



UNITED STATES DEPARTMENT OF EDUCATION

THE SECRETARY

August 18, 1993

AUG 19 RECD

MEMORANDUM FOR

THE VICE PRESIDENT
CAROL RASCO, ASSISTANT TO THE PRESIDENT
FOR DOMESTIC POLICY
BOB RUBIN, ASSISTANT TO THE PRESIDENT
FOR ECONOMIC POLICY

FROM:

Richard W. Riley

SUBJECT:

Community Empowerment Initiatives

The Department of Education is deeply interested in working with other domestic agencies on a unified community empowerment agenda. We have already begun to focus on the importance of linking education and economic development to revitalize the nation's poorest communities and establish the base for long-term growth. Our new emphasis on targeting funds to high-poverty schools, on preventing violence and drug use and on integrating services are all elements of this new direction. Your proposal to coordinate the initiatives of various agencies both on the federal and community levels is a key step in all our efforts to revitalize high poverty areas.

The Community Empowerment Principles you have proposed are both bold and correct. Many of the principles you mention -- including encouraging comprehensive solutions, increasing flexibility, promoting parental involvement, expanding education and training opportunities, and reducing drug use and violence in the lives of youth -- are central to this Department's mission. We welcome the opportunity to work with you to reach these goals.

I also support your proposal for a Cabinet-level Community Empowerment Working Group and would be honored to be a member of that body.



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

AUG 19 REC'D

August 18, 1993

MEMORANDUM FOR: The Vice President
Carol Rasco, Assistant to the President for Domestic Policy
Bob Rubin, Assistant to the President for Economic Policy

FROM: Mike Espy, Secretary of Agriculture

SUBJECT: Community Empowerment Initiatives

I am an enthusiastic supporter of the President's Community Empowerment Initiatives and commend your offices for the legislation that was passed in the reconciliation bill and for the principles developed through the working group. While members of my staff have participated with the working group in developing many of these principles, I welcome this additional opportunity to reflect on the direction the initiatives are taking and to provide you with my comments on the principles and on the coordinating structure.

I consider the legislation and the proposed principles as positive steps that expand on the many years of effort of those wishing to modify the focus of federal assistance programs to empower individuals and promote self-reliance. I have a few comments on sharpening certain of the principles but, overall, I believe that this is precisely the approach that the President's Community Empowerment Initiative should take.

With respect to the community empowerment principle on "Commitment to Community", I suggest that we note the importance of capacity building for community members. Increasing local participation in creating federal policies should include bringing in groups that have traditionally lacked access to the decision making process. Typically, the larger, more assertive groups at the community level have influenced federal policy decisions and have received the majority of federal aid and attention. To reach out to smaller, less sophisticated groups, the federal government should engage in an aggressive outreach and technical training program. Without such capacity building, some of the most needy may find themselves without an advocate and without the skills to attract federal resources. Consequently, larger pockets of poverty and depression will remain.

With respect to the community empowerment principle on "Commitment to Support Families", I believe that we should be careful to recognize the expanding definition of what constitutes a family. While there is nothing expressly stated in the principle, the discussion might be understood as leaving an impression that the objectives relate only to the "traditional" family structure. As you know, many families are now headed by females.

With respect to the community empowerment principle on "Commitment to Economic Lift", I strongly believe that true economic lift to the unemployed and working poor require the development and accumulation of assets. Present welfare entitlement policies are based on the transfer of income to the poor. These policies penalize asset accumulation and trap the poor in a cycle of poverty and dependency. To break this cycle, and genuinely empower workers and other residents of distressed communities, our policies must focus on expanding opportunities for the poor to save, invest and accumulate assets -- including housing and income producing assets such as equity in their companies and owning small businesses. The federal government should ensure that the unemployed and working poor themselves are the primary beneficiaries of assistance, not bureaucracies or outside owners and investors.

With respect to the community empowerment principle on "Commitment to Reducing the Separations by Race and Income", I suggest that the commitment include the objective of reducing "separations" that exist between genders. Women, particularly women of color, have continued to face pervasive barriers that restrict economic and social opportunities.

