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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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8/9/95

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Performance Partnerships Between Federal Government and Cities

Meeting at U.S. Conference of Mayors
August 9, 1995

A G E N D A

Introductions and Background -- Tom Cochran, U.S. Conference of Mayors

Vice President's Challenge and Agenda Review -- Bev Godwin, National Performance Review

What We Mean by Performance Partnerships -- Ed DeSeve, Office of Management and Budget

Group Discussion of Redefining Federal/City Roles, Increasing Flexibility, Removing Barriers, and Focusing on Results:

Consolidating Planning Efforts and Empowerment Zones/Enterprise Communities -- Howard Glaser, Department of Housing and Urban Development

Pulling America's Communities Together -- Reggie Robinson, Department of Justice

The Oregon Option -- Bev Godwin, NPR

Project XL and Sustainable Development Challenge Grants -- Wendy Cleland-Hamnett, Environmental Protection Agency

Education efforts -- Judy Wurtzel, Department of Education

Setting Goals and Measuring Performance Toward those Goals:

How It's Done -- What's Happening in Your Cities? -- discussion facilitated by Tom Cochran, USCM

Beginning Inventory -- Pamela Johnson, NPR

Pieces of a Performance Partnership -- What Would Make It Work for All Partners -- discussion facilitated by Barbara Dyer, Alliance for Redesigning Government, and Pamela Johnson, NPR

- Principles
- City Responsibilities
- Federal Responsibilities

Where Might This Make Sense for Cities? -- discussion facilitated by Tom Cochran, USCM

What Issue Areas?

Which Cities?
Likely Reactions and Questions from Mayors?

Preparing for Seattle

Are these the right topics for Seatle?

Identify Speakers, Panelists, Resource People, Facilitators

Identify Format and Timing

Identify Background Material to be Provided in Seattle

Next Steps

1:\stlocal\agenda.com

Measuring Results: Initiatives in America's Cities

A compilation prepared by
the National Performance Review

NATIONAL PERFORMANCE REVIEW

OUTLINE

1. Introduction: Why measuring performance is important
2. Common questions asked about measuring performance
3. Brief descriptions of performance measurement initiatives (one page per city)
4. A snapshot of performance measurement initiatives (in matrix format)
5. Resources

1. INTRODUCTION

As Richard Fischer points out in the September 1994 edition of *Public Management*, assessing service performance is not a new idea. In fact in 1938, ICMA published a document entitled *Measuring Municipal Activities* which suggested a series of performance measures local governments might use. Performance measurement has received renewed attention periodically ever since. Most recently, with the publication of Osborne and Gaebler's book *Reinventing Government*, the creation of Vice President Gore's National Performance Review, and the passage of the Government Performance and Results Act of 1993, a focus on performance has become the center of a substantial movement that is rethinking the way government operates.

Although the ideas behind performance measurement are not new, government managers have generally been slow to adopt them. Now, more then ever, it is important for government managers to focus on the results they achieve. Why? For at least three reasons:

(1) Budget decreases require efficient and effective use of resources...

(2) There is a growing tide of taxpayer skepticism about government. This tide can be turned if government effectively assesses and communicates what it does and how well it does it...

(3) It's good sense and good management. Performance measurement allows managers to assess how they are doing, compare their performance to others, and identify opportunities for improvement...

[Note: need to elaborate and fill in details]

2. COMMON QUESTIONS ASKED ABOUT MEASURING PERFORMANCE

Q: What is "performance measurement?"
A: Performance measurement refers to a management process which involves (1) identifying important objectives consistent with your organization's mission, (2) measuring how you are doing against those objectives (in terms of outputs and outcomes), (3) using what your learn to inform decisions and improve performance, and (4) reporting how you are doing to your customers (in our case, the public).

Q: What is the difference between outcomes and outputs?
A: For any given service a spectrum of results exists. For example, a youth program may tutor at-risk youth with the intent of increasing their graduation rates. This tutoring (we hope) leads to improved attitudes about school, which leads to increased attendance, which leads to increased academic performance, which leads to increased graduation rates.

In the above example, the number of youths tutored is an "output." There are several possible "outcomes" - the number of kids who show improved attitudes toward school, the number who have improved attendance, the number who have improved grades, or the number who graduate. (Note: some people would use the term "intermediate outcomes" to describe any of these outcomes that are not the ultimate outcome of increased graduation rates).

Consider another example, a department responsible for issuing building permits keeps track of the number of permits they issue (an output). More importantly, they also track customer satisfaction with the process (an outcome).

As the above examples illustrate, "outputs" generally focus on the numbers of things done, on activities. "Outcomes" take it a step further and focus on either the impact or the quality of those activities.

It is important to note that "inputs" were not discussed in the above examples. Inputs are the resources an organization uses when providing a service (examples include hours of labor utilized or dollars expended). While it may be important to track this type of information, it does not provide any assessment of the quality or the impact of the services provided, and so by itself has very limited value.

Q: How do we ensure that the performance measures we collect are used?
A: Ensure they are useful. You can do this by...

Q: What is the best way to identify performance measures?
A:

Q: What are "benchmarks?"
A:

Q: In a previous question you discussed the difference between outcomes and outputs. How does "efficiency" fit in and can you summarize all this in a table?

A: The table below, developed by the Government Accounting Office, summarizes some key types of performance measures:

Type of measure	Description	Examples
Input	Resources used to carry out a program over a given period	Number of full-time employees, amount of equipment or materials used, dollars spent
Output	Amount of work accomplished or services provided over a given period	Number of welfare applicants processed, number of workers' compensation claims paid
Efficiency	Cost of labor or materials per unit of output or service	Cost per client served, equipment costs per square mile of brush cleared
Outcome	Extent to which program goals have been achieved or customer requirements have been satisfied	Percent reduction in teen pregnancy rate, customer satisfaction with taxpayer services

[Note: what other questions should be addressed?]

3. CITY DESCRIPTIONS

City: Anytown

Description: Each of Anytown's 14 departments recently concluded a year-long process in which they developed clear mission statements and annual department performance goals. Department directors used teams of employees and citizens when developing their mission statements and goals. Focus groups with the public were also held. Starting with a pilot project at the Police Department, performance against these goals will be reported quarterly and included in the city's annual report. Eventually, the city hope to incorporate performance into the budget preparation process.

