective standards, the proposal allows HUD, USDA and the overall Board to consider additional factors, like geographic diversity, vision, and innovativeness.
- Fairness: The proposal should ensure a fair process that will limit charges of political favoritism. As with other competitive grant programs, any records that are produced by this process will be subject to inspection by the General Accounting Office, relevant Congressional committees, and, possibly, the general public. In addition, applicants that do not win will demand reasons. The proposed process will result in documentation that demonstrates that all winners met the selection criteria.

By giving appropriate weight to both objective and subjective factors, we believe this process will help ensure the longterm success of the initiative. It is designed to award empowerment zones to communities that have strong, innovative strategic plans. With only nine empowerment zones to designate, there will be considerable pressure, particularly as our legislative priorities come to a vote and the fall elections approach, to weigh strongly other factors.

IV. CONCLUSION

We wanted you to be aware of this proposed process and receive any comments you may have before moving forward.

Comments:

DRAFT 5/13/94

May 13, 1994

MEMORANDUM FOR COMMUNITY ENTERPRISE BOARD

FROM: THE VICE PRESIDENT
CAROL RASCO
ROBERT RUBIN

SUBJECT: DRAFT FOR EZ/EC DESIGNATION PROCESS

At the first meeting of the Community Enterprise Board (Board), the staff was asked to make recommendations as to how the Empowerment Zones (EZ) and Enterprise Communities (EC) designation process should be structured to ensure an efficient process that enables all agencies represented on the Board to have adequate input. This memorandum sets forth a proposed framework for such a process.

I. OVERVIEW OF PROCESS

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After considering the agencies' evaluations, HUD and USDA would then select approximately 30 to 40 urban and rural first round finalists. The agency evaluations, which would be primarily focused on their individual programs, would be given a collective weight of 50% toward the selection of finalists. Evaluations by the Designating Secretaries, the Chair and Vice Chairs of the Community Enterprise Board would also be given a collective weight of 50%.

Once the 30 to 40 first round finalists are selected, the entire Board would then meet to make recommendations as to which of the first round of finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA would make the final decision on the EZ designations (as is required by statute). The remaining first round finalists would receive EC designations and a second round of finalists would be considered, using the

same procedures, for the remaining EC slots.

We hope to complete this process by mid-September. The actual announcements of the EZ/EC designations could be scheduled shortly thereafter. We believe it would be wise to announce some (2-3) EZ designations before the November elections and delay some (3-4) designations until after the elections. To mitigate the tensions surrounding the designations, we intend to work hard to ensure that, in addition to the EZ designations, the EC designations include valuable program investments. We would like to announce a number of enhanced ECs with large amounts of additional investments.

II. ISSUES REGARDING DESIGNATION PROCESS

The following issues have been raised by Board members and staff regarding the designation process:

- **Inclusion of all agencies.** The September 30, 1993 Presidential Memorandum that created the Board requires HUD and USDA to consult with the Board regarding the EZ/EC designations. Members agree that we need to create a process that ensures that each agency represented on the Board has an adequate opportunity to evaluate and consider (1) the submitted strategic plans; (2) program usages and strategies contained in EZ/EC applications that are within the agency's jurisdiction; and (3) waiver requests within the agency's jurisdiction.
- **Input from and negotiation with applicants.** Some Board members have recommended that we give each EZ/EC applicant an opportunity for a face-to-face encounter with the Board or the Designating Secretaries so that applicants feel they have had a full and fair opportunity to present their plan. Some Board members have suggested that we have public site visits during the application or designation process. Others have expressed concerns that such public encounters may create political difficulties. All agree that we will need to consult with finalists on necessary adjustments to their strategic plans.
- **Maintaining Objectivity and Discretion.** All of the Board members agree that we need a process that ensures that all finalists meet the objective criteria set forth in the application while allowing some degree of discretion for other considerations, such as geographic diversity.
- **Timing.** In order to be able to demonstrate some early success, we need an efficient process that allows us to begin to designate a substantial number of EZs/ECs by September, 1994 (although we may decide to defer all or many of the announcements until a later date).

- **Input from Outside Experts.** Some Board members have suggested that we consider using a panel of outside experts to help screen applications.
- **Agency Review, Staffing and Decisions on Programs and Waivers.** To ensure consistency and high-quality review, some have suggested an interagency orientation team to provide initial guidance to agency reviewers about the goals of the initiative. Each agency will also be required to devote or detail adequate staff to the review process. (In the EZ/EC Application, we commit to considering the waiver requests of all applicants, whether or not the applicant is designated.) We also need to have as much certainty as possible about agency decisions regarding individual program and waiver requests prior to making a final EZ/EC designation.
- **Technical Assistance.** Some Board members have also suggested that we try to arrange for foundations and other non-governmental organizations to provide technical assistance to EZ/EC applicants. Questions have also been raised regarding the extent of technical assistance that ought to be provided by HUD, USDA and other agencies during the application process.
- **Post-Designation Implementation.** Some members have suggested that we should have interagency implementation teams and/or a coordinating mechanism at the regional level, like the State Rural Development Councils, that would help the designated communities follow-through with implementation and provide the local coordination necessary to help communities realize their strategic vision. One foundation has suggested that designated communities be required to go through an additional 3-4 month planning period to ensure appropriate implementation.
- **Announcement of a "Third Tier" of Designations.** Some Board members and staff have stressed the need to mitigate tensions by announcing an intention to have a "third tier" of designations. With waivers and priority consideration for discretionary funding, for example, we could provide for such a third tier, without seeking further resources from Congress.
- **Evaluation.** Finally, some members have suggested that a third-party evaluator be selected to conduct a thorough evaluation of the EZ/EC initiative.

III. RECOMMENDATIONS

A. **Prescreening for "Most Viable" Applications.** Based on the level of interest to date, we expect to receive at least 600 and perhaps as many as 800 applications for the 104 EZ/EC slots. Because of this volume, we believe the only realistic approach to interagency consultation is to have HUD and USDA pre-screen the applications and present a manageable number of "most viable" applications to the agency staff and then to the Board for review.

We recommend the following general approach. HUD and USDA would develop their own procedure to screen for a target class -- say 200 -- of the "most viable" applications. While HUD and USDA may not use identical screening criteria, they will coordinate with each other to ensure consistency in criteria and process. HHS would review all applications for compliance with Title XX requirements.

All other agencies willing to invest the time would be allowed to review all of the submitted applications and make recommendations to HUD and USDA about which applications should be placed in the "most viable" class. (HUD and USDA would make the documents available for review at their respective buildings.)

B. Screening for Finalists. HUD and USDA will also develop a process for selecting a first round of approximately 30 to 40 urban and rural finalists from the "most viable" class. These first round finalists will have been adjudged, based upon their strategic plans, to be qualified to receive either an EZ or EC designation.

Each agency will be required to review all applications in the "most viable" class. Each agency must designate a team of reviewers for this purpose, and HUD and USDA will coordinate the orientation of all agency reviewers. Staff for the Chair and Vice Chairs of the Community Enterprise Board would also review the "most viable" applications.

To enable review by the agencies, HUD and USDA will develop a form or process by which agency reviewers will record their evaluations of each application. The form or process will allow for each agency to identify relevant strengths and weaknesses of each application and submit a narrative description of any concerns any agency may have with the plan, waiver requests or other program proposals.

This process would specifically require each agency to give, to the extent permissible, a preliminary indication as to whether the agency would grant, deny or amend the applicant's proposed uses of agency-administered funds (i.e., proposed uses of programs listed in the menu of federal programs). At an appropriate point to be determined by HUD and USDA, a decision on waiver requests would also be required. (See part E on waiver approvals, below.)

The agency evaluations, which would be primarily focused on their individual programs, would be given a collective weight of 50% toward the selection of finalists. Evaluations by the Designating Secretaries, the Chair and Vice Chairs of the Community Enterprise Board would also be given a collective weight of 50%.

C. Presenting Finalists to the Board. Based upon this input, HUD and USDA would select approximately 30-40 first round finalists, from which the nine EZs would be selected.

HUD and USDA would then present these first round finalists to the Board. The

Board would then meet to make recommendations as to which of the first round finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA would make the final decision on the EZ designations (as is required by statute). The remaining first round finalists would receive EC designations.

These procedures would then be repeated to select a second round of finalists from among the "most viable" class, for the remaining EC slots. The second round of finalists would also be presented to the Board for consultation. Our goal would be to have the selection process completed by mid-September, although this goal would not necessarily be stated publicly.

D. Consultations with Applicants and Outside Review. If necessary, HUD and USDA and other funding agencies may have discussions with finalists to clarify any open issues and discuss any needed adjustments and performance agreements, particularly regarding total population requirements, proposed program uses or waivers. HUD and USDA will coordinate all discussions and, prior to such meetings, will consult with other agencies to confirm what program funds each agency is able to grant (or is inclined to grant) in support of the finalist's strategic plan. These consultations should also address specifics of any adjustments agencies would need in order to meet an applicant's program request, to the extent that these agencies can provide such information.

Given the number of expected applicants, we do not believe there will be sufficient time to conduct publicized hearings or site visits prior to designation, as such public forums would almost certainly create an obligation to visit with all applicants. The anticipated consultations with finalists, as described above, however, may involve confidential site visits by agency officials. These consultations should provide agency officials with the opportunity to clarify any concerns they have about an application and to obtain an accurate assessment of a strategic plan.

We also doubt that there will be sufficient time to allow outside experts to review the applications. Further, such outside reviews raise legal and other concerns.

E. Waiver Approvals and a "Third Tier." Except in extraordinary circumstances, all waiver requests made by applicants regarding program regulations should be decided upon prior to any EZ or EC designation. As HUD and USDA screen for finalists, they will submit program waiver requests to the relevant individual agencies. Agencies will be expected to respond within ten days of receiving such requests with their decision or a statement of extraordinary circumstances as to why a decision cannot be made at that time. (This provision does not apply to applications to conduct demonstrations with eligibility and benefit provisions of the Social Security Act.)

We believe that the process for approving waiver requests of applicants that are not selected for EZ/EC designations should be deferred until after the EZ/EC designations are

completed. Applicants should be told that we will begin the process of working with communities on their waiver strategies after the EZ/EC designations are announced.

The inter-agency EZ/EC Working Group will develop a proposed process for responding to this remaining "third tier" of applications and present it to the Board for review later this spring. Because numerous applicants have complained that they will not have had sufficient time to develop comprehensive applications by the June 30 deadline, we believe it may be wise to clarify our intentions regarding granting waivers or other resources for a third tier of designations, in advance of the June 30 deadline. This may also help to defuse competitive pressures.

F. Designation Announcements. Decisions regarding the timing of announcing the EZ/EC designations should be made independent of this proposed selection process. We believe it would be wise to announce some (2-3) EZ designations before the November elections and delay some (3-4) designations until after the elections.

We would expect that at the time an individual designation is announced, the announcement would include substantial specifics about what agency program commitments are being made to the designated community -- e.g., SBA One Stop Capital Shop, Fannie Mae partnership investments, Commerce National Information Infrastructure Grant, and DOL One Stop Career Center. This will be especially important for the ECs, in order to debunk contentions that the ECs are not valuable.

G. Technical Assistance. The agency staffs are in agreement that all agencies should do everything possible to respond to requests for information and assistance from applicants. HUD, USDA, and Justice are now part of the Community Empowerment Internet, which will allow applicants to submit inquiries by computer and to access basic "Q&A" and other information about the EZ/EC process. HUD and USDA are developing a master list of agency contacts to distribute to applicants and a list of outside entities, particularly foundations, that have committed to provide resources and technical assistance to EZ/EC applicants. In addition, HUD and USDA have made the list of applicants (who have filed a notice of intent) available to foundations, other organizations and all the Board Members in order to facilitate technical assistance to applicants. Fannie Mae, for example, is conducting eight intensive technical assistance workshops around the country to provide EZ/EC applicants explicit instruction on how to enter into partnerships modeled on their HouseOakland initiative.

H. Post-Designation Implementation. HUD has committed to devote one full-time field staff person for each urban EZ and one full-time staff person for every three urban ECs. USDA will also be devoting field staff to the initiative. These field staff will work on a day-to-day basis with their designated communities to ensure speedy implementation of the strategic plan and quick federal response to any problems or issues that arise.

Upon designating an EZ or EC, we would like each agency on the Board to identify a key contact person in the relevant field office who will be committed to working as part of a local, interagency implementation team that will meet regularly with the designated community to assist in implementation and problem solving.

To ensure that the Board provides a rapid, coordinated federal response to local problems for designated EZs and ECs, we would also like each agency to devote one full time equivalent (FTE) to this effort at the federal level.

Each of these FTEs would act as ombudsman for all of the designated EZ and ECs, and would be generally knowledgeable about all of the communities' strategic plan and would help to solve any federal-level problems their designated communities face. The Community Enterprise Board would meet regularly at the ombudsman level to facilitate cross-agency coordination and cooperation for all communities.

We would like each cabinet secretary to be personally involved in seeing to it that his or her agency is fulfilling its ombudsman role. Each cabinet secretary would be responsible for ensuring regular site visits from Washington officials and regular contact with the local interagency implementation teams. These are initial ideas on post-designation. We welcome additional suggestions.