As for the examples provided as "results that might flow from the use of [the] principles", I would like to encourage the consideration of examples that effect rural America as well as examples discussing economic empowerment. Below are three suggestions of general concepts that I would encourage you to consider.

- The coordination of federal agencies responsible for providing safe, potable water to jointly fund and support a comprehensive program to make water available to needy communities.
- The coordination of initiatives on business development, health care, education, transportation and job training programs to improve and revitalize the rural areas of the nation and to address the debilitating outmigration from these rural communities.
- The provision of flexible investment capital, loans and technical assistance to low-income groups and individuals to support the establishment of worker-owned businesses, thorough such vehicles as employee stock ownership plans, and micro-business enterprises to provide the opportunity for economic empowerment.

With respect to the "Coordinating Structure", I would like clarification on the role of the working group as it relates to the selection of Empowerment Zones. My understanding is that the Secretaries of Agriculture and of Health and Urban Development will designate the rural and urban Empowerment Zones. The proposed coordinating structure indicates that the selection of the Empowerment Zones will be made by the proposed working group.



DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

AUG 18 1993

AUG 18 RECD

MEMORANDUM FOR VICE PRESIDENT AL GORE
THE WHITE HOUSE

CAROL RASCO
ASSISTANT TO THE PRESIDENT FOR DOMESTIC POLICY

BOB RUBIN
ASSISTANT TO THE PRESIDENT FOR ECONOMIC POLICY

FROM: Alicia H. Munnell *AAM*
Assistant Secretary for Economic Policy

SUBJECT: Request for Comments on Community Empowerment
Principles

The draft set of community empowerment principles are well-crafted and can provide useful guidance in policy formulation and program development for a variety of substantive areas. Implicit in these principles is that communities can shape their futures in partnership with the Federal and state governments. While appropriately focusing on federal responsibilities, the principles virtually ignore the role of states in these partnerships, especially in maintaining a modicum of fiscal equity among local communities.

Through the assignment of service responsibilities and revenue-raising authority and the provision of grants-in-aid, state governments shape the fiscal circumstances of localities. Unfortunately, many states have so structured their intergovernmental fiscal arrangements that thousands of local communities are unable to finance minimally adequate levels of essential services--schools, public health and public safety. A necessary element of any empowerment strategy should be increased efforts by states to level the fiscal playing field for their local communities. Therefore, I recommend that the statement of principles be revised to recognize the responsibilities of state government, particularly in assuring that all communities are able to finance an adequate array of basic services.



DEPARTMENT OF THE TREASURY
WASHINGTON

August 18, 1993

AUG 19 REC'D

MEMORANDUM TO: CAROL RASCO
ASSISTANT TO THE PRESIDENT FOR
DOMESTIC POLICY

BOB RUBIN
ASSISTANT TO THE PRESIDENT FOR
ECONOMIC POLICY

FROM: Joshua L. Steiner ^{JS}
Chief of Staff

SUBJECT: Cabinet-Level Community Empowerment
Working Group

The Treasury Department looks forward to participating on the Community Empowerment Working Group described in your memorandum of August 10. We strongly agree with the general principles identified in that memorandum. On some of the specific principles, however, further clarification of the policy implications would be helpful.

With respect to the Coordinating Structure, I would like to give Secretary Bentsen some additional information. For example, could someone on your staff provide me with additional information on 1) the specific duties and responsibilities that each of the participating agencies will be expected to fulfill; 2) the relative roles of the Cabinet-level and sub-cabinet working groups; and 3) the anticipated frequency of meetings involving both of these groups?

Frank Newman, Alicia Munnell and Maurice Foley will continue working with other members of the sub-cabinet group to generate options and recommendations for the consideration of the Cabinet-level members. They will be responsible for keeping the Secretary advised of the Working Group's efforts.