Current Status (idea, planning, pilot, fully implemented): fully implemented (except for incorporation into budget process)

Applicable publications or source material: Anytown Serves You (annual report to the citizens)

Awards received: Governor is currently using city as a model

Contact: Joe Smith **Department/Office:** Office of the Mayor

Address: **1000 Main Street**
Anytown, FD 00000

Phone: (000) 000-0000 **Fax:** (000) 000-0000 **E-mail:** ____________

Date this summary was prepared: 8/8/95

4. A Snapshot of Performance Measurement Initiatives

	Measures Outputs or Outcomes in These Areas: air transportation	education	employment/training	environment/pollution	fire services	health services	housing	public safety/police	recreation/parks	sewage and waste	social services/welfare	roads/highways	tax collection		Developed with Community Input?	Outcome Measures Used In ...	Are Outcome Measures Published?
City #1															Y	Budget decisions	Y
City #2															N	Budget decisions, City Management Decisions, and Internal Improvement	Y

- Anaheim, California
- Arlington, Texas
- Atlanta, Georgia
- Austin, Texas
- Baltimore, Maryland
- Boston, Massachusetts
- Charlotte, North Carolina
- Chicago, Illinois
- Cincinnati, Ohio
- Cleveland, Ohio
- Dallas, Texas
- Elkhart, Indiana
- Fort Worth, Texas
- Freson, California
- Houston, Texas
- Jacksonville, Florida
- Kansas City, Missouri
- Knoxville, Tennessee
- Las Vegas, Nevada
- Lincoln, Nebraska
- Long Beach, California
- Louisville, Kentucky
- Madison, Wisconsin
- Milwaukee, Wisconsin
- Minneapolis, Minnesota
- New York, New York
- Norfolk, Virginia
- Oakland, California
- Oklahoma City, Oklahoma
- Palatine, Illinois
- Phoenix, Arizona
- Philadelphia, Pennsylvania
- Portland, Oregon
- Reno, Nevada
- Richmond, Virginia
- Sacramento, California
- St. Paul, Minnesota
- Salt Lake City, Utah
- San Antonio, Texas
- San Diego, California
- San Jose, California
- San Leandro, California
- Seattle, Washington
- Shreveport, Louisiana
- Sunnyvale, California
- Tucson, Arizona
- Tulsa, Oklahoma
- Virginia Beach, Virginia
- Wichita, Kansas

The Washington Post
Sunday, August 6, 1995

To Cut Red Tape, Oregon Experiments With Federal Aid

By John M. Goshko
Washington Post Staff Writer

PORTLAND, Ore.—Prior to his recent retirement, the most celebrated member of the Portland police force was not some magnum-wielding "Dirty Harry" cop, but Harley, a Vietnamese pot-bellied pig who gained renown for his sharp-nosed ability to sniff out illegal drugs.

In time, Harley's exploits came to the attention of the Drug Enforcement Administration (DEA) in Washington. What happened then provides a small but telling illustration of why the Republicans were so successful in last November's congressional elections. They struck a chord by promising to end intrusive micromanagement by the federal bureaucracy and give individual states more power to manage their affairs.

The DEA ruled that federal funds allocated to Portland for narcotics detection applied only to drug-sniffing dogs and, although Harley worked better and cost less than a dog, he violated federal regulations. Eventually Vice President Gore, who has been given responsibility for reinventing the federal government, learned about the situation. He resolved the problem and prompted smiles all around by declaring Harley an honorary dog.

But Harley's story is not a laughing matter for Gore's fellow Democrats, who must face the fact that the principal debate in Congress right now—and very possibly in the 1996 campaigns—centers on what House Speaker Newt Gingrich (R-Ga.) calls "the New Federalism."

The Republicans charge that Washington's "one size fits all" approach to governing is outmoded and want to reduce the federal government drastically by transferring many of its responsibilities to the states and cities.

To achieve that goal, the Republicans plan to eliminate most of the more than 500 narrowly focused

See OREGON, A18, Col. 1

OREGON, From A1

federal grant programs and consolidate them into block grants covering broad categories such as welfare, health and law enforcement. The block grants then would be parceled out to the states, which would set their own priorities for using the money.

That leaves the Democrats under pressure to come up with a response demonstrating that they too can find ways of overhauling the government so that it spends less time shuffling paper and more time serving the public. Some think they may have found a model here in this Pacific Northwest state with a tradition of innovative government. When President Clinton and Gore were in Portland on June 27, they repeatedly praised Oregon's ideas as a harbinger of how federal-state cooperation could work in the future.

It is called the "Oregon Option," and while still highly experimental—and at risk of being overtaken by Republican legislation in Congress—it envisions a performance-based contract between state and federal agencies that would eliminate much of the red tape entangling state officials in situations such as whether Harley is a pig or a dog.

Such agreements would be more restrictive than block grants, but still would have a big element of flexibility. Their aim is to get federal, state and local partners jointly to decide objectives they want to achieve with federal dollars and then give the states and municipalities relatively free rein to decide how best to do the job.

"The Oregon Option is probably the largest system of performance-based government in the United States that is actually up and running," said Elaine C. Kamarck, Gore's senior policy adviser for reinventing government. "We see it as a possible model for the future of federal-state relations."

The idea flows out of a 1989 decision by Oregon's political leaders to envision what they wanted the state to be in the future and to determine the steps necessary to achieve th goals. They established a companion set of "benchmarks" to measure progress; the information derived from these measurements is used to decide what personnel, funding and methods are necessary to achieve the goals.

"The benchmarks tell us what we need to do to get the best and most efficient results," said Duncan Wyse, who recently stepped down as executive director of the Oregon Progress Board, created by the state legislature to establish monitor the benchmarks.

"And we proceed from the assumption that this is not simply a state government undertaking," Wyse added. "We believe that success depends on involving institutions and individuals at all levels—state, county and city governments as well as community groups, businesses and schools—in a top-to-bottom collaboration."

Here on its home ground, the Oregon Option has received surprisingly little media attention. Most Oregonians would be hard pressed to say what it is. Yet the benchmarks—now numbering 259—increasingly touch the lives of people throughout the state.

Take the case of Joy Lucas, 28, who recently divorced her soldier husband in Germany and returned here with two small children, no work experience and no job skills. She wants to become a 911 emergency dispatcher and is enrolled in a program called "Steps to Success," designed to prepare welfare mothers for the job market by boosting their self-esteem and teaching them to cope with such everyday situations as balancing a checkbook.

Lucas has never heard of Oregon's benchmarks, yet the program on which she has pinned her hopes for self-sufficiency stems directly from what the benchmarks indicate is the best way to reform the state welfare system.

Hatfield Interested in Option

So too do the goals that recently caused C.H. Hagmeier, a retired physician active in Rotary Club affairs, Donalda Dodson, manager of the Marion County department of public health, and Megan Osborne, a registered nurse who directs the Marion County immunization clinic, to share a table during a workshop in the coastal town of Newport. They were among more than 60 health officials and volunteers planning an ambitious program to immunize more than 90 percent of Oregon's children against infectious diseases by age 2.

For two days, the group argued about how to achieve the benchmarks necessary for success: publicizing the program to increase parental awareness, overcoming fears of vaccination, enlisting the cooperation of pediatricians and health insurance providers, arranging for more immunization clinics and establishing a computer-based registry to track the progress of toddler immunization.

Almost all of the Oregon Option undertakings require the use of federal funds and, in many cases, the waiver of federal rules and restrictions on how the money is used. As Wyse said, "We need the federal government as a partner. But federal programs that provide money tend to be severely prescriptive and riddled with red tape that stifles innovation. In the biggest area of federal aid—welfare—at least 20 percent of our administrative time and money costs have been spent on federal paperwork."

That sounds remarkably similar to what Gingrich and his GOP congressional colleagues have been saying. Yet the Oregon Option has not attracted interest from Capitol Hill Republicans other than the state's senior senator, Mark O. Hatfield. Instead the Republicans remain committed to the block grant concept as their weapon of choice for transferring power to the states.