I. Evaluation. The Departments of HUD and USDA will contract with a third-party evaluator to assess key aspects of the empowerment zone program. In particular, the contractor will review key elements of empowerment zone and enterprise community strategic plans to identify elements that have worked and could be replicable in other communities across the nation. The evaluator will also examine the implementation of strategic plans to identify methods that have been particularly successful and could serve as models for future efforts. At this juncture, no decisions have been made as to the precise design of the evaluation or who the evaluator will be. We welcome your input and suggestions. HUD and USDA will present more detailed plans regarding evaluation at a later date, at which time all Board members will have an opportunity to comment.

III. CONCLUSION

Because the Board is comprised of 15 agencies and departments, any form of collaboration is going to be labor- and time-intensive. We believe that the above-described framework strikes a good balance that will allow agencies to have full input into the process without overly taxing their resources. If this general framework is acceptable to the Board, HUD and USDA will proceed with developing the details of the process.

May 13, 1994

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE VICE PRESIDENT

FROM: CAROL RASCO
ROBERT RUBIN
JACK QUINN

SUBJECT: EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES
DESIGNATION PROCESS

I. ACTION-FORCING EVENT

The Empowerment Zones/Enterprise Communities application process began on January 17, 1994. The deadline for submission of applications is June 30, 1994, at which time the selection process for the 9 Empowerment Zones (EZ) and 95 Enterprise Communities (EC) will begin. While the formal selections are to be made by the Secretaries of HUD (for urban areas) and Agriculture (for rural areas), in September, 1993 you created the Community Enterprise Board ("Board") and required the Secretaries to consult with the Board prior to making the selections. We have developed a process for implementing this consultation process and are submitting it to you now for your review.

II. BACKGROUND

The Board is comprised of the heads of 15 federal agencies, chaired by the Vice President and vice-chaired by Carol Rasco and Bob Rubin. At the first meeting of the Board, on February 2, 1994, the Vice President charged the staff with developing an interagency consultation process. A draft memorandum outlining the process and related issues is attached. It was developed in consultation with HUD, USDA and HHS (because of HHS' role in administering the social services funds available under this program). It has not yet been shared with the entire Board.

Thus far, over 650 communities across the country have informed HUD and USDA that they intend to apply for an EZ/EC designation. We expect a total of as many as 800 applications.

Many communities have begun to request meetings to discuss their applications. Although we have asked White House Counsel to provide us with guidance on appropriate procedures for such contacts at the staff level, we strongly recommend that neither you nor the Vice President agree to any such visits for the practical reason that, if you agree to one, you will be compelled to do many, many more.

III. OVERVIEW OF PROPOSAL

HUD and USDA would prescreen all applications to winnow the initial 800 or so applications down to a manageable number, say 200, of the "most viable" applications. The pre-screening would be based on the eligibility and selection criteria articulated in the EZ/EC application materials. HHS would review all applications for compliance with requirements regarding the Title XX, Social Services Block Grants.

All the agencies on the Board would then be required to review the "most viable" class of applications, using an evaluation form developed by HUD and USDA. Staff for the Chair and Vice Chairs of the Community Enterprise Board would also review the "most viable" applications. Agency reviewers would be directed in particular to deciding whether they would grant program funding and waiver requests that fall within their jurisdiction.

After considering the agencies' evaluations, HUD and USDA would then select approximately 30 to 40 urban and rural first round finalists. The agency evaluations, which would be primarily focused on their individual programs, would be given a collective weight of 50% toward the selection of finalists. Evaluations by the Designating Secretaries, the Chair and Vice Chairs of the Community Enterprise Board would also be given a collective weight of 50%.

Once the 30 to 40 first round finalists are selected, the entire Board would then meet to make recommendations as to which of the first round of finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA would make the final decision on the EZ designations (as is required by statute). The remaining first round finalists would receive EC designations and a second round of finalists would be considered, using the same procedures, for the remaining EC slots.

We hope to complete this process by mid-September. The actual announcements of the EZ/EC designations could be scheduled shortly thereafter. We believe it would be wise to announce some (2-3) EZ designations before the November elections and delay some (3-4) designations until after the elections. To mitigate the tensions surrounding the designations, we intend to work hard to ensure that, in addition to the EZ designations, the EC designations include valuable program investments. We would like to announce a number of enhanced ECs with large amounts of additional investments.

IV. DISCUSSION

The proposal has the following advantages:

- Input from the Board: It would ensure that each agency on the Board has an adequate opportunity to evaluate and consider (1) the submitted strategic plans; (2) program usages and strategies contained in EZ/EC applications that are within the agency's jurisdiction; and (3) waiver requests within the agency's jurisdiction. This will help ensure that each community designated as an EZ/EC will receive a viable package of federal resources and waiver approvals. In addition, there will be review and input by the OVP, DPC, NEC, CEA and OMB, all of which are represented on the Board.
- Standards to ensure the longterm success of the program: In order to win, an application would be required to meet baseline eligibility criteria and selection standards that emphasize indicia of potential success. The Empowerment Zone initiative is going to draw close scrutiny from Congress and the press. If the initiative is not perceived as a success in the long term, it will hamper our ability to marshal additional resources for distressed urban and rural communities. It will be important, therefore, to select applicants on the basis of a process that requires true community participation; the commitment of resources from state, local and private sources; the know-how to be successful; and an implementation team that is committed to following through with the strategic vision.
- Balanced Discretion: Although the agency reviewers would be asked to consider objective standards, the proposal allows HUD, USDA and the overall Board to consider additional factors, like geographic diversity, vision, and innovativeness.
- Fairness: The proposal should ensure a fair process that will limit charges of political favoritism. As with other competitive grant programs, any records that are produced by this process will be subject to inspection by the General Accounting Office, relevant Congressional committees, and, possibly, the general public. In addition, applicants that do not win will demand reasons. The proposed process will result in documentation that demonstrates that all winners met the selection criteria.

By giving appropriate weight to both objective and subjective factors, we believe this process will help ensure the longterm success of the initiative. It is designed to award empowerment zones to communities that have strong, innovative strategic plans. With only nine empowerment zones to designate, there will be considerable pressure, particularly as our legislative priorities come to a vote and the fall elections approach, to weigh strongly other factors.

IV. CONCLUSION

We wanted you to be aware of this proposed process and receive any comments you may have before moving forward.

Comments:

BR/Bo/GS/SM

THE WHITE HOUSE
WASHINGTON

f.ez

May 17, 1994

MEMORANDUM FOR MACK MCLARTY
PHIL LADER
HAROLD ICKES
JOAN BAGGETT
LLOYD CUTLER
MARK GEARAN
DAVID GERGEN
PAT GRIFFIN
MARCIA HALE
ALEXIS HERMAN
BRUCE LINDSEY
GEORGE STEPHANOPOLOUS
CHRISTINE VARNEY
MAGGIE WILLIAMS

FROM: CAROL RASCO
ROBERT RUBIN
JACK QUINN

SUBJECT: EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES DESIGNATION
PROCESS

Attached for your information are: (1) a brief memorandum to the President on the selection process for choosing empowerment zones and enterprise communities and (2) a memorandum to the Community Enterprise Board outlining the process in greater detail.

DRAFT 5/13/94

May 13, 1994

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE VICE PRESIDENT

FROM: CAROL RASCO
ROBERT RUBIN
JACK QUINN

SUBJECT: EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES
DESIGNATION PROCESS

I. ACTION-FORCING EVENT

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III. OVERVIEW OF PROPOSAL

HUD and USDA would pre-screen all applications to winnow the initial 800 or so applications down to a manageable number, say 200, of the "most viable" applications. The pre-screening would be based on the eligibility and selection criteria articulated in the EZ/EC application materials. HHS would review all applications for compliance with requirements regarding the Title XX Social Services Block Grants.

All the agencies on the Board would then be required to review the "most viable" class of applications, using an evaluation form developed by HUD and USDA. Agency reviewers would be directed in particular to deciding whether they would grant program funding and waiver requests that fall within their jurisdiction. Staff for the Chair and Vice Chairs of the Community Enterprise Board would also review the "most viable" applications.

After considering the agencies' evaluations, HUD and USDA would then select approximately 30 to 40 urban and rural first round finalists. The agency evaluations, which would be primarily focused on their individual programs, would be given a collective weight of 50% toward the selection of finalists. Evaluations by the Designating Secretaries, the Chair and Vice Chairs of the Community Enterprise Board would also be given a collective weight of 50%.

Once the 30 to 40 first round finalists are selected, the entire Board would then meet to make recommendations as to which of the first round of finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA would make the final decision on the EZ designations (as is required by statute). The remaining first round finalists would receive EC designations and a second round of finalists would be considered, using the same procedures, for the remaining EC slots.

We hope to complete this process by mid-September. The actual announcements of the EZ/EC designations could be scheduled shortly thereafter. We believe it may be wise to announce some (2-3) EZ designations before the November elections and delay some (3-4) designations until after the elections. To mitigate the tensions surrounding the designations of EZs, we intend to work hard to ensure that, in addition to the EZ designations, the EC designations include valuable program investments. In particular, we would like to announce a number of enhanced ECs with large amounts of additional investments.

IV. DISCUSSION

The proposal has the following advantages:

Input from the Board: It would ensure that each agency on the Board has an adequate opportunity to evaluate and consider (1) the submitted strategic plans; (2) program usages and strategies contained in EZ/EC applications that are within the agency's jurisdiction; and (3) waiver requests within the agency's jurisdiction. This will help ensure that each community designated as an EZ/EC will receive a viable package of federal resources and waiver approvals. In addition, there will be review and input by the OVP, DPC, NEC, CEA and OMB, all of which are represented on the Board.

Standards to ensure the longterm success of the program: In order to be designated, an application would be required to meet baseline eligibility criteria and selection standards that emphasize indicia of potential success. The Empowerment Zone initiative is going to draw close scrutiny from Congress and the press. If the initiative is not perceived as a success in the long term, it will hamper our ability to marshal additional resources for distressed urban and rural communities. It will be important, therefore, to select applicants on the basis of a process that requires true community participation; the commitment of resources from state, local and private sources; the know-how to be successful; and an implementation team that is committed to following through with the strategic vision.

Balanced Discretion: Although the agency reviewers would be asked to consider objective standards, the proposal allows HUD, USDA and the overall Board to consider additional factors, like geographic diversity, vision, and innovativeness.

Fairness: The proposal should ensure a fair process that will limit charges of political favoritism. As with other competitive grant programs, any records that are produced by this process will be subject to inspection by the General Accounting Office, relevant Congressional committees, and, possibly, the general public. In addition, applicants that are not designated will demand reasons. The proposed process will result in documentation that demonstrates that all designated EZs/ECs met the selection criteria.

By giving appropriate weight to both objective and subjective factors, we believe this process will help ensure the longterm success of the initiative. It is designed to award empowerment zones only to communities that have strong, innovative strategic plans. With only nine empowerment zones to designate, there will be considerable pressure, particularly as our legislative priorities come to a vote and the fall elections approach, to weigh strongly subjective or other factors.

IV. CONCLUSION

We wanted you to be aware of this proposed process and receive any comments you may have before moving forward.

Comments:

DRAFT 5/13/94

May 13, 1994

MEMORANDUM FOR COMMUNITY ENTERPRISE BOARD

FROM: THE VICE PRESIDENT
CAROL RASCO
ROBERT RUBIN

SUBJECT: DRAFT FOR EZ/EC DESIGNATION PROCESS

At the first meeting of the Community Enterprise Board (Board), the staff was asked to make recommendations as to how the Empowerment Zones (EZ) and Enterprise Communities (EC) designation process should be structured to ensure an efficient process that enables all agencies represented on the Board to have adequate input. This memorandum sets forth a proposed framework for such a process.

I. OVERVIEW OF PROCESS

HUD and USDA would pre-screen all applications to winnow the initial 800 or so applications down to a manageable number, say 200, of the "most viable" applications. The pre-screening would be based on the eligibility and selection criteria articulated in the EZ/EC application materials. HHS would review all applications for compliance with requirements regarding the Title XX Social Services Block Grants.

All the agencies on the Board would then be required to review the "most viable" class of applications, using an evaluation form developed by HUD and USDA. Agency reviewers would be directed in particular to deciding whether they would grant program funding and waiver requests that fall within their jurisdiction. Staff for the Chair and Vice Chairs of the Community Enterprise Board would also review the "most viable" applications.

After considering the agencies' evaluations, HUD and USDA would then select approximately 30 to 40 urban and rural first round finalists. The agency evaluations, which would be primarily focused on their individual programs, would be given a collective weight of 50% toward the selection of finalists. Evaluations by the Designating Secretaries, the Chair and Vice Chairs of the Community Enterprise Board would also be given a collective weight of 50%.

Once the 30 to 40 first round finalists are selected, the entire Board would then meet to make recommendations as to which of the first round of finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA would make the final decision on the EZ designations (as is required by statute). The remaining first round finalists would receive EC designations and a second round of finalists would be considered, using the

same procedures, for the remaining EC slots.