THE WHITE HOUSE
WASHINGTON

August 10, 1993

MEMORANDUM FOR: Lloyd Bentsen, Secretary of Treasury
Erskine B. Bowles, Administrator of SBA
Lee Brown, Director of ONDCP
Ron Brown, Secretary of Commerce
Carol Browner, Administrator of EPA
Henry Cisneros, Secretary of HUD
Mike Espy, Secretary of Agriculture
Leon Panetta, Director of OMB
Federico Pena, Secretary of Transportation
Robert Reich, Secretary of Labor
Attorney General Janet Reno
Richard Riley, Secretary of Education
Donna Shalala, Secretary of HHS

FROM: The Vice President
Carol Rasco, Assistant to the President for
Domestic Policy
Bob Rubin, Assistant to the President for
Economic Policy

SUBJECT: Community Empowerment Initiatives *→ Start new file*

For several months, a sub-cabinet community empowerment working group has been refining the core principles through which we might unify and coordinate the community work of key domestic Cabinet departments. The central idea has been to create a consensus on the objectives of the President's community empowerment policies in order that we both coordinate around cross-cutting objectives at the agency level and assure coordination across departmental lines in local communities.

In considering these matters, the working group has recognized the urgency of community problems, the pleas of local leaders for coordinated federal action, and the constraints of the current fiscal environment. We are convinced that, even in a time of resource constraints, much additional effort can be had at the local level through this policy cross-cutting and local operational coordination. This is a time to build on the things that we know will work and to stress consolidation and performance. It is also a time to build reciprocity and shared responsibility into our programs.

With these imperatives in mind, the working group has considered five principles to use in tying together our community empowerment programs. This memorandum sets forth those principles and a suggested coordinating structure by which the Administration would further advance its efforts toward community empowerment.

The purpose of this memo is to solicit your opinions about this community empowerment strategy. Specifically, we are interested in whether you agree that the "empowerment principles" are the correct ones around which to begin the effort (some may well be controversial and require serious discussion) and whether you believe the coordinating structure suggested here is the most appropriate. Please provide your comments to any one, or to all, of us at your earliest convenience, but at least by close of business on Wednesday, August 18, 1993.

Community Empowerment Principles

A Commitment to Community would mean:

- Fundamentally changing the way the federal government does business by respecting "bottom up" initiatives rather than imposing "top down" requirements
- Encouraging comprehensive solutions to local problems by providing incentives to coordinated action at the local level
- Making programs more flexible and responsive to the needs of people who carry them out and are served by them and reducing the burdens of applying for and implementing programs
- Assuring citizens and local governments a meaningful voice in federal decision-making and supporting efforts to engage the civic values of community

A Commitment to Support Families would mean:

- Eliminating government barriers to family cohesion in laws and regulations and encouraging policies that support nurturing home environments
- Strengthening community supportive services for families by providing adequate physical and mental health facilities
- Promoting active parental involvement in community life, such as education and youth recreation programs

- Making parents responsible for financially supporting their children

A Commitment to Economic Lift would mean:

- Creating a continuum of programs in order to move people up a ladder of opportunity
- Rewarding self-improvement across life-cycles and income levels
- Harnessing the marketplace and, where possible, using its rationale in government programs
- Investing in human capital by integrating education and training in all community support programs

A Commitment to Reciprocity and to Balancing Individual Rights and Responsibilities would mean:

- Expecting a commitment to individual and family self-improvement
- Designing programs that embody a balance between rights and responsibilities
- Intervening early in the lives of children and youths to discourage crime, drug use, gangs, and other destructive behaviors

A Commitment to Reducing the Separations by Race and Income in American Life would mean:

- Cooperating to find incentives to reducing spatial segregation by race and income and eliminating barriers to equality of opportunity
- Confronting the ravages of racism by leadership examples and by opening a dialogue of conflict resolution

These principles can guide us operationally as we review government-wide policies and they can focus the cooperation of multiple departments within specific sites -- for example, in an empowerment zone. Examples of results that might flow from the use of these principles are:

- The consolidation and simplification of existing federal planning requirements to encourage local solutions to cross-cutting problems