Given the current balance of legislative power in Washington, Oregon state officials say they do not know how their initiative would fare if block grants became the way federal funds were distributed. State officials, working with Hatfield and some Republican congressional staffers who have shown an interest, hope they can whip up more attention and perhaps get Congress to make room in block grants for some experimenting with their initiative.

In seeking a wider national tryout for the Oregon Option, they have the potential support of many Democrats who fear that Congress will not put enough enough money into block grants to enable the states and municipalities to handle their new responsibilities. And the almost total absence of controls over how block grant money is to be spent prompts Democratic fears that some states would shirk their responsibilities or fritter away the money on wasteful, inefficient programs.

Administration Backs Pilot Effort

That is why many Democrats have come to regard the Oregon Option as a way to meet public demand for limiting the reach of the federal bureaucracy while retaining some federal control over how taxpayer money is spent. Some are so enthusiastic that they think Clinton should make advocacy of the Oregon Option a prominent part of his reelection campaign next year.

"By focusing on results and the measures for achieving them in a way that is mutually agreed by the states and the federal government, you can free the states from preoccupation with whether they're filling out forms correctly and give them considerable latitude to do their own thing," said Alice M. Rivlin, director of the White House's Office of Management and Budget. "That's a much better idea than block grants, which have the effect of giving the states a blank check with no accountability."

With help from the nonprofit Alliance for Redesigning Government, backers of the Oregon Option convinced the Clinton administration last year to enter into a pilot program of cooperation in three areas.

Specifically, the administration agreed to join in a study of how federal rules affect Oregon's efforts to create a better trained and better educated work force, to provide funding for the vaccines needed in the infant immunization program and to assist the state's welfare reform efforts by relaxing restrictions on the use of federal welfare funds.

Although the Oregon Option is closely identified with the Democrats at the national level, its goals—as well as the methods adopted for their achievement—do not fit neatly into traditional liberal or conservative categories.

For example, the immunization program closely accords with liberal ideas about government activism to achieve universal health. Clinton, for example, has called for a nationwide program of toddler immunization although his administration so far has been unable to get it off the ground.

By contrast, what Oregon officials say about their experience with welfare reform sounds remarkably like what the country's more conservative GOP governors argue is the best way to overhaul the system.

Steve Minnich, who heads the state's adult and family welfare programs, notes that Oregon's ambitious program to get ple off welfare through job training originally envisaged placing them in positions paying wages of $10 to $12 an hour. But program managers quickly learned that their 12- to 18-month training programs were not sufficient to enable people to jump from welfare to the skilled or semiskilled positions in that pay range.

"However, we did we could qualify people for jobs around the minimum wage of $6 an hour," Minnich said. "That's way below what the welfare advocacy community says should be our target wage. Still, people who make $6 an hour and who can supplement that with food stamps, child care and the earned income tax credit are above the poverty line and better off than those who depend solely on welfare."

In another break with orthodox liberal thinking, Oregon is asking Washington to waive provisions of the Family Support Act that exempts welfare mothers with children under age 3—about 40 percent of the welfare population—from having to find a job or lose their benefits. Instead, Oregon wants to give these mothers a grace period of only three months after giving birth and then make continued receipt of benefits contingent on entering job training that pushes them toward the work force.

Pragmatism Is Major Principle

"The welfare community is very vehement in arguing that it's bad to force babies into child care so young and that mothers and infants should have at least a year to bond," Minnich said. "But we've concluded that bonding doesn't work very well if you're on welfare—that the way to improve your life and that of your child is to get a job and become self-sustaining as quickly as possible."

In this, as in all other aspects of the Oregon Option, the operative principle is pragmatism. "If it succeeds, we continue it; if it doesn't, we discard it and try something else," Minnich said.

So far, that has not encountered any objections from the Clinton administration. "We view the Oregon Option as an exercise in learning as you go," said Gore reinventing government adviser Kamarck. "We want to see what works and what mistakes are made, so we can avoid them elsewhere. In time, what Oregon is doing could become the model for the whole country."

BY TIM JEWETT FOR THE WASHINGTON POST

Joy Lucas, with daughter, Ruth, 6, is enrolled in "Steps to Success," an Oregon program to prepare welfare mothers for the job market. Lucas wants to be a 911 emergency dispatcher.

BY JOEL DAVIS—THE OREGONIAN

Harley, Portland's Vietnamese pot-bellied pig, became center of dispute with the DEA, which had limited federal aid to drug-sniffing dogs.

Performance Partnerships

Summary and Guiding Principles

NATIONAL PERFORMANCE REVIEW

AL GORE
Vice President of the United States

PROVIDED BY THE
NPR PHASE II FEDERALISM TEAM

WORKING DRAFT
Updated March 1995

PERFORMANCE PARTNERSHIPS

SUMMARY

WHAT IS A PERFORMANCE PARTNERSHIP?

- CONSOLIDATED PROGRAMS WITH
  - INCREASED FLEXIBILITY
  - ACCOUNTABILITY FOR PERFORMANCE

WHERE DO THEY MAKE SENSE?

- IF PROGRAMS ARE DELIVERED AT STATE AND LOCAL LEVELS,
- THERE IS SHARED AGREEMENT ON GOALS AND OBJECTIVES, AND
- YOU CAN MEASURE RESULTS.

HOW ARE THEY DIFFERENT FROM BLOCK GRANTS?

- OUTCOMES (NOT PROCESS) ARE THE PRINCIPAL MEASURE OF SUCCESS, AND
- FUNDS AND FLEXIBILITY ARE TIED TO IMPROVED PERFORMANCE

HOW ARE THEY "PARTNERSHIPS"?

- FEDERAL, STATE, AND LOCAL GOVERNMENTS AND PROVIDERS JOINTLY DESIGN THE PROGRAM AND MEASURE PROGRAM RESULTS
- PARTNERS WORK TOGETHER TO REMOVE BARRIERS TO SUCCESS

PERFORMANCE PARTNERSHIPS
Guiding Principles

Current Federal grant system.

A great deal of the current grant system has broken down in a tangle of good intentions gone awry. There are too many funding categories, suffocating regulations and paperwork, misdirected emphasis on remediating rather than preventing problems, and no clear focus on measurable outcomes. The system stifles initiative and squanders resources without achieving sufficient results. Performance partnerships offer improvements to the current system.

What is a performance partnership?

Performance partnerships provide increased flexibility on how a program is run in exchange for increased accountability for results.

- Increased flexibility includes:
  - consolidated funding streams
  - elimination of micro-management,
  - devolved decision-making (national goals and objectives, with much more flexibility for State and local partners to determine HOW these are achieved), and
  - reduced wasteful paperwork.
- Increased accountability for results means the partners will:
  - begin to treat outcomes and outputs as the basic measure of success (e.g., teenage pregnancy rate rather than number of visits to a clinic), and
  - create funding and other incentives to reward desirable results and performance towards results.

Where do performance partnerships make sense?

Performance partnerships work best:

- When the Federal Government intends to deliver services at State and local levels,
- Where there is shared agreement among Federal, State and local partners about national goals and objectives, and
- Where progress toward the goals and objectives can be measured.