We hope to complete this process by mid-September. The actual announcements of the EZ/EC designations could be scheduled shortly thereafter. We believe it may be wise to announce some (2-3) EZ designations before the November elections and delay some (3-4) designations until after the elections. To mitigate the tensions surrounding the designations of EZs, we intend to work hard to ensure that, in addition to the EZ designations, the EC designations include valuable program investments. In particular, we would like to announce a number of enhanced ECs with large amounts of additional investments.

II. ISSUES REGARDING DESIGNATION PROCESS

The following issues have been raised by Board members and staff regarding the designation process:

Inclusion of all agencies. The September 30, 1993 Presidential Memorandum that created the Board requires HUD and USDA to consult with the Board regarding the EZ/EC designations. Members agree that we need to create a process that ensures that each agency represented on the Board has an adequate opportunity to evaluate and consider (1) the submitted strategic plans; (2) program usages and strategies contained in EZ/EC applications that are within the agency's jurisdiction; and (3) waiver requests within the agency's jurisdiction.

Input from and negotiation with applicants. Some Board members have recommended that we give each EZ/EC applicant an opportunity for a face-to-face encounter with the Board or the Designating Secretaries so that applicants feel they have had a full and fair opportunity to present their plan. Some Board members have suggested that we have public site visits during the application or designation process. Others have expressed concerns that such public encounters may create political difficulties. All agree that we will need to consult with finalists on necessary adjustments to their strategic plans.

Maintaining Objectivity and Discretion. All of the Board members agree that we need a process that ensures that all finalists meet the objective criteria set forth in the application while allowing some degree of discretion for other considerations, such as geographic diversity.

Timing. In order to be able to demonstrate some early success, we need an efficient process that allows us to begin to designate a substantial number of EZs/ECs by September, 1994 (although we may decide to defer all or many of the announcements until a later date).

Input from Outside Experts. Some Board members have suggested that we consider using a panel of outside experts to help screen applications.

Agency Review, Staffing and Decisions on Programs and Waivers. To ensure consistency and high-quality review, some have suggested an interagency orientation team to provide initial guidance to agency reviewers about the goals of the initiative. Each agency will also be required to devote or detail adequate staff to the review process. (In the EZ/EC Application, we commit to considering the waiver requests of all applicants, whether or not the applicant is designated.) We also need to have as much certainty as possible about agency decisions regarding individual program and waiver requests prior to making a final EZ/EC designation.

Technical Assistance. Some Board members have also suggested that we try to arrange for foundations and other non-governmental organizations to provide technical assistance to EZ/EC applicants. Questions have also been raised regarding the extent of technical assistance that ought to be provided by HUD, USDA and other agencies during the application process.

Post-Designation Implementation. Some members have suggested that we create interagency implementation teams and/or a coordinating mechanism at the regional level, like the State Rural Development Councils, that would help the designated communities follow-through with implementation and provide the local coordination necessary to help communities realize their strategic vision. One foundation has suggested that designated communities be required to go through an additional 3-4 month planning period to ensure appropriate implementation.

Announcement of a "Third Tier" of Designations. Some Board members and staff have stressed the need to mitigate tensions by announcing an intention to have a "third tier" of designations. With waivers and priority consideration for discretionary funding, for example, we could provide for such a third tier, without seeking further resources from Congress.

Evaluation. Finally, some members have suggested that a third-party evaluator be selected to conduct a thorough evaluation of the EZ/EC initiative.

III. RECOMMENDATIONS

A. Prescreening for "Most Viable" Applications. Based on the level of interest to date, we expect to receive at least 600 and perhaps as many as 800 applications for the 104 EZ/EC slots. Because of this volume, we believe the only realistic approach to interagency consultation is to have HUD and USDA pre-screen the applications and present a manageable number of "most viable" applications to the agency staff and then to the Board for review.

We recommend the following general approach. HUD and USDA would develop their own procedure to screen for a target class -- say 200 -- of the "most viable" applications. While HUD and USDA may not use identical screening criteria, they will coordinate with each other to ensure consistency in criteria and process. HHS would review all applications for compliance with Title XX requirements.

All other agencies willing to invest the time would be allowed to review all of the submitted applications and make recommendations to HUD and USDA about which applications should be placed in the "most viable" class. (HUD and USDA would make the documents available for review at their respective buildings.)

B. Screening for Finalists. HUD and USDA will also develop a process for selecting a first round of approximately 30 to 40 urban and rural finalists from the "most viable" class. These first round finalists will have been adjudged, based upon their strategic plans, to be qualified to receive either an EZ or EC designation.

Each agency will be required to review all applications in the "most viable" class. Each agency must designate a team of reviewers for this purpose, and HUD and USDA will coordinate the orientation of all agency reviewers.

To enable review by the agencies, HUD and USDA will develop a form or process by which agency reviewers will record their evaluations of each application. The form or process will allow for each agency to identify relevant strengths and weaknesses of each application and submit a narrative description of any concerns any agency may have with the plan, waiver requests or other program proposals.

This process would specifically require each agency to give, to the extent permissible, a preliminary indication as to whether the agency would grant, deny or amend the applicant's proposed uses of agency-administered funds (i.e., proposed uses of programs listed in the menu of federal programs). At an appropriate point to be determined by HUD and USDA, a decision on waiver requests would also be required. (See part E on waiver approvals, below.)

Staff for the Chair and Vice Chairs of the Community Enterprise Board would also review the "most viable" applications.

The agency evaluations, which would be primarily focused on their individual programs, would be given a collective weight of 50% toward the selection of finalists. Evaluations by the Designating Secretaries, the Chair and Vice Chairs of the Community Enterprise Board would also be given a collective weight of 50%.

C. Presenting Finalists to the Board. Based upon this input, HUD and USDA would select approximately 30-40 first round finalists, from which the nine EZs would be selected.

HUD and USDA would then present these first round finalists to the Board. The Board would then meet to make recommendations as to which of the first round finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA would make the final decision on the EZ designations (as is required by statute). The remaining first round finalists would receive EC designations.

These procedures would then be repeated to select a second round of finalists from among the "most viable" class, for the remaining EC slots. The second round of finalists would also be presented to the Board for consultation. Our goal would be to have the selection process completed by mid-September, although this goal would not necessarily be stated publicly.

D. Consultations with Applicants and Outside Review. If necessary, HUD and USDA and other funding agencies may have discussions with finalists to clarify any open issues and discuss any needed adjustments and performance agreements, particularly regarding total population requirements, proposed program uses or waivers. HUD and USDA will coordinate all discussions and, prior to such meetings, will consult with other agencies to confirm what program funds each agency is able to grant (or is inclined to grant) in support of each finalist's strategic plan. These consultations should also address specifics of any adjustments agencies would need in order to meet an applicant's program request, to the extent that these agencies can provide such information.

Given the number of expected applicants, we do not believe there will be sufficient time to conduct publicized hearings or site visits prior to designation, as such public forums would almost certainly create an obligation to visit with all applicants. The anticipated consultations with finalists, as described above, however, may involve confidential site visits by agency officials. These consultations should provide agency officials with the opportunity to clarify any concerns they have about an application and to obtain an accurate assessment of a strategic plan.

We also doubt that there will be sufficient time to allow outside experts to review the applications. Further, such outside reviews raise legal and other concerns.

E. Waiver Approvals and a "Third Tier." Except in extraordinary circumstances, all waiver requests made by applicants regarding program regulations should be decided upon prior to any EZ or EC designation. As HUD and USDA screen for finalists, they will submit program waiver requests to the relevant individual agencies. Agencies will be expected to respond within ten days of receiving such requests with their decision or a statement of extraordinary circumstances as to why a decision cannot be made at that time. (This provision does not apply to applications to conduct demonstrations with eligibility and benefit provisions of the Social Security Act.)

We believe that the process for approving waiver requests of applicants that are not selected for EZ/EC designations should be deferred until after the EZ/EC designations are completed. Applicants should be told that we will begin the process of working with communities on their waiver strategies after the EZ/EC designations are announced.

The inter-agency EZ/EC Working Group will develop a proposed process for responding to this remaining "third tier" of applications and present it to the Board for review later this spring. Because numerous applicants have complained that they will not have had sufficient time to develop comprehensive applications by the June 30 deadline, we believe it may be wise to clarify our intentions regarding granting waivers or other resources for a third tier of designations, in advance of the June 30 deadline. This may also help to defuse competitive pressures.

F. Designation Announcements. Decisions regarding the timing of announcing the EZ/EC designations should be made independent of this proposed selection process. We believe it would be wise to announce some (2-3) EZ designations before the November elections and delay some (3-4) designations until after the elections.

We would expect that at the time an individual designation is announced, the announcement would include substantial specifics about what agency program commitments are being made to the designated community -- e.g., SBA One Stop Capital Shop, Fannie Mae partnership investments, Commerce National Information Infrastructure Grant, and DOL One Stop Career Center. This will be especially important for the ECs, in order to debunk contentions that the ECs are not valuable.

G. Technical Assistance. The agency staffs are in agreement that all agencies should do everything possible to respond to requests for information and assistance from applicants. HUD, USDA, and Justice are now part of the Community Empowerment Internet, which allows applicants to submit inquiries by computer and to access basic "O&A" and other information about the EZ/EC process. HUD and USDA are developing a master list of agency contacts to distribute to applicants and a list of outside entities, particularly foundations, that have committed to provide resources and technical assistance to EZ/EC applicants. In addition, HUD and USDA have made the list of applicants (who have filed a notice of intent) available to foundations, other organizations and all the Board Members in order to facilitate technical assistance to applicants. (Fannie Mae, for example, is conducting eight intensive technical assistance workshops around the country to provide EZ/EC applicants explicit instruction on how to enter into partnerships modeled on their HouseOakland initiative.)

II. Post-Designation Implementation. HUD has committed to devote one full-time field staff person for each urban EZ and one full-time staff person for every three urban ECs. USDA will also be devoting field staff to the initiative. These field staff will work on a day-to-day basis with their designated communities to ensure speedy implementation of the

strategic plan and quick federal response to any problems or issues that arise.

Upon designating an EZ or EC, we would like each agency on the Board to identify a key contact person in the relevant field office who will be committed to working as part of a local, interagency implementation team that will meet regularly with the designated community to assist in implementation and problem solving.

To ensure that the Board provides a rapid, coordinated federal response to local problems for designated EZs and ECs, we would also like each agency to devote one full time equivalent (FTE) to this effort at the federal level.

Each of these FTEs would act as ombudsman for all of the designated EZ and ECs, and would be generally knowledgeable about all of the communities' strategic plan and would help to solve any federal-level problems their designated communities face. The Community Enterprise Board would meet regularly at the ombudsman level to facilitate cross-agency coordination and cooperation for all communities.

We would also like each cabinet secretary to develop a special relationship with at least one EZ and, if possible, several ECs. In addition, each cabinet secretary should personally ensure that his or her agency is fulfilling its ombudsman role and that Washington officials make regular site visits and have regular contact with the local interagency implementation teams. These are initial ideas on post-designation. We welcome additional suggestions.

I. Evaluation. The Departments of HUD and USDA will contract with a third-party evaluator to assess key aspects of the empowerment zone program. In particular, the contractor will review key elements of empowerment zone and enterprise community strategic plans to identify elements that have worked and could be replicable in other communities across the nation. The evaluator will also examine the implementation of strategic plans to identify methods that have been particularly successful and could serve as models for future efforts. At this juncture, no decisions have been made as to the precise design of the evaluation or who the evaluator will be. We welcome your input and suggestions. HUD and USDA will present more detailed plans regarding evaluation at a later date, at which time all Board members will have an opportunity to comment.

III. CONCLUSION

Because the Board is comprised of 15 agencies and departments, any form of collaboration is going to be labor- and time-intensive. We believe that the above-described framework strikes a good balance that will allow agencies to have full input into the process without overly taxing their resources. If this general framework is acceptable to the Board, HUD and USDA will proceed with developing the details of the process.

BRISM

KUMIKI GIBSON

TO: Bob Rubin

In your
request...

THE WHITE HOUSE
WASHINGTON

May 23, 1994

MEMORANDUM FOR ALL WHITE HOUSE STAFF

FROM: LLOYD CUTLER *LC*
SPECIAL COUNSEL TO THE PRESIDENT

SUBJECT: PROHIBITED CONTACTS REGARDING
THE COMMUNITY EMPOWERMENT PROGRAM

As you may know, the community empowerment program authorizes the Secretaries of HUD and USDA to select certain localities as empowerment zones and enterprise communities, thus enabling them to receive certain grant funds and other benefits from the Federal Government. On September 9, 1993, the President, among other things, designated the Vice President to chair the Community Enterprise Board (comprised of 15 executive branch departments and agencies) to oversee the implementation of the program and directed the Secretaries of HUD and USDA to consult with the Board regarding the actual designations. We presently anticipate receiving close to 800 applications for the 104 slots; therefore, the application process will be extremely competitive.

Consistent with White House policy, referenced in prior memoranda from the Counsel's Office, and in order to ensure the fairness of this competitive grant process, the following procedures shall govern communications between White House staff and executive branch agencies regarding the community empowerment program:

1. All comments concerning particular applications should be directed to Kumiki Gibson, Associate Counsel to the Vice President. As appropriate, Kumiki will transmit the communication to the appropriate agency. With the exception of the staff of the White House offices represented on the Board, no other member of the White House staff should discuss a particular application (planned, proposed, or pending) with any agency.