- The review of waiver authorities to maximize flexibility and cooperation among federal departments
- The coordination of application and funding cycles for existing federal programs that deal with similar problems or issues
- The use of surplus federal properties (such as GSA-controlled facilities, HUD-foreclosed housing, and military bases slated for closure) for community purposes
- The strategic location of new federal facilities to promote community and economic development
- The linkage of federal transportation, employment training and affordable housing initiatives to ensure that job-ready individuals have access to employment opportunities throughout a metropolitan area
- The charting of new directions for transportation that promote clean air, energy conservation and more cost-effective settlement patterns
- The coordination of federal community credit initiatives with local anti-crime and community policing programs to attract economic development to inner-city neighborhoods
- The coordination and increased enforcement of statutory requirements that federal housing and other construction funds be spent to provide training and employment opportunities to low-income persons
- The linkage of low-income housing, education, and health and family support programs to encourage establishment of health clinics, family investment centers, and tutoring and mentoring programs in communities
- The facilitation of local comprehensive planning for human capital development that embraces early childhood education, quality public schools, work-related technical education, community colleges, comprehensive higher education, literacy education, worker retraining and the life-long learning needs of the work force
- The elimination of disincentives to work in welfare and other social programs and coordination of the programs to promote and reinforce economic independence.

Coordinating Structure

The community empowerment principles embody a determination not only to coordinate -- as Cabinet Departments do through the Domestic Policy and National Economic Councils -- but also to commit the federal government to the performance-measured, customer-driven philosophy at the heart of the National Performance Review being undertaken at the direction of the Vice President. In order to create a forum in which Cabinet Secretaries can meet to explore innovative approaches to community empowerment measures, as well as to cross-agency implementation of those approaches (similar to those being developed in the NPR), the coordinating mechanism described below is recommended. This approach will make it possible to go beyond policy discussions to the next step of working with multiple Cabinet officers to select cooperative projects and manage them in a coordinated fashion at the local level.

We propose that the President establish a Cabinet-level Community Empowerment Working Group, to be jointly staffed by the Office of the Vice President, the NEC and the DPC and supported by the existing sub-cabinet working group that designed the empowerment zones proposal. The Working Group would meet monthly and function in two capacities:

The first would be to constitute the basic membership of the Empowerment Board, which will be written into the Empowerment Zones law. In this capacity, the working group would initially select the 110 empowerment sites and then oversee the direction of departmental resources and demonstrations at those sites.

The second capacity would be to go beyond the duties set forth legislatively in the Empowerment Zones statute and serve as a standing committee on community empowerment to apply the broader principles of community empowerment across departments by focusing on specific projects, such as coordinating waiver authorities, and carrying out other related activities.

In effect, this would link coordinated policy development at the agency level and application of the National Performance Review at the local level. To reflect the breadth of purpose, the working group would be chaired by the Vice President (who will also chair the statutory Empowerment Zones Board), and Carol Rasco and Bob Rubin would serve as Vice-Chairs.

We look forward to your reaction. We will schedule a meeting at the earliest mutually convenient time to discuss our next steps and get this critical project underway.



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

OCT 14 1993

OCT 14 RECD

MEMORANDUM FOR THE PRESIDENT

As the community empowerment ^{file} initiative unfolds, we are excited about its potential and grateful for the opportunity to participate, as a full partner, in its design and implementation.

HHS has a great deal to offer in terms of both resources and experience in community development. In particular, we will do all we can to assist participating communities in assessing and addressing health and human service needs as part of their comprehensive neighborhood development efforts. We understand the importance of not only strategic community planning, but services coordination and integration as well. HHS has established a clearinghouse on services integration and we will make its information and technical assistance available to designated communities.

In response to your September 9 request for specific information, we offer the following:

Programs and Funding

We have identified \$409 million in funding from which to support the initiative over the next five years. This is in addition to the \$1 billion in HHS funds from Title XX, the Social Services Block Grant Program, that is dedicated to community empowerment. I have attached a table describing the contributing programs.