Checklist of Guiding Principles for Designing a Performance Partnership

A number of key characteristics should be considered in designing and implementing performance partnerships:

1. Program consolidations
2. Partnership
3. Increased Flexibility
4. Improved Accountability
5. Measuring Performance
6. Performance Incentives
7. Shift in the Locus of Decision-making
8. Administrative Simplification
9. Administrative Savings
10. Implementation
11. Entitlement Programs

The checklist which follows contains principles which build upon the description of the Administration's six proposed "performance partnerships" in the President's FY 1996 Budget (see pages 152-154). The guiding principles should be regarded as ***"rebuttable presumptions":***

(a) In any policy arena in which there is a strong national interest and a history of Federal grants and other assistance to State and local governments, agencies should give strong consideration to developing one or more performance partnerships.

(b) If a proposed performance partnership is not consistent with a particular principle, there should be a compelling argument about how the program is otherwise addressing local needs, stops micromanagement, and holds its partners accountable for results.

1. Program consolidations

- Proposals should restructure current grant program authorizations to consolidate programs and/or funding streams and eliminate overlapping authorities:
  - Every effort should be made to merge funding streams which now force recipients to wastefully isolate administration and delivery of one program from another to avoid being penalized by auditors.

2. Partnership

- Federal, State and local partners should jointly design the partnership and the strategies to implement it.

- Performance partnerships should accommodate different program strategies with different State and local partners.

3. Increased Flexibility

- Performance partnerships should:
  - Promote multiple approaches to meeting national objectives,
  - Allow federally-funded activities to be fully integrated with State,

local, and provider activities, and

-- Allow flexibility so that State and local institutional forces and incentives achieve the desired results.

- If State plans are necessary, multiple "State Plan" requirements should be replaced with one "community-based strategic plan." Such a plan would outline basic strategies and tactics, and accommodate much more diversity from community-to-community and state-to-state than existing approaches.

- Partnerships should:

  -- Minimize "required" service requirements, and

  -- Provide multi-year funding.

4. Improved Accountability

- Federal agencies and State or local partners should develop, communicate, and monitor measurable program goals and report progress toward achieving them:

  -- Think in terms of shared accountability.

- Performance partnerships should focus on *outputs* and *outcomes* (real results) rather than detailed assessment of the inputs and process used by States and localities:

  -- An emphasis on results means, for example, concentrating on getting cleaner air (not the existence of State environmental regulations) or whether educational goals are being achieved (not the level of school expenditures).

- Notwithstanding increased flexibility, performance partnerships will maintain Constitutional and critical, national public policy requirements:

  -- Non-discrimination requirements, for example, will apply.

5. Measuring Performance

- Performance partnerships should be structured, managed, and evaluated on the basis of *results* (i.e., progress in terms of agreed upon measures of performance).

- Performance measures will typically include a mix of outcome and output measures, including both measures of progress toward national goals and measures of important negative consequences that are likely to result from program activities.

- Partnerships should focus on *outcomes* (not *process*) as the principal criteria by which to measure success.

- Authorizing legislation should include a statement of:

  -- "National goals and objectives" that the partnership seeks to help achieve, and

  For example: "parental responsibility."

  -- Types of "performance information" that would indicate what types of information would indicate progress toward the national goals and objectives.

  For example: "paternities established"

- The Federal agency should be authorized to develop national goals and objectives where the authorizing legislation does not specify them.

  For example: "The Secretary shall, in conjunction with the States, local governments, providers and consumers, develop national goals and objectives."

- "Performance measures" and performance targets should *not* be incorporated in authorizing legislation.

  For example: "The Secretary shall, in conjunction with States, local governments, providers and consumers, develop and update measures for determining State or local performance in achieving progress toward the national goals and objectives."

Accordingly, performance measures and targets should be:

-- Mutually developed by the partners, or

-- In the case of certain core indicators, developed by the Federal Government in consultation with grantees, and supplemented with indicators mutually agreed to by the grantees.

-- Refined over time in consultation with the grantees.

Performance measures require specification of at least the following:

(1) Type of performance information.
(2) Data source (or sources).
(3) Acceptable levels of precision and accuracy.
(4) Domains of estimations (e.g., States, counties, etc.)
(5) Frequency of data collection.

(6) Time period covered.

For example: for "paternities established"

(1.1) Percentage of new welfare cases for which paternities have been established, for each fiscal year cohort of new welfare recipients.

(1.2) Percentage of the total welfare caseload for which paternities have been established, as of the close of each fiscal year.

(2) Selected welfare system case records and information obtained through external quality control review.

(3) Total estimation error not to exceed 7% at the county level and/or 1% at the State level.

(4) The sample design must support precision and accuracy requirements for State (county) level estimates or for the population generally (e.g., the entire sample may be allocated across the State, "n" cases allocated per county, or even "n" cases per 1,000 per county).

(5) Annually.

(6) The last fiscal year.

- Performance agreements:

-- Federal agencies should develop individual performance agreements with each State/locality receiving funds.

For example: "The Secretary shall, in conjunction with the States, local governments, providers and consumers, develop individual performance agreements which specify the program goals and objectives, program performance measures, performance targets, and the timeframes for achieving the performance targets."

- Assessing progress:

-- The authorizing legislation should include a requirement that the Federal agency work with the partners to develop a system for assessing the extent of progress toward national objectives.

For example: "The Secretary shall, in conjunction with the States, local governments, providers and consumers, develop a system for assessing the extent of progress toward the national objectives."

-- At least annually, the partners should assess the level of performance achieved, the extent to which performance meets or exceeds agreed-on performance targets, and the extent to which performance has changed over time. These reports should acknowledge the influence of important external factors that may have affected the performance levels achieved.

-- From time to time, annual performance reports should be supplemented by program evaluations that estimate the net program impacts caused by the program. These program evaluations would use research designs to estimate the difference that the program makes (i.e., the difference between (a) the actual performance levels achieved, and (b) the performance levels that would have been achieved in the absence of the program).

- Data collection:

-- The partners will have to identify or develop data systems to define and assess "results" and "improvement in results."

For example: "The Secretary is authorized to withhold up to 5 percent of the amount appropriated to the program to support the development and updating of data systems tied closely to the national goals; the development of performance agreements with States; and data quality assurance and data quality improvement; and research and development of performance measurement methodology."

-- Partners should consider whether and how to get data that is generalizable, and consistent among and within States overtime.

- Refining the measures over time:

-- It is expected that the performance measurement process and indicators will evolve over time, as Federal agencies and grantees develop greater experience with this approach.

6. Performance Incentives

- Agencies should consider whether funds should be allocated in part on performance (but other factors such as need may also be determinants, including population, poverty, disease incidence, morbidity, and mortality, as appropriate).

- Partners should be recognized and rewarded for success -- both high performance and improved performance.

- Recipients should be rewarded for achieving ambitious, rather than readily-attainable, performance targets.

- Some portion of the funding should be based on actual performance:

  -- Some portion of funding should be available to the Federal agency as an incentive for States and localities that make improvement.

    For example: "The Secretary is authorized to reserve up to 10 percent of the funds to be used for performance incentive awards for recipients making process toward meeting national goals."

  -- "Up to" is important, since it will first be necessary to get a sensible measurement system in place, before attempting to award performance incentives.