2. Other communications regarding the selection process should be directed to one of the three White House offices that oversee the Board (i.e., the Office of the Vice President, the Domestic Policy Council, or the National Economic Council) -- specifically, Jack Quinn, Carol Rasco, or Bob Rubin.

3. Of course, members of the White House staff may communicate directly with executive branch agencies with respect to general policy matters or budgetary, administrative, or legislative issues.

* * *

Please cooperate in observing the guidelines discussed above. If you have any questions regarding these procedures, please feel free to contact Kumiki Gibson or me.

THE WHITE HOUSE

WASHINGTON

September 9, 1993

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF THE TREASURY
THE ATTORNEY GENERAL
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF HEALTH AND HUMAN SERVICES
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF EDUCATION
THE ADMINISTRATOR OF THE ENVIRONMENTAL
PROTECTION AGENCY
THE DIRECTOR OF NATIONAL DRUG CONTROL POLICY
THE ADMINISTRATOR OF THE SMALL BUSINESS
ADMINISTRATION
THE ASSISTANT TO THE PRESIDENT
FOR DOMESTIC POLICY
THE ASSISTANT TO THE PRESIDENT
FOR ECONOMIC POLICY
THE CHAIR OF THE COUNCIL OF ECONOMIC ADVISERS
THE DIRECTOR OF THE OFFICE OF
MANAGEMENT AND BUDGET

The Vice President and I strongly believe that the best way to serve distressed communities in urban and rural America is through a comprehensive, coordinated, and integrated approach that combines bottom-up initiatives and private sector innovations with responsive Federal-State support. Today, I direct the Federal agencies to work cooperatively to implement this approach in a way that reflects the principles of the Vice President's National Performance Review -- i.e., meeting the needs of local communities through a performance-measured, customer-driven philosophy and a cross-agency approach. I also hereby establish the President's Community Enterprise Board ("Board") to advise and assist me in coordinating across agencies the various Federal programs available (or potentially available) to distressed communities and in developing further policies related to the successful implementation of our community empowerment efforts.

The Vice President has agreed to chair this Board, and the Assistant to the President for Domestic Policy and the Assistant to the President for Economic Policy have agreed to serve as Vice-Chairs of the Board. I request the following Administration officials to serve on this Board: the Secretary of the Treasury, the Attorney General, the Secretary of the Interior, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the Secretary of Health and Human Services, the Secretary of Housing and Urban Development, the Secretary of Transportation, the Secretary of Education, the Administrator of the Environmental Protection Agency, the Director of National Drug Control Policy, the Administrator of the Small Business Administration, the Director of the Office of Management and Budget, and the Chair of the Council of Economic Advisers.

The first task of the Board is to assist in the successful implementation of the Administration's empowerment zone legislation, Subchapter C of Title XIII of the Omnibus Budget Reconciliation Act of 1993, Public Law 103-66, "Empowerment Zones, Enterprise Communities, and Rural Development Investment Areas." This Act authorizes the Secretaries of HUD and Agriculture to designate certain localities as empowerment zones and enterprise communities, thus enabling them to receive certain Federal funds and other benefits from the Federal Government.

Other programs, old and new, are similarly beneficial to local communities. These programs, however, form an overly complex, categorical, unworkable, and ineffective response to the needs of distressed communities. I hereby direct the Board to review these programs in order to ascertain how we can make the entire Federal effort more responsive to the needs of distressed communities. In addition, with respect to the empowerment zones and enterprise communities, I direct the Secretary of the Treasury, the Attorney General, the Secretary of the Interior, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the Secretary of Health and Human Services, the Secretary of Housing and Urban Development, the Secretary of Transportation, the Secretary of Education, the Administrator of the Environmental Protection Agency, the Director of National Drug Control Policy, and the Administrator of the Small Business Administration to (1) identify, within 15 days of this directive, existing programs that further the goals and objectives set forth in this memorandum and the Act and (2) make available, to the extent permitted by law, funds from those programs for use in implementing the strategic plans of the designated empowerment zones and community enterprises.

In order to advise and assist me regarding issues that relate to community development and empowerment, I request that each Board member --

(a) Provide me with recommendations, consistent with Section 13301 of the Omnibus Budget Reconciliation Act of 1993 ("OBRA" or "the Act"), on the criteria to be used for selection and designation of empowerment zones and enterprise communities, as set forth in Section 13301 of the Act;

(b) Identify additional legislative mandates that further the goals and objectives set forth in this memorandum and the Act and, where appropriate, develop for my consideration recommendations for further action;

(c) Identify legislative mandates that may be impeding State, local, and tribal governments from meeting the goals and objectives set forth in this memorandum and the Act, and, where appropriate, develop for my consideration recommendations for further action; and

(d) Consult with the Board regarding exemptions from regulatory mandates for which the member agency has jurisdiction and inform his or her decisions regarding any such exemptions with the recommendations of the Board.

In addition, I direct each of the agencies to cooperate fully with the Chair, the Vice-Chairs, and the Secretaries of HUD and Agriculture in assisting designated zones and enterprise communities in successfully implementing their strategic plans under Section 13301 of the Act. This interagency effort shall, among other things, coordinate Federal assistance and support within each empowerment zone and enterprise community.

In order to meet the goals and objectives set forth above, I also request the Secretary of HUD and the Secretary of Agriculture to consult with the Board regarding (1) the designation, under Section 13301 of the Act, of empowerment zones and enterprise communities and (2) possible revocation of designations, as set forth in Section 13301 of the Act.

Finally, I direct the Secretaries of HUD, Agriculture, and HHS (in consultation with the Board) to take, by November 1, 1993, the appropriate regulatory measures to ensure that the use of all Title XX grants awarded under the Act meets the criteria of Section 13761 of the Act, including, specifically, that portion of Subsection C that requires, among other things, localities to use Title XX grants (1) in accordance with the strategic plans approved by the Secretaries of HUD and Agriculture,

(2) for activities that directly benefit the residents within the designated empowerment zones and enterprise communities, and (3) to promote economic independence for low-income families and individuals.

With the Board members' commitment to achieving community empowerment and to providing our local communities with a single Federal forum, we will be able to assist distressed communities and American families all across urban and rural America in obtaining economic self-sufficiency.

William A. Clinton

THE WHITE HOUSE

WASHINGTON

May 26, 1994

MEMORANDUM FOR CAROL RASCO
ROBERT RUBIN
JACK QUINN

FROM: SHERYLL CASHIN

SUBJECT: EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES

The attached memoranda were given to the Staff Secretary this morning for routing to the President. They have been reviewed by the Vice President and they reflect changes previously requested by John Podesta to shorten the documents and some very modest changes jointly agreed to by HUD and HHS concerning the manner in which those agencies will work together on pre-screening.

I hope we can circulate the memorandum to the Board early next week. For your information, HUD and USDA are far along in developing their procedures for the underlying process and will be briefing Kumiki, Paul Weinstein and me early next week on their plans.

THE WHITE HOUSE
WASHINGTON

May 26, 1994

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE VICE PRESIDENT

FROM: CAROL RASCO
ROBERT RUBIN
JACK QUINN

SUBJECT: EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES
DESIGNATION PROCESS

I. ACTION-FORCING EVENT

The Empowerment Zones/Enterprise Communities application process began on January 17, 1994. Thus far, over 700 communities across the country have informed HUD and USDA that they intend to apply for an EZ/EC designation. The deadline for submission of applications is June 30, 1994, at which time the selection process for the 9 Empowerment Zones (EZ) and 95 Enterprise Communities (EC) will begin. While the formal selections are to be made by the Secretaries of HUD (for urban areas) and Agriculture (for rural areas), in September, 1993 you created the Community Enterprise Board ("Board") and required the Secretaries to consult with the Board prior to making the selections. The Board is comprised of the heads of 15 federal agencies, chaired by the Vice President and vice-chaired by Carol Rasco and Bob Rubin. We have developed a process for implementing this consultation process and are submitting it to you now for your review.

II. OVERVIEW OF PROPOSAL

HUD and USDA would screen all applications to winnow the initial pool down to a manageable number, say 200, of the "most viable" applications. This screening would be based on the eligibility and selection criteria articulated in the EZ/EC application materials. HHS would work with HUD and USDA to ensure that all applications are screened for compliance with requirements regarding the Title XX Social Services Block Grants.

Each agency will be required to review those applications in the "most viable" class that include programs or strategies falling within the agency's jurisdiction, using an evaluation form developed by HUD and USDA. Agency reviewers would be directed to decide whether they would grant program funding and waiver requests that fall within their jurisdiction. Staff for the Chair and Vice Chairs of the Community Enterprise Board would also review the "most viable" applications.

After considering the agencies' evaluations and the input of the Chair and Vice Chairs, HUD and USDA would then select approximately 30 to 40 urban and rural first round finalists. The entire Board would then meet to make recommendations as to which of the first round of finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA, in accordance with their statutory authority, would make the final decision on the EZ designations, followed by decisions on a first round of EC designations. A second round of finalists would be considered, using the same procedures, for the remaining EC slots.

We hope to complete this process by mid-September. The actual announcements of the EZ/EC designations could be scheduled shortly thereafter. To mitigate the tensions surrounding the designations of EZs, we intend to work hard to ensure that, in addition to the EZ designations, the EC designations include valuable program investments. In particular, we would like to announce a number of enhanced ECs with large amounts of additional investments.

III. DISCUSSION

The proposal has the following advantages:

Input from the Board: It would ensure that each agency on the Board has an adequate opportunity to evaluate and consider program usages, strategies and waiver requests contained in EZ/EC applications that are within the agency's jurisdiction. This will help ensure that each community designated as an EZ/EC will receive a viable package of federal resources and waiver approvals. In addition, there will be review and input by the OVP, DPC, NEC, CEA and OMB, all of which are represented on the Board.

Standards to ensure the longterm success of the program: In order to win, an application would be required to meet baseline eligibility criteria and selection standards that emphasize indicia of potential success. The Empowerment Zone initiative is going to draw close scrutiny from Congress and the press. If the initiative is not perceived as a success in the long term, it will hamper our ability to marshal additional resources for distressed communities.

Balanced Discretion: Although the agency reviewers would be asked to consider objective standards, the proposal allows HUD, USDA and the overall Board to consider additional factors, like geographic diversity, vision, and innovativeness.

Fairness: The proposal should ensure a fair process that will limit charges of political favoritism. As with other competitive grant programs, any records that are produced by this process will be subject to inspection by the General Accounting Office, relevant Congressional committees, and, possibly, the general public. In addition, applicants that do not win will demand reasons. The proposal will result in documentation that demonstrates that all winners met the selection criteria.

IV. DECISION

We wanted you to be aware of the proposed process and receive any comments you may have before moving forward. Please advise.

___ Approve

___ Approve with Comments

___ Discuss Further

DRAFT 5/26/94

May 26, 1994

MEMORANDUM FOR COMMUNITY ENTERPRISE BOARD

**FROM: THE VICE PRESIDENT
CAROL RASCO
ROBERT RUBIN**

SUBJECT: DRAFT FOR EZ/EC DESIGNATION PROCESS

At the first meeting of the Community Enterprise Board (Board), the staff was asked to make recommendations as to how the Empowerment Zones (EZ) and Enterprise Communities (EC) designation process should be structured to ensure an efficient process that enables all agencies represented on the Board to have adequate input. This memorandum sets forth a proposed general framework for the process.

I. OVERVIEW OF PROCESS

HUD and USDA would screen all applications to winnow the initial pool of applications down to a manageable number, say 200, of the "most viable" applications. This screening would be based on the eligibility and selection criteria articulated in the EZ/EC application materials. HHS would work with HUD and USDA to ensure that all applications are screened for compliance with requirements regarding the Title XX Social Services Block Grants.

Each agency will be required to review those applications in the "most viable" class that include programs or strategies falling within the agency's jurisdiction, using an evaluation form developed by HUD and USDA. Agency reviewers would be directed in particular to deciding whether they would grant program funding and waiver requests that fall within their jurisdiction. Staff for the Chair and Vice Chairs of the Community Enterprise Board would also review the "most viable" applications.

After considering the agencies' evaluations and the input of the Chair and Vice Chairs, HUD and USDA would then select approximately 30 to 40 urban and rural first round finalists. The entire Board would then meet to make recommendations as to which of the first round of finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA, in accordance with their statutory authority, would make the final decision on the EZ designations, followed by decisions on a first round of EC designations. A second round of finalists would be considered, using the same procedures, for the remaining EC slots.

We hope to complete this process by mid-September. The actual announcements of

the EZ/EC designations could be scheduled shortly thereafter. To mitigate the tensions surrounding the designations of EZs, we intend to work hard to ensure that, in addition to the EZ designations, the EC designations include valuable program investments. In particular, we would like to announce a number of enhanced ECs with large amounts of additional investments.

II. ISSUES REGARDING DESIGNATION PROCESS

The following issues have been raised by Board members and staff regarding the designation process:

Inclusion of all agencies. The September 30, 1993 Presidential Memorandum that created the Board requires HUD and USDA to consult with the Board regarding the EZ/EC designations. Members agree that we need to create a process that ensures that each agency represented on the Board has an adequate opportunity to evaluate and consider program usages, strategies and waiver requests contained in EZ/EC applications that are within the agency's jurisdiction.