You should know that the \$409 million is not a firm figure yet for two reasons:

- o The Congress has not appropriated funds for FY 1994 and future years, and it is not possible for us to identify the exact amounts that will be available for the programs that we will use to support the initiative. Until differences between the House and Senate bills are worked out in conference, we are using the lower amounts for each program as our interim estimates. The final number may be higher.
- o We have determined that it is not possible for the Department to target funds only to the zones and areas under most of our programs, nor to give funding priority solely to entities within empowerment areas. Law and regulations require that these discretionary funds be awarded based on predetermined criteria that provide all eligible areas an equal chance to receive grants. Therefore, in keeping with both the existing statutes and regulations and the

objectives of the empowerment initiative, HHS will incorporate within its grant review process for selected programs a system for giving preference to projects in places meeting the criteria for an empowerment zone or enterprise community, regardless of whether such places are specifically designated as such. We will also pay particular attention to funds that may be "freed up" when existing grants expire and give preference in new funding to the kinds of activities supported by the empowerment initiative. This, too, may alter the ultimate amount of the HHS contribution.

Selection Criteria

In response to your request for recommendations on the criteria to be used to designate empowerment zones and enterprise communities, we strongly urge that significant emphasis be placed on both comprehensive and integrated service delivery as well as targeting limited resources to create a "critical mass" for change among selected individuals and families. Specifically, we recommend the following selection criteria:

o Outcomes Over Process

Communities that are able to describe and quantify anticipated real change in the lives of individuals and families, or outcomes to be achieved through their development strategy, should be given priority over applications that focus mostly on process. We would also expect communities to commit to assisting in strong outcome evaluations.

o Focused and Comprehensive Services

Communities should receive priority consideration if their strategic plan calls for targeting services and opportunities on residents, or, if not possible, within an identified neighborhood, rather than scattering insufficient services across a broad population. We need to concentrate a "core" of health, housing, human service, education, job training, transportation, and employment opportunities on individuals and families that have multiple problems because multiple interventions are the key to success. This premise, which underpins your health care and welfare reform efforts, needs to pertain in this empowerment initiative.

o Individualized Service Integration

To achieve the above focus and concentration of services, communities should be given priority if they identify a

strategy for tailoring service planning and delivery to the identified needs and situations of residents, or, if not possible, concentrating services in a particular neighborhood within a community. While we should not dictate the specific approach to be used by communities, we should give preference to communities that design community development to be achieved on a resident-by-resident basis, or, if not possible, within a very focused geographic area within a zone or community. Some of the strategies that communities might employ include case management, co-location of services, coordinated assessment of needs among different service agencies, assignment of "lead responsibility" for individuals and families among various agencies.

Additional Legislative Mandates

In addition to the seven HHS programs now identified to support the empowerment initiative, we are designing a number of legislative proposals which are intended to increase flexibility among State and local governments in how they use Federal funds to meet their needs:

o Community Services

HHS is developing proposed legislation to consolidate a number of small discretionary grant programs into larger, more flexible, grants. One such consolidation will be proposed for a "community initiative program." A second will combine several programs with the Community Service Block Grant (funded at \$372 million in the FY 1994 House Appropriation Bill). We will seek to have a proportion "set aside" from this program that I may target on high priority national activities, including the empowerment initiative.

o Health Care, Welfare and Other Reforms

As both reform initiatives move toward passage and implementation, we will be especially mindful of the priority given to the empowerment sites and will work to assure that early attention be given to integrating new programs and funding approaches into their overall development strategies. We will be assessing the extent to which our on-going community health and social service programs, such as Community Health Centers and Head Start, can complement or augment health care and welfare reforms, especially in empowerment communities that have a strategy for keeping track of service needs and opportunities.

Page 4 - The President

I look forward to serving on the Community Enterprise Board and pledge our best efforts toward making this initiative a true and long-lasting success.

A handwritten signature in black ink, appearing to read "Donna", with a long horizontal flourish extending to the right.

Donna E. Shalala

Enclosure

cc: The Vice President
Carol Rasco
Robert Rubin

9/16/93

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Empowerment Zones & Enterprise Communities
(dollars in millions)

NOTE: The Department's ability to commit funds to this initiative is dependent on the amount of money appropriated by Congress. This chart reflects an estimate based on the House appropriation bill.