  -- Rewards should not be directed toward only "exceptional" performance, but allow the Secretary to reward high or improved performance (i.e., "progress toward achieving national goals").

- High-performing States and localities should be rewarded with additional flexibility or reduced matching requirements.

- Similarly, disincentives should include reduced flexibility:

  -- A requirement to shift funds into practices successfully used by high performing States and localities, or
  -- Requirements for additional commitments of State or local resources, or
  -- Reduction or termination of Federal funding.

- Partners should avoid punishing innovation and experimentation:

  -- Keep in mind: no one is accountable for results *now* under the current system.

- Since there is shared accountability for results, Federal agencies should also respond to problems by providing technical assistance about promising practices:

  For example: "The Secretary shall provide technical assistance to the States to help them expand and improve ...."

- States and localities should be held harmless for cases where outcomes are not achieved despite the use of best practices (given the current state of knowledge).

7. Shift in the Locus of Decision-making

- The partners should decide largely on the *"What"* and leave most of the *"How"* to States and localities.

- Performance partnerships should seek to empower communities to make their own decisions about how to address their needs, and to be held accountable for results.

- Front-line, local-level providers should have greater flexibility and responsibility for service design, delivery, and results.

- Partnerships should permit customers and beneficiaries to shape programs to better match their individual needs -- by giving them voice, choice, and the means to integrate services from multiple providers.

- Recipient jurisdictions should have flexibility to set local benchmarks that are consistent with national program goals.

8. Administrative Simplification

- Partners will seek to reduce barriers to success.

- Partnerships should resemble "performance contracts" (i.e., contract for measurable results) rather than traditional cost-reimbursement, "level-of-effort" grants.

- Performance partnerships should reduce Federal regulation of inputs, and avoid micro-management, and wasteful paperwork:

  -- Rigid and costly program restrictions should be eliminated.

- Procedural, detailed application, financial management, auditing and expenditure reporting requirements should be eliminated or simplified to permit comprehensive service delivery:

  -- The focus should be "Is the community achieving measurable results that indicate progress toward national goals?" -- rather than "Were the dollars spent on the identified problem?"

- Federal agencies should, to the extent feasible, establish or negotiate performance targets, rather than specify the manner of compliance that States or localities must adopt.

- Reporting and monitoring should focus on performance (outcomes and outputs that indicated progress toward strategic goals) rather than inputs.

- Think in terms of reporting results to the public, rather than reports on process among levels of government.

9. Administrative Savings

- Administrative savings should be realized through consolidation and program and administrative simplification:

  -- Consolidated planning requirements, for example, should enable more integrated services with less overhead.

10. Implementation

- Proposals should consider:

  -- Phased-in implementation,
  -- Initially, shifting toward performance partnerships with self-selected or "volunteer" States/local partners that are ready.

- Partnership proposals should accommodate different degrees of devolution between Federal, and various State and local governments.

11. Entitlement Programs

- Performance partnerships for entitlement programs might:

  -- Initially allocate funds to States to match what they currently receive,
  -- Adjust over time for growth of poverty population and inflation,
  -- Authorize the Secretary to provide extra funds to States during economic downturns,
  -- As an incentive (since funding levels are fixed), permit high-performing States to re-direct their matching funds.

- Eligibility may need to be simplified, for example, to transform public assistance offices from bureaucratic eligibility offices into family support and job preparation centers linking a range of services.

- There may be a need to set specific common measures, but allow for flexibility for local circumstances:

  -- Measures should be both population- and client-based.

EMPOWERMENT ZONE

FEDERAL BARRIER REMOVAL SUMMARY

July 26, 1995

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EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF AFFORDABLE HOUSING PROGRAMS (OAHP)

CITY	REQUEST FOR ACTION	YES		FEDERAL RESPONSE
		waiver needed	waiver not needed	
Chicago, IL*	Permit HOME funds to be used as loan guarantees.		X	HOME funds may be used to guarantee or to secure private financing for affordable housing. The HOME regulations are currently silent on the guaranteeing of private loans. However, the regulations were amended on July 12, 1995 to specifically authorize this activity and to provide guidance on how loan guarantees may be structured. The Department has recently issued guidance containing examples of acceptable loan guarantee mechanisms. A waiver is not necessary.
Chicago, IL*	Simplify the long term monitoring requirements on small developers, property managers, and not-for-profit entities for HOME funded affordable housing projects within EZ/ ECs by simplifying annual certifications and waiving monitoring for units under $15,000 per unit.	X		Section 22(b) of NAHA requires annual inspection of property and monitoring for program compliance of HOME rental projects. (HOME ownership projects are not subject to monitoring.) The statute provides HUD with flexibility to establish streamlined procedures for small-scale or scattered site housing. The HOME regulations implement this provision by permitting such inspections and monitoring to be performed biannually for rental projects containing fewer than 25. The requirement for annual monitoring of large-scale HOME rental projects is not subject to waiver. However, the regulatory definition of small scale project or the frequency with which units in such projects must be monitored can be waived. The City should submit a request that outlines a specific proposal for monitoring that is consistent with the statutory exception for small-scale or scattered housing and provides adequate justification for the City's need for such a waiver.
Detroit, MI*	Waive Section 92.258 regarding the extended terms of affordability for home projects financed with FHA-insured mortgages.	X		There is not statutory basis for [illegible] regulatory provision. Thus, it may be waived for projects in the Empowerment Zone. The affordability periods shall be those established in Sections 92.252(a)(5), and 92.254(a)(4)(ii) of the HOME regulations for rental and homeownership projects, respectively. The City must provide the rationale for the request, and demonstrate good cause for a waiver.
Detroit, MI*	Modify Section 92.251 to allow the use of FHA minimum property standards as an alternative to the housing quality standards in Section 882.109, especially on acquisition only projects where no HOME funds are used for rehab.	X		A waiver may be requested, based on local conditions. The City must show good cause, and provide justification.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL
JULY 21, 1995

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF AFFORDABLE HOUSING PROGRAMS (OAHP)