Input from and negotiation with applicants. Some Board members have recommended that we give each EZ/EC applicant an opportunity for a face-to-face encounter with the Board or the Designating Secretaries so that applicants feel they have had a full and fair opportunity to present their plan. Some Board members have suggested that we have public site visits during the application or designation process. Others have expressed concerns that such public encounters may create political difficulties. All agree that we will need to consult with finalists on necessary adjustments to their strategic plans.

Maintaining Objectivity and Discretion. All of the Board members agree that we need a process that ensures that all finalists meet the objective criteria set forth in the application while allowing some degree of discretion for other considerations; such as geographic diversity.

Timing. In order to be able to demonstrate some early success, we need an efficient process that allows us to begin to designate a substantial number of EZs/ECs by September, 1994 (although we may decide to defer all or many of the announcements until a later date).

Input from Outside Experts. Some Board members have suggested that we consider using a panel of outside experts to help screen applications.

Agency Review, Staffing and Decisions on Programs and Waivers. To ensure consistency and high-quality review, some have suggested an interagency orientation team to provide initial guidance to agency reviewers about the goals of the initiative.

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do we
meet w/
or meet
with visitors~~

~~why do
we do this
out there~~

Each agency will also be required to devote or detail adequate staff to the review process. (In the EZ/EC Application, we commit to considering the waiver requests of all applicants, whether or not the applicant is designated.) We also need to have as much certainty as possible about agency decisions regarding individual program and waiver requests prior to making a final EZ/EC designation.

high bar
legal
appeals

Technical Assistance. Some Board members have also suggested that we try to arrange for foundations and other non-governmental organizations to provide technical assistance to EZ/EC applicants. Questions have also been raised regarding the extent of technical assistance that ought to be provided by HUD, USDA and other agencies during the application process.

Post-Designation Implementation. Some members have suggested that we create interagency implementation teams and/or a coordinating mechanism at the regional level, like the State Rural Development Councils, that would help the designated communities follow-through with implementation and provide the local coordination necessary to help communities realize their strategic vision. One foundation has suggested that designated communities be required to go through an additional 3-4 month planning period to ensure appropriate implementation.

Announcement of a "Third Tier" of Designations. Some Board members and staff have stressed the need to mitigate tensions by announcing an intention to have a "third tier" of designations. With waivers and priority consideration for discretionary funding, for example, we could provide for such a third tier, without seeking further resources from Congress.

Evaluation. Finally, some members have suggested that a third-party evaluator be selected to conduct a thorough evaluation of the EZ/EC initiative.

III. RECOMMENDATIONS

A. Screening for "Most Viable" Applications. Thus far, well over 600 communities have filed a notice of intent to apply for the 104 EZ/EC slots. Because we expect hundreds of applications, we believe the only realistic approach to interagency consultation is to have HUD and USDA pre-screen the applications and present a manageable number of "most viable" applications to the agency staff and then to the Board for review.

We recommend the following general approach. HUD and USDA would develop their own procedure to select a target class of "most viable" applications. This selection process would include consultation with other agencies represented on the Board where relevant. In particular, HUD and USDA will work with IHS on issues relevant to Title XX. While HUD and USDA may not use identical screening criteria, they will coordinate with each other to

yes
Shouldn't there be agreed upon general criteria?

ensure consistency in criteria and process.

All agencies willing to invest the time would be allowed to review all of the submitted applications and make recommendations to HUD and USDA about which applications should be placed in the "most viable" class. (HUD and USDA would make the documents available for review at their respective buildings.)

B. Screening for Finalists. HUD and USDA will also develop a process for selecting a first round of approximately 30 to 40 urban and rural finalists from the "most viable" class. These first round finalists will have been adjudged, based upon their strategic plans, to be qualified to receive either an EZ or EC designation.

Each agency will be required to review those applications in the "most viable" class that include programs or strategies falling within the agency's jurisdiction. Each agency must designate a team of reviewers for this purpose, and HUD and USDA will coordinate the orientation of all agency reviewers.

To enable review by the agencies, HUD and USDA are developing a process by which agency reviewers will record their evaluations of each application. The process will allow for each agency to identify relevant strengths and weaknesses of each application and submit a narrative description of any concerns any agency may have with the plan, waiver requests or other program proposals.

This process will specifically require each agency to give, to the extent permissible, a preliminary indication as to whether the agency would grant, deny or amend the applicant's proposed uses of agency-administered funds (i.e., proposed uses of programs listed in the menu of federal programs). At an appropriate point to be determined by HUD and USDA, a decision on waiver requests would also be required. (See part E on waiver approvals, below.)

HUD and USDA will also consult with the Chair and Vice Chairs of the Community Enterprise Board, whose staff will also review the "most viable" applications.

C. Presenting Finalists to the Board. After taking into consideration the input of the agency reviewers and the Board Chair and Vice Chairs, HUD and USDA would select approximately 30-40 first round finalists, from which the nine EZs would be selected.

HUD and USDA would then present these first round finalists to the Board. The Board would then meet to make recommendations as to which of the first round finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA, in accordance with their statutory authority, would make the final decision on the EZ designations, followed by decisions on a first round of EC designations.

These procedures would then be repeated to select a second round of finalists for the

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dedicate*

remaining EC slots. The second round of finalists would also be presented to the Board for consultation. Our goal would be to have the selection process completed by mid-September, although this goal would not necessarily be stated publicly.

D. Consultations with Applicants and Outside Review. If necessary, HUD, USDA, HHS and other funding agencies may have discussions with finalists to clarify any open issues and discuss any needed adjustments and performance agreements, particularly regarding total population requirements, proposed program uses or waivers. HUD and USDA will coordinate all discussions and, prior to such meetings, will consult with other agencies to confirm what program funds each agency is able to grant (or is inclined to grant) in support of each finalist's strategic plan. These consultations should also address specifics of any adjustments agencies would need in order to meet an applicant's program request, to the extent that these agencies can provide such information.

Given the number of expected applicants, we do not believe there will be sufficient time to conduct publicized hearings or site visits prior to designation, as such public forums would almost certainly create an obligation to visit with all applicants. The anticipated consultations with finalists, as described above, however, may involve confidential site visits by agency officials. These consultations should provide agency officials with the opportunity to clarify any concerns they have about an application and to obtain an accurate assessment of a strategic plan.

We also doubt that there will be sufficient time to allow outside experts to review the applications. Further, such outside reviews raise legal and other concerns.

E. Waiver Approvals and a "Third Tier." Except in extraordinary circumstances, all waiver requests made by applicants regarding program regulations should be decided upon prior to any EZ or EC designation. As HUD and USDA screen for finalists, they will submit program waiver requests to the relevant individual agencies. Agencies will be expected to respond within ten days of receiving such requests with their decision or a statement of extraordinary circumstances as to why a decision cannot be made at that time. (This provision does not apply to applications to conduct demonstrations under Section 1115 of the Social Security Act.)

We believe that the process for approving waiver requests of applicants that are not selected for EZ/EC designations should be deferred until after the EZ/EC designations are completed. The inter-agency EZ/EC Working Group will develop a proposed process for responding to this remaining "third tier" of applications and present it to the Board for review later this summer.

F. Designation Announcements. Decisions regarding the timing of announcing the EZ/EC designations will be made after the selections are completed. We would expect that at the time an individual designation is announced, the announcement would include substantial

specifics about what agency program commitments are being made to the designated community -- e.g., SBA One Stop Capital Shop, Fannie Mae partnership investments, Commerce National Information Infrastructure Grant, and DOL One Stop Career Center. This will be especially important for the ECs, in order to debunk contentions that the ECs are not valuable.

G. Technical Assistance. The agency staffs have been doing everything possible to respond to requests for information and assistance from applicants. HUD, USDA, and Justice are now part of the Community Empowerment Internet, which allows applicants to submit inquiries by computer and to access basic "Q&A" and other information about the EZ/EC process. HUD and USDA have developed a master list of agency contacts to distribute to applicants and a list of outside entities, particularly foundations, that have committed to provide resources and technical assistance to EZ/EC applicants. In addition, HUD and USDA have made the list of applicants (who have filed a notice of intent) available to foundations, other organizations and all the Board Members in order to facilitate technical assistance to applicants. (Fannie Mae, for example, conducted eight intensive technical assistance workshops around the country to provide EZ/EC applicants explicit instruction on how to enter into partnerships modeled on their HouseOakland initiative.)

H. Post-Designation Implementation. HUD has committed to devote one full-time field staff person for each urban EZ and one full-time staff person for every three urban ECs. USDA will also be devoting field staff to the initiative. These field staff will be the first point of contact for the designated EZs and ECs. They will work on a day-to-day basis with the communities and coordinate the federal response to any implementation problems or issues that arise.

Upon designating an EZ or EC, we would like each agency on the Board to identify a key contact person in the relevant field office who will be committed to working as part of a local, interagency implementation team that will meet regularly with the designated community to assist in implementation and problem solving.

To ensure that the Board provides a rapid, coordinated federal response to local problems for designated EZs and ECs, we believe it would be beneficial to have each agency to devote one full time equivalent (FTE) to this effort at the federal level.

Each of these FTEs could act as ombudsman for all of the designated EZ and ECs, and could be generally knowledgeable about all of the communities' strategic plan and could help to solve any federal-level problems regarding their agency that the designated communities face. The Community Enterprise Board could meet as required at the ombudsman level to facilitate cross-agency coordination and cooperation for all communities.

We also believe it would be beneficial for each cabinet secretary to develop a special relationship with one or more communities, preferably communities in which the relevant

agency has invested substantial resources. In addition, each cabinet secretary should personally ensure that his or her agency is fulfilling its ombudsman or other role and that Washington officials make regular site visits and have regular contact with the local interagency implementation teams. These are initial ideas on post-designation. We welcome additional suggestions.

I. Evaluation. The Departments of HUD and USDA will each contract with a third-party evaluator to assess key aspects of the empowerment zone program. In particular, the contractor will review key elements of empowerment zone and enterprise community strategic plans to identify elements that have worked and could be replicable in other communities across the nation. The evaluator will also examine the implementation of strategic plans to identify methods that have been particularly successful and could serve as models for future efforts. At this juncture, no decisions have been made as to the precise design of the evaluation or who the evaluator will be. We welcome your input and suggestions. HUD and USDA, in consultation with HHS and other agencies, will present more detailed plans regarding evaluation at a later date, at which time all Board members will have an opportunity to comment.

III. CONCLUSION

Because the Board is comprised of 15 agencies and departments, any form of collaboration is going to be labor- and time-intensive. We believe that the above-described framework strikes a good balance that will allow agencies to have full input into the process without overly taxing their resources. We hope this general framework is acceptable to the Board. HUD and USDA are proceeding with developing the details of the process and we welcome any suggestions.

THE PRESIDENT HAS SEEN

5/27 f: Empowerment Zones
BRISM

THE WHITE HOUSE

WASHINGTON

May 27, 1994

MR. PRESIDENT:

The attached is a memo from Carol Rasco, Bob Rubin and Jack Quinn seeking your approval for a process of designating Empowerment Zones and Enterprise Communities from among some 700 expected applicants.

The memo outlines the following basic process, designed to be completed by mid-September: (i) HUD and USDA screen all applications to come up with a list of some 200 that are "most viable"; (ii) each agency, as well as staff for the Chair (the Vice President) and Vice Chairs (Rasco and Rubin) of the Community Enterprise Board, review the "most viable" list; (iii) after getting input from these evaluations, HUD and USDA select 30-40 urban and rural first round finalists; (iv) the full Board meets to make final recommendations for Empowerment Zones; (v) HUD and USDA make final decisions for the 9 Empowerment Zones followed by a first round of Enterprise Community designations; (vi) a second round of finalists are then considered, using the same procedures, for the rest of the 95 EC slots.

I have circulated the memo to relevant staff and no one objects.

Approve

Disapprove

Discuss

Todd Stern
Todd Stern

① This memo lists no disadvantages
② Doesn't explain how mayors do or do not do lobbying.

THE WHITE HOUSE
WASHINGTON

May 26, 1994

94 MAY 26 P2:02

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE VICE PRESIDENT

FROM: CAROL RASCO
ROBERT RUBIN
JACK QUINNSUBJECT: EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES
DESIGNATION PROCESS**I. ACTION-FORCING EVENT**

The Empowerment Zones/Enterprise Communities application process began on January 17, 1994. Thus far, over 700 communities across the country have informed HUD and USDA that they intend to apply for an EZ/EC designation. The deadline for submission of applications is June 30, 1994, at which time the selection process for the 9 Empowerment Zones (EZ) and 95 Enterprise Communities (EC) will begin. While the formal selections are to be made by the Secretaries of HUD (for urban areas) and Agriculture (for rural areas), in September, 1993 you created the Community Enterprise Board ("Board") and required the Secretaries to consult with the Board prior to making the selections. The Board is comprised of the heads of 15 federal agencies, chaired by the Vice President and vice-chaired by Carol Rasco and Bob Rubin. We have developed a process for implementing this consultation process and are submitting it to you now for your review.