Program	Proposed Budget Authority for Empowerment Areas						Comments
	1994	1995	1996	1997	1998	1994-1998	
Health Services							
Preventive Health Grants (PHS/CDC)	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 150	The Public Health Service will provide funds through several different programs to support comprehensive preventive health activities. The initiative will support efforts for preventing sexually transmitted diseases, tuberculosis, and drug abuse. It will also support HIV/AIDS education activities.
Treatment Capacity Expansion Grants (PHS/SAMHSA)	2	2	2	2	2	10	This Center for Substance Abuse Treatment program will provide funding for expanded drug abuse treatment services in empowerment areas.
Community Health Care Discretionary Programs (PHS/HRSA)	7	7	7	7	7	35	The Public Health Service will provide funding to organizations in empowerment areas for a number of health delivery programs including community health centers, migrant health centers, and maternal and child health services.

Program	Proposed Budget Authority for Empowerment Areas						Comments
	1994	1995	1996	1997	1998	1994-1998	
Community Services							
Demonstration Partnership Program (ACF)	4	**	**	**	**	4	This Administration for Children and Families program will provide grants primarily to community action agencies to develop, in partnership with other public and private organizations, innovative approaches for reducing poor people's dependency on public assistance programs. These funds will support integrated service delivery strategies in empowerment areas. Applicants will be awarded points in the review process based on strategies that target communities that fit the criteria of an empowerment zone or enterprise community.
Community Services Discretionary Activities -- Community Economic Development (ACF)	21	*	*	*	*	21	This Administration for Children and Families program will provide assistance to private, locally-initiated, community development corporations which sponsor enterprises providing employment, training, and business development opportunities for low-income people. Applicants will be awarded points in the review process based on strategies that target communities that fit the criteria of an empowerment zone or enterprise community.

Program	Proposed Budget Authority for Empowerment Areas						Comments
	1994	1995	1996	1997	1998	1994-1998	
Jobs Opportunities for Low-Income Individuals (ACF)	5	*	*	*	*	5	This Administration for Children and Families effort will fund organizations within empowerment areas which provide job creation and training for community residents. The agency will also implement cooperative agreements with other institutions at the community level. Applicants will be awarded points in the review process based on strategies that target communities that fit the criteria of an empowerment zone or enterprise community.
Community Initiative Program (ACF)	*	46	46	46	46	184	The Community Initiative Program is a proposed consolidation of two Administration for Children and Families programs. Applicants will be awarded points in the review process based on strategies that target communities that fit the criteria of an empowerment zone or enterprise community.
TOTAL HHS	69	85	85	85	85	409	

* The proposed FY 1995 Budget includes a new discretionary program, the Community Initiative Program, which is a consolidation of the Jobs Opportunities for Low-Income Individuals program and a portion of the Community Economic Development program. Assuming the consolidation is enacted, funds now displayed under the heading "Jobs Opportunities for Low-Income Individuals" and portions of funds under "Community Service Discretionary Activities" will be folded into this new program.

** To be consolidated into the new Community Services Block Grant set-aside for use by Community Action Agencies and other "eligible entities" particularly those in empowerment zones, and for other purposes of the Secretary's choosing.

THE WHITE HOUSE

WASHINGTON

October 28, 1993

MEMORANDUM FOR BOB RUBIN

FROM: Paul Weinstein

SUBJECT: Community Empowerment Objectives *file*

Paul and Sheryll's memo does an excellent job of outlining goals for Empowerment Zones and Enterprise Communities. I agree that economic development and economic opportunity must be the primary focus for the zones. The following underscores that emphasis.

The Building Blocks -- Jobs

The core objective for empowerment zones and enterprise communities must be the creation of jobs. If the zones and communities do not create jobs, the program will be billed as a failure -- it's that simple. If we can create a job base in these distressed communities, then we can build outwards and develop the self-sustaining institutions that provide vital social services like child care facilities, health clinics, better schools.

With our limited resources, we can't afford to focus on the outcomes of the problems in our inner cities and distressed rural communities, we must focus on the causes. And the number one problem, in my view, is the lack of jobs and economic opportunity.

The major tax incentive for the zones is the Wage Tax Credit (WTC). The Credit should be effective in attracting labor intensive industries to the zones. The one problem with the WTC is that it is very costly to replicate. Therefore, we will need to study carefully which of the other, less expensive tax incentives, also have a positive job effect.