CITY	REQUEST FOR ACTION	YES		FEDERAL RESPONSE
		waiver needed	waiver not needed	
Los Angeles/* LA County/ Vernon/ Lynwood, CA	Permit an administrative fee to HOME participating jurisdictions for FY 1992 allocation and for future years.		X	The Housing and Community Development Act of 1992, which was signed into law on October 28, 1992, permits each HOME participating jurisdiction to use an amount equal to 10% of each fiscal year's HOME allocation and program income received for the cost of administering the HOME Program. In addition, on April 19,1994, HUD amended the HOME interim rule to permit participating jurisdictions to charge certain "project delivery costs" directly to projects rather than an administrative costs. Therefore, a waiver is not necessary.
Los Angeles/* LA County/ Vernon/ Lynwood, CA	HOME Affordability Periods for FHA-assisted projects.	X		There is no statutory basis for this regulatory provision. Thus, it may be waived for projects in the EZ. The affordability periods shall be those established in Sections 92.252(a)(5), and 92.254(a)(4)(ii) of the HOME regulations for rental and homeownership projects, respectively. The City must provide the rationale for the request and demonstrate good cause for a waiver.
Los Angeles/* LA County/ Vernon/ Lynwood, CA	Permit refinancing of multifamily properties.	X		If the City wishes to pursue a waiver, it should submit a specific proposal including its proposed standards for evaluating whether projects should be refinanced.
Los Angeles/* LA County/ Vernon/ Lynwood, CA	HOME Homebuyer Assistance – Affordable on Resale		X	No waiver is necessary. The HOME regulations at 24 CFR 92.254(b) require units that receive HOME-funded homebuyer assistance, upon resale, be made available to subsequent low-income homebuyers at an affordable price. Originally, the HOME regulations defined affordability to subsequent buyer as a monthly payment not exceeding 30% of the monthly income of a family whose income equals 75% of area median income. On June 23, 1993, HUD amended the regulation to eliminate this definition and permit the participating jurisdiction to define affordability for resale purposes.
Los Angeles/LA* County/ Vernon/ Lynwood, CA	Allow one-for-one replacement throughout the entitlement areas, not just the project area. Permit rehabilitation of substandard residential units into standard units as part of the contribution to low/mod units.		X	Current regulations provide that replacement housing that has been raised to standard condition may qualify as replacement housing if no person was displaced from the unit as a direct result of a project, and the unit was vacant for at least 3 months before execution of the contract between the owner of the property and the grantee/recipient.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF AFFORDABLE HOUSING PROGRAMS (OAHP)

CITY	REQUEST FOR ACTION	YES		FEDERAL RESPONSE
		waiver needed	waiver not needed	
Los Angeles/* LA County/ Vernon/ Lynwood, CA	Do not allow code enforcement or minor rehabilitation to trigger requirement for one-for-one replacement of lower income housing.		X	Code enforcement does not trigger one-for-one replacement at present, so a waiver is not needed.
Los Angeles/* LA County/ Vernon/ Lynwood, CA	Permit the use of HOME funds for equity investments in troubled housing projects.		X	Section 212(a) of the National Affordable Housing Act outlines the following eligible activities under the HOME Program: acquisition, rehabilitation, new construction, and tenant rental assistance. If by equity investment the City means the HOME participating jurisdiction would use HOME funds to acquire and maintain any equity stake in an existing property, then the activity is eligible under the HOME statute and regulations. In such instances, HOME requirements would apply to the project. If this is not what the City intends, it should provide clarification so an accurate determination can be made.
Los Angeles/* LA County/ Vernon/ Lynwood, CA	Permit initial operating reserves for periods greater than 18 months.	X		The HOME interim rule at 92.206(c)(5) permits the use of HOME funds to capitalize initial operating deficit reserves for the rent-up period (not to exceed 18 months) for substantial rehabilitation and new construction projects. These funds may be used only to pay project operating expenses, reserve for replacement payments and debt service. This is a regulatory requirement and is subject to waiver. However, the applicant's suggestion that initial operating reserves be retained indefinitely would permit the reserve to be used as a continuing operating subsidy rather than a rent-up reserve and would provide incentive to loosen underwriting standards and overcapitalize the reserve funds. The City should submit a proposal identifying the nature of the projects for which this waiver [illegible] sought and proposing standards for determining when initial operating [illegible] should be terminated.
Los Angeles/* LA County/ Vernon/ Lynwood, CA	Amend HOME limitation on the use of funds with FHA insurance; increase the allowable size of a qualified home improvement loan.		X	No waiver needed, as the HOME rule has been amended to permit the use of the 95% of area median purchase price rather than FHA's 203(b) limit.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL
JULY 21, 1995

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF AFFORDABLE HOUSING PROGRAMS (OAHP)

CITY	REQUEST FOR ACTION	YES: waiver needed	YES: waiver not needed	FEDERAL RESPONSE
Los Angeles/* LA County/ Vernon/ Lynwood, CA	Loan Guarantees and Credit Enhancements issues.		X	Discussion is currently underway among HUD, Freddie Mac and the City of LA to permit loan guarantees using HOME funds. Details will be negotiated separately to assure that the guarantee is structured to accomplish the City's goal of leveraging additional financing through the secondary market and to protect HUD's interest in assuring that HOME Program requirements relating to low-income benefit affordability, accountability, etc. are met.
New York* County/Bronx County, NY	Waive HUD requests that any set-aside policy must comply with state and local law.		X	This is a procurement issue not specific to the HOME Program. The reference is apparently to set-asides for minority contractors. The City/County should clarify the request to enable HUD to direct it to the appropriate place for response.
New York* County/Bronx County, NY	Waive requirements of existing Federal, State or City housing programs (i.e., HOPE, HOME) to establish a zone infill program.		X	Request is unclear. HOME regulations do not require nor do they prevent the establishment of an "infill housing program."
New York County/Bronx County, NY	Waive HUD requirements to permit a non-site specific programmatic letter of commitment from HUD prior to acquisition (NYC Partnership recommendations - mixed used program).		X	Request is unclear. The City/County should clarify which HUD program its request refers to.
Philadelphia,* PA/Camden, NJ	The NHOP restricts augmentation of the program to Federal funds from the CDBG. In Camden, HOME funds are used for housing programs, especially to augment non-profit housing initiatives. These same non-profits also seek to use NHOP funds, but are prohibited from doing so. Camden seeks permission to augment NHOP with HOME funds.	X		The project was advised in November of 1993 that use of such funds was prohibited. However, a waiver could be requested if they could demonstrate good cause for the waiver. No response was received from the grantee. The grantee must provide evidence to support the need for these funds in the project in order for a waiver to be considered.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 24, 1995

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF HOUSING/FHA

CITY	REQUEST FOR ACTION	YES: WAIVER NEEDED	YES: WAIVER NOT NEEDED	FEDERAL RESPONSE
Chicago, IL*	Governmental and private lenders are asked to relax their underwriting criteria for housing and credit for residents of the EZ/ECs.	X		Some underwriting criteria are statutory, and may not be waived. For others, a waiver is possible if the City specifies which they want.
Philadelphia, PA/Camden, NJ *	Waive the restriction limiting Nehemiah Housing Opportunity Grant Program (NHOP) to being augmented with only CDBG funds so that they may also be augmented with HOME funds in Camden.	X		Agency is willing to consider waiver with additional justification. To date, no such justification has been received.
Philadelphia, PA/Camden, NJ *	Applicant seeks waiver of the NHOP regulations at 24 CFR 280.320(b) which prohibits government entities from providing funds for down payments to families purchasing homes under the program.	X		HUD is willing to consider a waiver, (with additional justification) if circumstances have changed resulting in a new need for a waiver. Because HUD recognizes that the NHOP requirements are strict, (10% unless first mortgage is held by State/Local government), it has approved the use of financing from the NJ housing and Mortgage finance agency so that the NHOP downpayment requirement could be lowered to the amount required under the various State programs. The State has committed to provide 100% first mortgages to this project. In view of this commitment, there is no need for waiver where no downpayment is required by the state program.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 24, 1995

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF HOUSING/FHA

CITY	REQUEST FOR ACTION	YES: WAIVER NEEDED	YES: WAIVER NOT NEEDED	FEDERAL RESPONSE
Los Angeles/ LA County/ Vernon/ Lynwood, CA	Allow the Secretary of HUD to enter into sole source arrangements with Pension Funds for the EZ/EC area and create set-aside funds.		X	Not applicable. Individual project selections are made by the pension fund, not HUD. For example, FY 94 Section 8 budgetary authority has been allocated to various pension funds such as the AFL-CIO ($50 million) and CALPERS ($10 million). Both of these have expressed interest in financing projects in California and should be contacted by the applicant.
Houston, TX*	Site and neighborhood standards for location of units in impacted areas.		X	A regulation to relax site and neighborhood standards is pending. (FR 3826). The changes should enable the City to do what it has requested.