II. OVERVIEW OF PROPOSAL

HUD and USDA would screen all applications to winnow the initial pool down to a manageable number, say 200, of the "most viable" applications. This screening would be based on the eligibility and selection criteria articulated in the EZ/EC application materials. HHS would work with HUD and USDA to ensure that all applications are screened for compliance with requirements regarding the Title XX Social Services Block Grants.

Each agency will be required to review those applications in the "most viable" class that include programs or strategies falling within the agency's jurisdiction, using an evaluation form developed by HUD and USDA. Agency reviewers would be directed to decide whether they would grant program funding and waiver requests that fall within their jurisdiction. Staff for the Chair and Vice Chairs of the Community Enterprise Board would also review the "most viable" applications.

After considering the agencies' evaluations and the input of the Chair and Vice Chairs, HUD and USDA would then select approximately 30 to 40 urban and rural first round finalists. The entire Board would then meet to make recommendations as to which of the first round of finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA, in accordance with their statutory authority, would make the final decision on the EZ designations, followed by decisions on a first round of EC designations. A second round of finalists would be considered, using the same procedures, for the remaining EC slots.

We hope to complete this process by mid-September. The actual announcements of the EZ/EC designations could be scheduled shortly thereafter. To mitigate the tensions surrounding the designations of EZs, we intend to work hard to ensure that, in addition to the EZ designations, the EC designations include valuable program investments. In particular, we would like to announce a number of enhanced ECs with large amounts of additional investments.

III. DISCUSSION

The proposal has the following advantages:

Input from the Board: It would ensure that each agency on the Board has an adequate opportunity to evaluate and consider program usages, strategies and waiver requests contained in EZ/EC applications that are within the agency's jurisdiction. This will help ensure that each community designated as an EZ/EC will receive a viable package of federal resources and waiver approvals. In addition, there will be review and input by the OVP, DPC, NEC, CEA and OMB, all of which are represented on the Board.

Standards to ensure the longterm success of the program: In order to win, an application would be required to meet baseline eligibility criteria and selection standards that emphasize indicia of potential success. The Empowerment Zone initiative is going to draw close scrutiny from Congress and the press. If the initiative is not perceived as a success in the long term, it will hamper our ability to marshal additional resources for distressed communities.

Balanced Discretion: Although the agency reviewers would be asked to consider objective standards, the proposal allows HUD, USDA and the overall Board to consider additional factors, like geographic diversity, vision, and innovativeness.

Fairness: The proposal should ensure a fair process that will limit charges of political favoritism. As with other competitive grant programs, any records that are produced by this process will be subject to inspection by the General Accounting Office, relevant Congressional committees, and, possibly, the general public. In addition, applicants that do not win will demand reasons. The proposal will result in documentation that demonstrates that all winners met the selection criteria.

IV. DECISION

We wanted you to be aware of the proposed process and receive any comments you may have before moving forward. Please advise.

Approve

Approve with Comments

Discuss Further

THE WHITE HOUSE
WASHINGTON

BR/GS/SM
Mentoring. Urban Policy
Schubert/Comer

June 30, 1994

MEMORANDUM FOR BOB RUBIN

FROM: PAUL DIMOND

SUBJECT: BUSINESS LEADERSHIP FOR INNER CITY REVITALIZATION

CC: GENE SPERLING
SHERYLL CASHIN

Bob; three of the CEOs at the Hudson Institute dinner came up to me after your remarks last night and volunteered their help and support for addressing inner-city revitalization. This is just another indication that there is a wellspring of support that can be tapped among business leaders. What follows is a menu of the types of assistance that business leaders, including but not limited to the BRT, could provide.

Although I have tried to err on the side of inclusiveness in the list, Gene, Sheryll, Larry Katz and Secretary Reich may have additional ideas. The basic theme of every item is consistent with the "G.I. Bill" message the President gave to the BRT: the business community has a self-interested responsibility to help connect the inner-city to the mainstreams of opportunity, jobs and growth within each region; and youth and young adults in inner-city communities have a self-interested responsibility to play by the rules, to learn, to work and to take full advantage of the increased opportunities. Within this framework, the BRT can provide advice on priorities and goals and will set up their own process for outreach.

National Message. Act as spokespersons to raise visibility and importance of issue of inner city to future economic health of country and growth in each metropolitan region.

Policy Advice. Provide advice to you on policy options to address inner-city issues. (You may also want to discuss this with Sol Hurwitz at the Committee for Economic Development and Hugh Price at the Urban League, as both are in the process of beginning to take a new look at inner-city revitalization and youth development.)

Urban Report Dialogue. Provide a structured forum over the next year for the dialogue that the President will call for in the Urban Report for each metropolitan region to address inner-city issues.

Networks of Support. Build support among business leaders throughout the country -- e.g., by catalyzing BRT state networks to address the issue (as BRT has been doing with Goals 2000 for many years), by engaging a few leaders in a number of sectors to build broader support among their peers within each sector, or by finding leaders in each metropolitan region to form networks within each of their regions to lead local coalitions.

National Mobilization for Youth. Help build support to respond to President's call for private sector to join in national mobilization to give youth a guiding hand to say "Yes" to staying in school and playing by the rules, to taking full advantage of opportunities to go from school to college or work, while re-enforcing message that youth have personal responsibility for saying "No" to teen pregnancy, violence, drugs. (The attached draft memo outlines the process for the President to bless a private, non-profit entity to address teen pregnancy prevention.) This support could include planning, promoting and sustaining long-term partnerships with inner-city youth and young adults to help develop their skills/values and to connect them with the larger job opportunities and networks available throughout each metropolitan area. We are now building platforms for such business participation and leadership through (a) Goals 2000 (where BRT already has a long-standing commitment and network of State support groups and for which such youth partnerships would be a natural!), (b) School-to-Work Opportunities Act, (c) Welfare Reform proposals for youth partnerships with at least 1000 inner-city schools (in conjunction with National Service), and (d) Community Schools and YES (youth employment) proposals in prevention portion of Crime Bill. (If we can get business leadership to help us figure out how to develop and to implement effective networks within each metropolitan area to link minority youth and young adults to jobs throughout local labor markets, it will be a major achievement with the potential for very high impact.)

Community Enterprise Challenge. Within each metropolitan, discuss whether -- and how -- business can invest in or otherwise support the already developed plans for change submitted in Round 1 of Community Enterprise Challenge. In addition, business leaders could provide advice in developing policy for a Round II with an even more clear focus on connecting inner city to region; and then, within each metropolitan region, business consortia could help develop and support plans for change.

Business Development. Develop regional networks of major financial institutions, technical assistance and business advisers to help make investment in inner-city firms work. Administration initiatives on Community Development Banks and other Community Development Financial Institutions, the Community Reinvestment Act, regional SBA One-Stop Capital Shops, microenterprise funds, and SSBIC tax provisions all provide new opportunities for lending and investing in minority business and inner-city firms. In addition, several of the community-based organizations have demonstrated that there is potential for a new generation of retail outlets (e.g., supermarkets, Walmarts, specialty retailers) in inner city neighborhoods.

Concentrated Job Creation. Help to develop support for public-private job creation partnerships. Examples include the YES program in the crime bill; private sector jobs in Welfare Reform proposal; youth apprenticeships (in which the construction unions are now becoming active partners) to join in visible clean-up and rebuilding of communities, playgrounds, streets, public buildings and spaces; and rehabilitation of private homes, public housing and neighborhoods. (Jim Johnson, Fannie Mae and mortgage lenders are working actively in the Community Empowerment Challenge to build local models that can be replicated in all inner cities; and Secretary Cisneros and HUD are supporting these efforts, as well as spurring similar efforts with a variety of other private partners.)

f: E.Z.

THE WHITE HOUSE

WASHINGTON

June 1, 1994

MEMORANDUM FOR COMMUNITY ENTERPRISE BOARD

FROM: THE VICE PRESIDENT
CAROL RASCO
ROBERT RUBIN

SUBJECT: EZ/EC DESIGNATION PROCESS

At the first meeting of the Community Enterprise Board (Board), the staff was asked to make recommendations as to how the Empowerment Zones (EZ) and Enterprise Communities (EC) designation process should be structured to ensure an efficient process that enables all agencies represented on the Board to have adequate input. This memorandum sets forth a proposed general framework for the process.

I. OVERVIEW OF PROCESS

HUD and USDA would screen all applications to winnow the initial pool of applications down to a manageable number, say 200, of the "most viable" applications. This screening would be based on the eligibility and selection criteria articulated in the EZ/EC application materials. HHS would work with HUD and USDA to ensure that all applications are screened for compliance with requirements regarding the Title XX Social Services Block Grants.

Each agency will be required to review those applications in the "most viable" class that include programs or strategies falling within the agency's jurisdiction, using an evaluation form developed by HUD and USDA. Agency reviewers would be directed in particular to deciding whether they would grant program funding and waiver requests that fall within their jurisdiction. Staff for the Chair and Vice Chairs of the Community Enterprise Board would also review the "most viable" applications.

After considering the agencies' evaluations and the input of the Chair and Vice Chairs, HUD and USDA would then select approximately 30 to 40 urban and rural first round finalists. The entire Board would then meet to make recommendations as to which of the first round of finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA, in accordance with their statutory authority, would make the final decision on the EZ designations, followed by decisions on a first round of EC designations. A second round of finalists would be considered, using the same procedures, for the remaining EC slots.

We hope to complete this process by mid-September. The actual announcements of the EZ/EC designations could be scheduled shortly thereafter. To mitigate the tensions surrounding the designations of EZs, we intend to work hard to ensure that, in addition to the EZ designations, the EC designations include valuable program investments. In particular, we would like to announce a number of enhanced ECs with large amounts of additional investments.

II. ISSUES REGARDING DESIGNATION PROCESS

The following issues have been raised by Board members and staff regarding the designation process:

Inclusion of all agencies. The September 30, 1993 Presidential Memorandum that created the Board requires HUD and USDA to consult with the Board regarding the EZ/EC designations. Members agree that we need to create a process that ensures that each agency represented on the Board has an adequate opportunity to evaluate and consider program usages, strategies and waiver requests contained in EZ/EC applications that are within the agency's jurisdiction.

Input from and negotiation with applicants. Some Board members have recommended that we give each EZ/EC applicant an opportunity for a face-to-face encounter with the Board or the Designating Secretaries so that applicants feel they have had a full and fair opportunity to present their plan. Some Board members have suggested that we have public site visits during the application or designation process. Others have expressed concerns that such public encounters may create political difficulties. All agree that we will need to consult with finalists on necessary adjustments to their strategic plans.

Maintaining Objectivity and Discretion. All of the Board members agree that we need a process that ensures that all finalists meet the objective criteria set forth in the application while allowing some degree of discretion for other considerations, such as geographic diversity.

Timing. In order to be able to demonstrate some early success, we need an efficient process that allows us to begin to designate a substantial number of EZs/ECs by September, 1994 (although we may decide to defer all or many of the announcements until a later date).

Input from Outside Experts. Some Board members have suggested that we consider using a panel of outside experts to help screen applications.

Agency Review, Staffing and Decisions on Programs and Waivers. To ensure consistency and high-quality review, some have suggested an interagency orientation

team to provide initial guidance to agency reviewers about the goals of the initiative. Each agency will also be required to devote or detail adequate staff to the review process. (In the EZ/EC Application, we commit to considering the waiver requests of all applicants, whether or not the applicant is designated.) We also need to have as much certainty as possible about agency decisions regarding individual program and waiver requests prior to making a final EZ/EC designation.

Technical Assistance. Some Board members have also suggested that we try to arrange for foundations and other non-governmental organizations to provide technical assistance to EZ/EC applicants. Questions have also been raised regarding the extent of technical assistance that ought to be provided by HUD, USDA and other agencies during the application process.

Post-Designation Implementation. Some members have suggested that we create interagency implementation teams and/or a coordinating mechanism at the regional level, like the State Rural Development Councils, that would help the designated communities follow-through with implementation and provide the local coordination necessary to help communities realize their strategic vision. One foundation has suggested that designated communities be required to go through an additional 3-4 month planning period to ensure appropriate implementation.

Announcement of a "Third Tier" of Designations. Some Board members and staff have stressed the need to mitigate tensions by announcing an intention to have a "third tier" of designations. With waivers and priority consideration for discretionary funding, for example, we could provide for such a third tier, without seeking further resources from Congress.

Evaluation. Finally, some members have suggested that a third-party evaluator be selected to conduct a thorough evaluation of the EZ/EC initiative.

III. RECOMMENDATIONS

A. Screening for "Most Viable" Applications. Thus far, well over 600 communities have filed a notice of intent to apply for the 104 EZ/EC slots. Because we expect hundreds of applications, we believe the only realistic approach to interagency consultation is to have HUD and USDA pre-screen the applications and present a manageable number of "most viable" applications to the agency staff and then to the Board for review.

We recommend the following general approach. HUD and USDA would develop their own procedure to select a target class of "most viable" applications. This selection process would include consultation with other agencies represented on the Board where relevant. In particular, HUD and USDA will work with HHS on issues relevant to Title XX. While HUD

and USDA may not use identical screening criteria, they will coordinate with each other to ensure consistency in criteria and process.

All agencies willing to invest the time would be allowed to review all of the submitted applications and make recommendations to HUD and USDA about which applications should be placed in the "most viable" class. (HUD and USDA would make the documents available for review at their respective buildings.)