The Ultimate Test Of Reinvention -- Federal, State, County, City, and Community Coordination and Cooperation

I think Carol Rasco is right when she describes Empowerment Zones and Enterprise Communities as the greatest test of reinventing government. For this program to be successful, at least four layers of government and the actual communities themselves are going to have to actually communicate with each other. Nothing could seem more simple yet

so hard. I've always felt that one of reasons governments in the past allocated more and more money for programs -- even if they were unsuccessful -- is because cooperation requires a lot more effort than appropriation.

Intergovernmental cooperation, if we can get it to work in the zones, is something that can serve as a model for other communities. Two ways to promote cooperation is waiver authority -- to help communities cut through the red tape and provide flexibility -- and the strategic plan, which can serve as a compact between all the governmental entities involved.

Stakeholding -- Making Capital Available To The Inner City And Rural America

Past attempts to rebuild our inner cities and distressed rural areas have failed for several reasons, two major ones being (1) the disconnect between government assistance programs and the private sector and (2) the failure to ensure that residents would have a financial stake in the economic future of their communities.

The President has correctly argued that government programs should spur the private sector in distressed communities, and that we need to create entrepreneurship opportunities for the residents. Our capital incentives programs -- reform of the Community Reinvestment Act (CRA), passage of the Community Development Financial Institutions (CDFI) bill, SBA's One-Stop Capital Shop, SBA Microenterprise Loan Program, and the SSBIC/ Bumpers tax break -- will play a more significant role in the revitalization of these communities than the Zones themselves, because they will provide residents with the opportunity to own their own businesses and homes. In a recent interview Jack Kemp stated that Democrats have traditionally focused on the "safety net" while Republicans have put their efforts into the "ladder of economic opportunity." Well, trickle down was hardly a ladder. But Kemp's point that government should work in concert with the private sector to promote opportunity is fundamental (it's too bad he never heeded his own advice).

Security

Of course you can't attract outside business and capital, and retain human capital if your streets aren't safe, if the education system is failing, if you work all week and your income still falls below the poverty line. That is why several other Presidential initiatives, the crime bill, Headstart and Family Preservation, the EITC, health care reform, and welfare reform are integral components of any community empowerment strategy.

cc: Carol Rasco
Bruce Reed

Reg: VP Comm. Emp. folder

THE WHITE HOUSE
WASHINGTON

August 24, 1993

MEMORANDUM FOR THE VICE PRESIDENT
CAROL RASCO
BOB RUBIN

FROM: KATIE MCGINTY

SUBJECT: COMMUNITY EMPOWERMENT INITIATIVES

AUG 27 RECD
file

I recently received a copy of the draft Community Empowerment Initiatives dated August 10. I wanted to let you know of my interest in the activities of the interagency working group.

As mentioned in the draft principles, environmental protection plays a large role in promoting healthy and livable communities. I would encourage the continued inclusion of environmental principles as part of any community initiatives developed. There is tremendous opportunity to promote cleaner, safer communities, as well to guide economic redevelopment and job training in environmental cleanups.

My office has been involved in several such initiatives to date that may be of interest to the working group. For example, recent studies have indicated that minority communities bear a disproportionate share of pollution. My office has been developing a executive order that would direct agencies to address this environmental injustice. As the Empowerment Principles state, a commitment to communities is essential, and our executive order has as its linchpin the interaction between the federal government and communities of color in the development and enforcement of programs with environmental impacts.

Additionally, we have been working on an education initiative that would expand the realms of environmental science and technology to schools around the country. Minority and low income students, often excluded from many science and high tech opportunities because of poorly funded school districts, would be able to interactively participate in the collection and dissemination of environmental change data. Students would be directly involved in taking environmental measurements, and would work with federal and state agencies to use the data in a meaningful way. We hope to encourage more students of color to pursue environmental and science fields in college by exposing them to the world of science early and in this creative fashion.

If you would like more information on either of these initiatives, I would be happy to provide it. I look forward to participating in future dialogues on the community empowerment principles.