EMPOWERMENT ZONE BARRIER REMOVAL

(PIH-JULY 21, 1995)

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF PUBLIC AND INDIAN HOUSING (PIH)

CITY	REQUEST FOR ACTION	YES	FEDERAL RESPONSE
Chicago, IL	*Target the EZ/ECs for Section 8 certificates/vouchers and tie their values to median incomes within EZ/EC census tracts.*	X	*If incremental Section 8 funds become available, Sec. 3 (b)(2) permits the Secretary to determine the "area" for which 80 percent of the median income is established. If by "value" the housing authority means that they want a higher subsidy, then the "value" is a function of the fair market rent (certificates) and the payment standard (vouchers). If this is the case, the HA will need a waiver of 24 CFR 882.106(a) for the certificate program, and 24 CFR 887.351(b)(2) for the voucher program. With the submission of the documentation to support good cause finding, this request is waivable. With respect to targeting Section 8 to EZs, current regulations prohibit the use of residency preference for an area smaller than a county or municipality. 24 CFR 982.208(c) Alternatively, and more likely, the housing authority could target its Section 8 by giving admission preference to the residents of EZs, subject, of course, to the Federal preference requirements.*
Chicago, IL	*Waive restriction of Section 8 rental subsidy program; allow subsidy to apply to income-eligible families with children with disabilities.*	X	*Waiver not required. The certificate and voucher programs allow subsidy for eligible families with children with disabilities. § 982.201 (59 FR 36684, 7/18/94*
Chicago, IL	*Public Housing residents seek a waiver of the two entrance minimum requirement for home care facilities, particularly for potential operators wanting to locate in public housing*	X	*Waiver not required. HUD does not require two entrances for home care facilities in public housing. The facility has to be in conformance with local or State code requirement regarding the type of facility that is being operated. The community is advised to refer also to the National Fire Protection Act.*

EMPOWERMENT ZONE BARRIER REMOVAL

(PIH-JULY 21, 1995)

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF PUBLIC AND INDIAN HOUSING (PIH)

CITY	REQUEST FOR ACTION	YES	FEDERAL RESPONSE
Baltimore, MD	Waive HUD regulations which require fair market value before properties can be sold.	X	Waiver not required. The Housing Authority of the City of Baltimore (HACB) is requesting the waiver of 24 CFR 970.9 (a) of the demolition and disposition regulation. No waiver is required for this action since there is a built-in "exception" authority in 24 CF 970.9. In order for HUD to approve either a negotiated sale or a sale for less than fair market value (FMV), HACB must show the commensurate public benefit of such an action. The HACB should contact the Atlanta Demolition/Disposition Processing Center to discuss their request. (NOTE: HUD approved HACB's application to dispose of the entire 300 unit development on August 20, 1990. The approval was for the sale at public bid for FMV. It did not include approval for demolition, so the HACB also will need to request approval to demolish the development, as well.) Both requests should be made to the Atlanta Demolition/Disposition Processing Center. The two contacts at the Center are Mario Rosario (404) 331-4025 and Norma Davis (404) 331-4492. After HACB provides the necessary documentation to the center, the center will approve the requests for disposition at less than FMV and for demolition. HACB should be informed also that the sale of the project for less than FMV must be permitted under State law.
Detroit, MI	Unrestricted admission of single persons, i.e., former general assistance recipients who are not elderly, handicapped or disabled.	X	Waiver not required. HUD regulations permit admission of single persons who are not elderly or disabled. Part 812, Part 912, and § 982.201(c)(1). (By law elderly or disabled singles must be given preference over other single person families.)
Detroit, MI	Increase the number of peace officers allowed to live on site regardless of unit inventory (unpublished regulations).	X	Regulations are under review to reduce specificity. In addition, there currently is flexibility, if units would otherwise remain vacant. Sec. 507; 24 CFR 960, Subpart E.

EMPOWERMENT ZONE BARRIER REMOVAL

(PIH-July 21, 1995)

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF PUBLIC AND INDIAN HOUSING (PIH)

CITY	REQUEST FOR ACTION	YES	FEDERAL RESPONSE
Detroit, MI	Allow for greater flexibility in site and neighborhood standards for locating new public housing units.	X	Waiver not required. The regulation (24 CFR 941.202 (c)(1)(2) and (d) allows HUD to make a determination to build or renovate housing in areas impacted with minorities or low-income families and individuals. Demolition/Disposition. In the case of replacement housing for a demolition or a disposition where the sites of the replacement housing are identified, HUD requires compliance with site and neighborhood standards at the time of submission of the demolition or disposition application (See 24 CFR 970.11(h). In cases where the site has not been identified at the time of the demolition or disposition application the HA is required to submit a certification with the application that it will comply with 24 CFR 941.202 when the sites are identified. General Development. The development program requires that the HA submit site specific information at the time of PHA proposal submission. At that time, the HA can request to locate the development in an area which is impacted by minorities or low-income. The regulatory requirement for exceptions based on either overriding housing needs, or comparable opportunities is found at 24 CFR 941.202(c).
Detroit, MI	Individual development based application processing and maintenance of waiting list.	X	Waiver not needed. Under 24 CFR 1.4(b)(2)(iii) and with the submission of the proper documentation, the Assistant Secretary for Fair Housing and Equal Opportunity may grant exceptions to the "first come, first served" requirements found in subsection (ii).

EMPOWERMENT ZONE BARRIER REMOVAL

(PIH-JULY 21, 1995)

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF PUBLIC AND INDIAN HOUSING (PIH)

CITY	REQUEST FOR ACTION	YES	FEDERAL RESPONSE
Detroit, MI	Unrestricted admission of families whose income fall between 50% and 80% of the median.	X	Sec. 16, USHA 1937 as amended by the 1990 and 1992 Acts permits admission of low-income families who are not very low-income families. The limit remains 25 percent of all units, nation-wide, in projects that were occupied before 1981. In addition, there is a project-level limit of 25 percent of the units in any project, irrespective of the date of initial occupancy. Because these are statutory limits, it is not possible to waive the regulatory requirement of 24 CFR 913.104. With respect to 913.105, the 1990 act increased the limitation on occupancy by non-very-low-income families from 5 to 15 percent in projects that became available for occupancy on or after October 1, 1981, the date of enactment of the HCD Amendments of 1981, which created Section 16(a) and (b) of the Act. Because the regulations have not been revised to reflect the 1990 and 1992 amendments, for public housing units in these relatively newer buildings, authority has been redelegated to HUD State/Area Offices for approval of income limit exceptions where applicant families are not very low-income. This redelegation was published in the Federal Register on October 7, 1994.
New York County/Bronx County, NY	Waiver to permit NYC Housing Preservation Development (HPD) to use Federal Drug Elimination funds for in-rem (City-owned) housing located in EZ. (Currently restricted to use in Federally assisted Public Housing projects).	X	The request may be possible if city-owned project is adjacent to or near PHA project, as NOFA permits use of funds "in or near" PHA project. Also, with the recent federalization of 22,000 units in New York, it is likely that on a case-by-case basis, the NOFA requirement can be met. Also, it is likely that the housing will be in a high crime area (as defined by statute) and meet other statutory requirements. The waiver is approvable subject to certification that the city is in compliance with the NOFA and statutory provisions. (Notice of Fund Availability, Public and Indian Housing Drug Elimination Program-1995, Federal Register Vol. 60, No. 3, January 5, 1995)