B. Screening for Finalists. HUD and USDA will also develop a process for selecting a first round of approximately 30 to 40 urban and rural finalists from the "most viable" class. These first round finalists will have been adjudged, based upon their strategic plans, to be qualified to receive either an EZ or EC designation.

Each agency will be required to review those applications in the "most viable" class that include programs or strategies falling within the agency's jurisdiction. Each agency must designate a team of reviewers for this purpose, and HUD and USDA will coordinate the orientation of all agency reviewers.

To enable review by the agencies, HUD and USDA are developing a process by which agency reviewers will record their evaluations of each application. The process will allow for each agency to identify relevant strengths and weaknesses of each application and submit a narrative description of any concerns any agency may have with the plan, waiver requests or other program proposals.

This process will specifically require each agency to give, to the extent permissible, a preliminary indication as to whether the agency would grant, deny or amend the applicant's proposed uses of agency-administered funds (i.e., proposed uses of programs listed in the menu of federal programs). At an appropriate point to be determined by HUD and USDA, a decision on waiver requests would also be required. (See part E on waiver approvals, below.)

HUD and USDA will also consult with the Chair and Vice Chairs of the Community Enterprise Board, whose staff will also review the "most viable" applications.

C. Presenting Finalists to the Board. After taking into consideration the input of the agency reviewers and the Board Chair and Vice Chairs, HUD and USDA would select approximately 30-40 first round finalists, from which the nine EZs would be selected.

HUD and USDA would then present these first round finalists to the Board. The Board would then meet to make recommendations as to which of the first round finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA, in accordance with their statutory authority, would make the final decision on the EZ designations, followed by decisions on a first round of EC designations.

These procedures would then be repeated to select a second round of finalists for the remaining EC slots. The second round of finalists would also be presented to the Board for consultation. Our goal would be to have the selection process completed by mid-September, although this goal would not necessarily be stated publicly.

D. Consultations with Applicants and Outside Review. If necessary, HUD, USDA, HHS and other funding agencies may have discussions with finalists to clarify any open issues and discuss any needed adjustments and performance agreements, particularly regarding total population requirements, proposed program uses or waivers. HUD and USDA will coordinate all discussions and, prior to such meetings, will consult with other agencies to confirm what program funds each agency is able to grant (or is inclined to grant) in support of each finalist's strategic plan. These consultations should also address specifics of any adjustments agencies would need in order to meet an applicant's program request, to the extent that these agencies can provide such information.

Given the number of expected applicants, we do not believe there will be sufficient time to conduct publicized hearings or site visits prior to designation, as such public forums would almost certainly create an obligation to visit with all applicants. The anticipated consultations with finalists, as described above, however, may involve confidential site visits by agency officials. These consultations should provide agency officials with the opportunity to clarify any concerns they have about an application and to obtain an accurate assessment of a strategic plan.

We also doubt that there will be sufficient time to allow outside experts to review the applications. Further, such outside reviews raise legal and other concerns.

E. Waiver Approvals and a "Third Tier." Except in extraordinary circumstances, all waiver requests made by applicants regarding program regulations should be decided upon prior to any EZ or EC designation. As HUD and USDA screen for finalists, they will submit program waiver requests to the relevant individual agencies. Agencies will be expected to respond within ten days of receiving such requests with their decision or a statement of extraordinary circumstances as to why a decision cannot be made at that time. (This provision does not apply to applications to conduct demonstrations under Section 1115 of the Social Security Act.)

We believe that the process for approving waiver requests of applicants that are not selected for EZ/EC designations should be deferred until after the EZ/EC designations are completed. The inter-agency EZ/EC Working Group will develop a proposed process for responding to this remaining "third tier" of applications and present it to the Board for review later this summer.

F. Designation Announcements. Decisions regarding the timing of announcing the EZ/EC designations will be made after the selections are completed. We would expect that at the time an individual designation is announced, the announcement would include substantial specifics about what agency program commitments are being made to the designated community -- e.g., SBA One Stop Capital Shop, Fannie Mae partnership investments, Commerce National Information Infrastructure Grant, and DOL One Stop Career Center. This will be especially important for the ECs, in order to debunk contentions that the ECs are not valuable.

G. Technical Assistance. The agency staffs have been doing everything possible to respond to requests for information and assistance from applicants. HUD, USDA, and Justice are now part of the Community Empowerment Internet, which allows applicants to submit inquiries by computer and to access basic "Q&A" and other information about the EZ/EC process. In addition, HUD and USDA have made the list of applicants (who have filed a notice of intent) available to foundations and other organizations that have expressed an interest in providing technical assistance to applicants. (Fannie Mae, for example, conducted eight intensive technical assistance workshops around the country to provide EZ/EC applicants explicit instruction on how to enter into partnerships modeled on their HouseOakland initiative.)

H. Post-Designation Implementation. HUD has committed to devote one full-time field staff person for each urban EZ and one full-time staff person for every three urban ECs. USDA will also be devoting field staff to the initiative. These field staff will be the first point of contact for the designated EZs and ECs. They will work on a day-to-day basis with the communities and coordinate the federal response to any implementation problems or issues that arise.

Upon designating an EZ or EC, we would like each agency on the Board to identify a key contact person in the relevant field office who will be committed to working as part of a local, interagency implementation team that will meet regularly with the designated community to assist in implementation and problem solving.

To ensure that the Board provides a rapid, coordinated federal response to local problems for designated EZs and ECs, we believe it would be beneficial to have each agency to devote one full time equivalent (FTE) to this effort at the federal level.

Each of these FTEs could act as ombudsman for all of the designated EZ and ECs, and could be generally knowledgeable about all of the communities' strategic plan and could help to solve any federal-level problems regarding their agency that the designated communities face. The Community Enterprise Board could meet as required at the ombudsman level to facilitate cross-agency coordination and cooperation for all communities.

We also believe it would be beneficial for each cabinet secretary to develop a special

relationship with one or more communities, preferably communities in which the relevant agency has invested substantial resources. In addition, each cabinet secretary should personally ensure that his or her agency is fulfilling its ombudsman or other role and that Washington officials make regular site visits and have regular contact with the local interagency implementation teams. These are initial ideas on post-designation. We welcome additional suggestions.

I. Evaluation. The Departments of HUD and USDA will each contract with a third-party evaluator to assess key aspects of the empowerment zone program. In particular, the contractor will review key elements of empowerment zone and enterprise community strategic plans to identify elements that have worked and could be replicable in other communities across the nation. The evaluator will also examine the implementation of strategic plans to identify methods that have been particularly successful and could serve as models for future efforts. At this juncture, no decisions have been made as to the precise design of the evaluation or who the evaluator will be. We welcome your input and suggestions. HUD and USDA, in consultation with HHS and other agencies, will present more detailed plans regarding evaluation at a later date, at which time all Board members will have an opportunity to comment.

III. CONCLUSION

Because the Board is comprised of 15 agencies and departments, any form of collaboration is going to be labor- and time-intensive. We believe that the above-described framework strikes a good balance that will allow agencies to have full input into the process without overly taxing their resources. We hope this general framework is acceptable to the Board. HUD and USDA are proceeding with developing the details of the process and we welcome any suggestions.

f: empowerment zones.

THE WHITE HOUSE

WASHINGTON

July 7, 1994

MEMORANDUM FOR ROBERT RUBIN.
GENE SPERLING

FROM: Sheryll Cashin

SUBJECT: Update on Empowerment Zones (EZ) and Enterprise Community (EC) Applications

Attached are listings of the rural and urban applications for EZs and ECs received by HUD and USDA. To summarize:

Urban (HUD). 295 Applications Received --- 77 for EZs and 218 for ECs.

Rural (USDA). 220 Applications Received (breakdown between EZs and ECs not yet available).

The applications range in size from three inches to three boxes. As you will recall, there are 9 EZ slots (6 urban, 3 rural) and 95 EC slots (65 urban, 30 rural). All EZ applications will also be considered for ECs.

HUD and USDA have leased closely-guarded space on 7th and D, S.W. (The Reporter's Building), where staff from all the relevant agencies on the Community Enterprise Board (CEB) will review applications. Only those staff who have participated in training will be allowed in the reviewing area.

Reviewers from USDA, HUD, HHS, Transportation, Justice, Commerce, Education, SBA, and EPA are working in teams to review the applications, under the close supervision of USDA and HUD.

Recommendations on the best (40 or so) applications will go to the CEB from Secretaries Cisneros and Espy in early September, in order to allow for announcements of some designations by mid-September, if this is deemed desirable. However, both agencies have indicated that postponing all announcements until mid-November would allow for a better process regarding negotiation of performance agreements with designees and finalizing commitments from the various federal agencies.

cc: Sylvia Mathews



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

MEMORANDUM

TO: Christine Varney
Deputy Assistant to the President and
Secretary of the Cabinet

FROM: Fred Slaybach
Assistant Secretary for Congressional Affairs and
Counsel to the Secretary

SUBJECT: Empowerment Zone and Enterprise Community Program

DATE: July 6, 1994

1. Overview

The deadline for receipt of applications was June 30, 1994. USDA received 220 applications from communities seeking designation as rural empowerment zones or enterprise communities.

There are 36 states represented in the applications. The largest number of applications received were from Alabama (10), Arkansas (11), California (10), Georgia (9), Kentucky (12), Louisiana (18), Mississippi (17), New Mexico (12), South Carolina (9), Tennessee (10), Texas (22), and West Virginia (10). Attached is a list of applicants as of July 5, 1994. We expect that this list will undergo slight changes as applicants may have delivered packages to the wrong Department (we have received one application this week that was incorrectly submitted to HUD).

USDA refurbished existing leased space on 7th and D Streets, SW (the Reporter's Building) and, with HUD's assistance, has set up the a government-wide work site for all members of the CEB to review urban and rural applications.

Reviewers from USDA, HHS, Transportation, Justice, Commerce, Education, SBA and EPA are working in teams of five for comprehensive reviews of rural applications that range in volume from 3 inches to 3 boxes.

2. Review Process

USDA has created a process that will bring in the expertise of the various members of the CEB and provide the board with the Secretary's recommendations by the beginning of

September. The dates provided are estimated starting times for each activity. We anticipate that all operations will overlap.

July 5th Eligibility Review Process Initiated

During the first week, approximately 20 staff conduct an eligibility review of applications, ensuring that applications are complete and that applicant satisfies poverty, size and population criteria. Applications that are not complete will be submitted to the outreach staff who will contact applicants and provide 10 working days to remedy or submit the corrected items.

July 5th Technical Review Process Initiated

Approximately 40 employees, in teams of 5, begin to review the content of the applications. The review should not take longer than 2 days per application. Teams are structured with one manager, person with experience in the process, and four reviewers -- from various Departments and agencies.

Individual reviewer, based on his/her own review as well as the group discussion, critiques the application and completes his/her analysis with assessment profiles of elements of the strategic plan. With the team manager, prepares a analytical summary of the proposal.

July 11th Site Visits

State USDA employees are directed to conduct site visits of all applicants. Prior to each site visit, employees are briefed on the specifics of the application by team managers.

July 18th Federal Departments Informed of Program and Waiver Requests

Liaisons will contact other federal Departments by phone and by fax of the presence of an application that seeks funding or waiver requests.

Department reviewers receive a form that indicates the conditional commitment for funding or approval of waiver. The forms are to be returned within ten working days with indications of conditional approvals of waivers or programs.

July 18th Health and Human Service Review for Title XX Feasibility

Special Title XX HHS employees will be provided with access to the application file, the executive summary and to the computer review. The Title XX employee will be expected to complete his/her review within two working days and indicate the status of HHS' analysis.

July 25th Review by Panel of Rural Development Experts

A panel of five senior USDA employees with experience with rural development, grant making and/or other appropriate skills begins to conduct a review of the executive summaries and the applications (The review process by teams and other Departments continues during this period.)

The panel will discuss the applications and individually score such factors as: quality of the strategic plan, the strength of assurances of support, the quality of community and business sector input, innovativeness, feasibility, level of need, and community involvement.

Aug. 22nd Presentation of the Finalists to the Secretary

The Under Secretary will present the Secretary with all of the applications and will indicate the relative strengths and weaknesses, based on the analysis of the Panel, the technical reviewers, the site visits, and the analysis by the Under Secretary.

The Secretary will determine which applications are to be submitted to the Community Enterprise Board for their consultation.

Sept. 1st Presentation to the Community Enterprise Board

The Secretary consults with the CEB Board on his finalists.

Sept. 15th Announcements of Pre-Designation

The Secretary pre-designates the rural Empowerment Zones and Enterprise Communities and enters into discussions with the pre-designated communities on methods of strengthening their strategic plans.

USDA EZ/EC Applications

<u>Num</u>	<u>Entity Name</u>	<u>City</u>	<u>State</u>
13	Mat-Su Resource Conservation & Development Inc.	Wasilla	AK
111	Northwest Arctic Borough Economic Development Commission	Kotzebue	AK
171	Lower Kuskokwim Economic Development Council	Bethel	AK
5	West Alabama Planning & Development Council	Northport	AL
6	West Alabama and Planning Council	Northport	AL
22	Lowndes County (Alabama) Commission	Haynesville	AL
26	East Alabama Regional Planning and Development Commission	Anniston	AL
39	Perry County Commission	Marion	AL
50	Bullock County Commission	Union Springs	AL
78	Selma-Dallas Community Action Agency	Selma	AL
103	Hale Empowerment & Revitalization Organization	Greensboro	AL
113	Federation of Southern Cooperative/Land Assistance Fund	Epes	AL
219	Tuskegee University	Tuskegee	AL
2	Crowley's Ridge Development Council, Inc.	Jonesboro	AR
20	Mississippi County, Arkansas EOC, Inc.	Hlytheville	AR
58	East Central AR Ec. Dev. Corporation	Forrest	AR
65	Woodruff County Economic Development Council, Inc.	McCrary	AR
84	East Central Arkansas Economic Development Corp.	Forrest City	AR
91	Newton County Resource Council	Jasper	AR
104	South Central Arkansas Community Action Authority	El Dorado	AR
136	Mid-Delta Community Services	Helena	AR
166	Southeast Arkansas Enterprise Community Partnership	Derrnott	AR
183	East Central Arkansas Economic Development Corporation	Forrest City	AR
225	Eastern Arkansas Empowerment Zone Initiative	Brinkly	AR
18	City of Eloy	Eloy	AZ
28	Greater Flagstaff Economic Council, Inc.	Flagstaff	AZ
168	AZ Department of Commerce	Phoenix	AZ
35	Imperial County Community Economic Development	El Centro	CA
61	City of Shafter	Shafter	CA
71	City of Watsonville	Watsonville	CA
79	Kings Community Action Organization	Hanford	CA
131	Planada Community Development Corporation	Planada	CA
150	Riverside County Economic Development Agency	Indio	CA
153	City of Hollister	Hollister	CA
194	County of Humboldt	Eureka	CA
207	County of Fresno, Public Works & Development Services Department	Fresno	CA
222	Southern Coachella Valley Community	Palm Springs	CA
15	City of Rocky Ford	Rocky Ford	CO
192	Town of Windham	Williamtic	CT
68	Highlands County Industrial Development Authority	Sebring	FL
77	Immokalee Foudation	Naples	IL

USDA EZ/EC Applications

<u>Num</u>	<u>Entity Name</u>	<u>City</u>	<u>State</u>
82	Putnam County Chamber of Commerce, Inc.	Palarka	FL
89	Marianna Chamber of Commerce	Marianna	FL
101	City of Belle Glade, Florida	Belle Glade	FL
182	Hillsborough County City County Planning Commission	P.O. Box 1110	FL
23	Camilla Chamber of Commerce	Camilla	GA
106	Rural Georgia Minority Business Council	Montezuma	GA
157	South Georgia Regional Development Center	Valdosta	GA
179	City of Rome	Rome	GA
193	City of LaGrange, Dept of Community and Economic Development	LaGrange	GA
211	Crisp/Dooly EZ/EC Coordinating Committee	Condele	GA
216	CSRA Regional Development Center	Augusta	GA
223	Development Authority of Bryan County	Pembroke	GA
229	Southern Lower Chattahoochee Region Council of Governments	Cuthbert	GA
73	Iowa Department of Economic Development	Des Moines	IA
124	City of Pocatello	Pocatello	ID
10	City of Quincy, Illinois	Quincy	IL
17	Wabash Area Development, Inc.	Efffield	IL
29	City of Carbondale	Carbondale	IL
44	Wimberly & Associates	Carbondale	IL
48	Pembroke Township	Hopkins Park	IL
198	City of Cairo	Cairo	IL
199	City of Danville Dept of Development Services	Danville	IL
95	City of Galena	Galena	KS
7	Buffalo Trace Area Development District	Maysville	KY
8	Gateway Area Development District	Owingsville	KY
70	Flat Woods Community-Based Development Corporation, Inc.	Oneida	KY
81	Kentucky River Area Development District	Hazard	KY
90	Kentucky Communities Economic Opportunity Council, Inc.	Barboursville	KY
125	Kentucky River Area Development District	Hazard	KY
145	Ozark Delta Regional Empowerment Commission	Hickman	KY
159	Kentucky Highlands Investment Corporation	London	KY
165	Big Sandy Area Development District	Prestonburg	KY
172	City of Bowling Green	Bowling Green	KY
195	Appalachian Foundation Inc.	Catlettsburg	KY
212	Lake Cumberland Area Development District	Russell Springs	KY
54	South Central Planning & Development Commission	Thibodaux	LA
72	Clifton Choctaw Reservation, Inc.	Gardner	LA
100	St. Tammy Community Housing Resource Board	Slidell	LA
102	Delta Economics Energy District, Inc. (Deed)	Baton Rouge	LA
105	Boyce Economic Development Committee	Boyce	LA

USDA EZ/EC Applications

<u>Num</u>	<u>Entity Name</u>	<u>City</u>	<u>State</u>
110	Delta Economic Energy District, Inc. (Deed)	Baton Rouge	LA
112	City of Opelousas	Opelousas	LA
115	Madison Parish Police Jury	Tallulah	LA
119	City of Plaquemine	Plaquemine	LA
152	Southern Mutual Help Association, Inc.	New Iberia	LA
160	St. Landry Economic Inducement District	Opelousas	LA
164	St. Mary Community Action Agency, Incorporated	Franklin	LA
169	Capital Regional Planning Commission	Baton Rouge	LA
170	Northeast Acadia Development Corporation (NADCD)	Church Point	LA
173	Town of Cullen	Cullen	LA
215	Macon Ridge Economic Development Region, Inc.	Winnsboro	LA
221	Project Celebration, Inc.	Many	LA
226	City of Covington, Louisiana	Covington	LA
51	City of Lewiston, Maine	Lewiston	ME
162	FiveCAP, Inc.	Scottville	MI
38	Northwest Technical College, Custom Training Services	Bemidji	MN
31	City of Salem	Salem	MO
34	City of Rich Hill	Rich Hill	MO
55	Bootheel Regional Planning & Economic Development Commission	Malden	MO
96	West Central Missouri Community Action Agency	Appleton City	MO
114	Epworth Bootheel Family Learning Center	East Prairie	MO
142	City of Kirksville	Kirksville	MO
163	Ripley County, Missouri	Doniphan	MO
176	City of Sikeston	Sikeston	MO
4	Town of Edwards	Edwards	MS
9	Holly Springs/Marshall County	Holly Springs	MS
14	Madison County Human Resource Agency	Canton	MS
25	Meridian/Lauderdale County Partnership	Meridian	MS
36	Holmes/Humphreys/Madison Enterprise Community	Lexington	MS
45	Mid-Delta Empowment Zone Alliance (MDEZA)	Stoneville	MS
75	Washington County Economic Development District	Greenville	MS
86	Greenwood-Leflore Enterprise Community	West Greenwood	MS
88	Arkansas-Mississippi Tri-County Empowerment Corp.	Clarksdale	MS
108	Alcorn State University-Cooperative Extension Program	Lorman	MS
140	North Delta Planning and Development District, Inc.	Clarksdale	MS
143	City of Hattiesburg	Hattiesburg	MS
151	Town of Utica	Utica	MS
174	Yazoo Community Action Inc.	Yazoo City	MS
203	Natchez-Adams County Economic Development Authority	Natchez	MS
213	Bolivar/Sunflower Counties Enterprise Community	Cleveland	MS
217	Kemper County Economic Development Authority	DeKalb	MS
74	Halifax/Edgecumbe/Wilson Empowerment Alliance	Tarboro	NC

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<u>Num</u>	<u>Entity Name</u>	<u>City</u>	<u>State</u>
189	Lumber River Council of Governments	Lumberton	NC
201	Columbus County Economic Development Commission	Whiteville	NC
202	Anson County, North Carolina	Wadesboro	NC
209	Northeastern North Carolina Economic Development Commission	Elizabeth City	NC
210	County of Warren	Warrenton	NC
214	Town of Boone	Boone	NC
52	City of Scottsbluff	Scottsbluff	NE
117	City of Kearney	Kearney	NE
123	Chadron/ Dawes County Economic Development Corporation	Chadron	NE
220	Stewart's Creek Township	Orange	NJ
228	Cumberland County Dept. of Planning and Development	Bridgeton	NJ
40	City of Hobbs	Hobbs	NM
41	City of Lordsburg	Lordsburg	NM
67	Helping Hands, Inc.	Mora	NM
80	Eastern Plains Council of Governments	Clovis	NM
98	Northwest New Mexico Council of Governments	Gallup	NM
109	Economic Development Division, Roswell Chamber of Commerce	Roswell	NM
129	City of Las Vegas	Las Vegas	NM
134	Dona Ana County	Las Cruces	NM
135	City of Lovington	Lovington	NM
158	City of Sunland Park	Sunland Park	NM
200	Salt Missions Trail Main Street	Estancia	NM
204	City of Deming	Deming	NM
227	The Institute for Human Services, Inc.	Corning	NY
46	Regional Development Finance Authority	Dayton	OH
47	Tri-County Community Action Agency	Athens	OH
130	Ohio Valley Regional Development Commission	Portsmouth	OH
149	City of Portsmouth Community Development Department	Portsmouth	OH
32	Tri-City 6006	Langston	OK
33	Ada Area Community Development Corporation	Ada	OK
144	City of Altus	Altus	OK
146	City of Muskogee	Muskogee	OK
178	Logan County Economic Development Council	Guthrie	OK
197	Great Plains Economic Development Association	Tipton	OK
85	Josephine County Community Services-Comm. Action Agency	Grants Pass	OR
43	Clarion University of Pennsylvania	Clarion	PA
66	City of New Castle	New Castle	PA
154	Northwest Pennsylvania Regional Planning and Development Commission	Franklin	PA
155	City of Lock Haven	Lock Haven	PA
156	Fayette County Board of Commissioners	Uniontown	PA

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<u>Num</u>	<u>Entity Name</u>	<u>City</u>	<u>State</u>
27	Denmark Community Outreach Enterprise Committee	Denmark	SC
83	Penn Center	St. Helena Island	SC
97	Williamsburg Enterprise Community	Kingstree	SC
99	Allendale-Barnwell Redevelopment Program	Fairfax	SC
121	The Greater Orangeburg Enterprise Community Coalition	Orangeburg	SC
126	Santee-Lynches Regional Council of Governments	Sumter	SC
148	Marion County	Marion	SC
181	Eastern Orangeburg Enterprise Community	Holly Hill	SC
190	Lowcountry Council of Government	Yemassee	SC
120	Northeast South Dakota Community Action Program	Sisseton	SD
1	Johnson County Chamber of Commerce	Mountain City	TN
3	City of Covington	Covington	TN
11	Africa in April, Inc	Bolivar	TN
19	First Tennessee Development District	Johnson City	TN
24	City of Athens	Athens	TN
60	City of Paris, Tennessee	Paris	TN
127	Regional Education and Community Health Services, Inc.	Jacksboro	TN
147	The Fayette/Hatwood Enterprise Community Steering Committee	Memphis	TN
186	Scott Count Executive Office	Huntsville	TN
188	Norris Lake Enterprise Community	Tazewell	TN
16	Pecos County	Fort Stockton	TX
21	Quanah Economic Development Corporation	Quanah	TX
30	City of Terrell	Terrell	TX
37	Jim Wells County Master Planning Association	Alice	TX
49	City of Luling	Luling	TX
53	Mitchell County Board of Economic Development	Colorado City	TX
56	Marion County	Jefferson	TX
59	Middle Rio Grande Development Council	Unvalde	TX
63	Duval County Commissioners Court	San Diego	TX
64	South Texas Development Council	Laredo	TX
69	Brazos Valley Development Council	Bryan	TX
76	City of Gonzales	Gonzales	TX
87	Jarvis Christian College	Hawkins	TX
92	Dimmit County Commissioners Court	Carrizo Springs	TX
94	Buena Vista Independent School District	Imperial	TX
107	Rio Grande Valley Empowerment Zone-C/O Valley Chamber of Commerce	Weslaco	TX
118	City of Presidio	Presidio	TX
122	City of Marchall, texas	Marshall	TX
128	City of Burnet	Burnet	TX
161	El Paso County	El Paso	TX
167	Medina Economic Development Foundation	Devine	TX

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<u>Num</u>	<u>Entity Name</u>	<u>City</u>	<u>State</u>
191	Brazos Valley Development Council	Bryan	TX
12	New River Valley Planning District Commission	Radford	VA
218	The Economic Empowerment & Housing Corporation of the Eastern Shore	Nassawadox	VA
93	City of Eagle Pass	Eagle Pass	WA
116	Yakima County	Yakima	WA
177	Grant County Community Action Council	Moses Lake	WA
133	Central Appalachia Empowerment Zone	Clay	WV
137	Mingo County Commission	Williamson	WV
138	Wyoming County Commission	Pineville	WV
139	City of Fairmont	Fairmont	WV
184	P.R.I.D.E In Logan County, Inc.	Logan	WV
185	Webster County Commission	Webster Springs	WV
187	McDowell County Action Network	Wilcox	WV
196	City of Morgantown	Morgantown	WV
205	Lincoln County Economic Development Authority, Inc.	West Hamlin	WV
206	Barbour County Development Authority	Philippi	WV

Grand Total: 220