EMPOWERMENT ZONE BARRIER REMOVAL

(PIH-JULY 21, 1995)

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF PUBLIC AND INDIAN HOUSING (PIH)

CITY	REQUEST FOR ACTION	YES	FEDERAL RESPONSE
New York County/Bronx County, NY	Waive rule that Section 8 vouchers and certificates cannot be used in in-rem (City-owned) buildings which are in disposition programs.	X	Waiver not needed. Statute now allows use of properties owned by PHA that is contract-administrator. New conforming rule reflects this change. § 982.352(b). City owned properties could be rented by cert/voucher participants assisted by NYCHA or by HPD.
New York County/Bronx County, NY	Exemption from HUD rule that limits HPD's annual rental assistance allocation to no more than 10% of existing certificates/voucher supply.	X	HUD has not imposed a special limitation on HPD. Annual Program NOFA has prohibited PHA from receiving new units for more than 10 percent of existing PHA program. There is nothing to waive now. HUD could consider this in drafting a future NOFA, however.
New York County/Bronx County, NY	Waive restrictions on use of PHA development funds for joint ventures.		Response needed from Agency.
New York County/Bronx County, NY	Waiver from procedures to permit tenants in EZ to receive Section 8 assistance earlier.	X	Waiver not required. PHAs may adopt preferences governing order of admission of federal preference holders (now called "ranking" preferences), as well as preferences in admissions not subject to federal preference (so called local preference). See § 982.207. If the EZ is smaller than the municipality, preference for EZ residents would require waiver of § 982.208(c), that prohibits residency preference for area smaller than county or municipality.

EMPOWERMENT ZONE BARRIER REMOVAL

(PIH-July 21, 1995)

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF PUBLIC AND INDIAN HOUSING (PIH)

CITY	REQUEST FOR ACTION	YES	FEDERAL RESPONSE
LA County Vernon/ Lynwood, CA	Permit use of Section 8 certificates to fill the "affordability gap" for tenants at 50% - 65% of median income.	X	Sec. 16, USHA 1937 as amended by the 1990 and 1992 Acts permit admission of low-income families who are not very low-income families. The limit remains 25 percent of all units, nation-wide, in projects that were occupied before 1981. In addition, there is a project-level limit of 25 percent of the units in any project, irrespective of the date of initial occupancy. Because these are statutory limits, it is not possible to waive the regulatory requirement of 24 CFR 913.104. With respect to 913.105, the 1990 act increased the limitation on occupancy by non-very-low-income families from 5 to 15 percent in projects that became available for occupancy on or after October 1, 1981, the date of enactment of the HCD Amendments of 1981, which created Section 16(a) and (b) of the Act. Because the regulations have not been revised to reflect the 1990 and 1992 amendments, authority has been redelegated to HUD State/Area Offices for approval of income limit exceptions where applicant families are not very low-income families to public housing units in these relatively newer buildings; this redelegation was published in the Federal Register on October 7, 1994.
Oakland/ San Leandro/ Alameda, CA	Partially open waiting list for underserved persons on waiting list, i.e., people just below income limits, the goal is to have more working families	X	Waiver not required. The waiting list can be opened for categories of local preference, including local preference for employed or under-earning families. For public housing, up to 50 percent of admissions may be based on such local preferences. 24 CFR 960.211 Also, PHAs may adopt preferences governing order of admission of federal preference holders (now called "ranking" preferences), as well as preferences in admissions not subject to federal preference (so called local preference). See § 982.207.

EMPOWERMENT ZONE BARRIER REMOVAL

(PIH-July 21, 1995)

AGENCY:	HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF PUBLIC AND INDIAN HOUSING (PIH)		
CITY	**REQUEST FOR ACTION**	**YES**	**FEDERAL RESPONSE**
Oakland/ San Leandro/ Alameda, CA	Participants in EZ, who are residents of subsidized housing, will not have eligibility for benefits affected. Residents will receive a stipend of $500 per month while they participate in the EZ community-building work part-time and receive education and training part-time...participants who are residents of subsidized housing must be assured that their participation does not affect their eligibility for these benefits. Unlike the other waivers which are requested only for the initial year of participation in the community-building teams, this waiver is requested for the entire time a participant is engaged in the community-building teams program which is expected to be two years.	X	Waiver not needed. Amounts received under HUD-funded training programs, such as stipends, wages, transportation payments and child care vouchers received pursuant to the training program, are excluded from annual income for purposes of calculating rent. Income received as compensation for employment is excluded in this case if the employment is a component of a training program. Amounts excluded by this provision may include, but are not limited to, compensation received during on-the-job training, apprenticeships and third-party employment. These activities are distinguishable in the following ways: ■ the activities occur under a training program that has clearly defined goals and objectives; ■ the training program is for a predetermined, limited time period. Additionally, there are a number of other income exclusions that benefit residents in transition from welfare to work and working residents who are participating in training to enhance their skills. HUD regulations at 24 CFR 913.106, a Federal Register Notice at 60 FR 17388 (Wednesday, April 5, 1995, and HUD Notice PIH 95-23 (April 14, 1995) list the income exclusions provided for under current statutes and regulations. HUD Notice PIH 92-48 (PHA) provides additional guidance on the exclusion for training stipends. HUD will make every effort to support State and local training, upward mobility, and self-sufficiency initiatives.

EMPOWERMENT ZONE BARRIER REMOVAL

(PIH-July 21, 1995)

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - Office of Public and Indian Housing (PIH)

CITY	REQUEST FOR ACTION	YES	FEDERAL RESPONSE
Houston, TX	Permit greater flexibility in selecting very low- and low-income households for all revitalized units including housing developments (to be revitalized substantially) in the EZ areas and non-impacted sections of the city (which would be covered by a waiver of 24 CFR 913.105 for the new units.)	X	The housing authority is requesting a waiver of 24 CFR 913.104 and and 913.105 to permit occupancy in both older and relatively newer PHA properties without limitation between low-income and very low-income applicants. Both the 1990 and 1992 Acts amended Section 16 of the U.S. Housing Act of 1937 dealing with admission of low-income families who are not very low-income. The limit remains 25 percent of all units (nationwide) in projects that were occupied before 1981 Because these are statutory limits, it is not possible to waive the regulatory requirement of 24 CFR 913.104. With respect to 913.105, the 1990 Act increased the limitation on occupancy by non-very low-income families from 5 to 15 percent in projects that became available for occupancy on or after October 1, 1981, the date of enactment of the HCD Act. Because the regulations have not been revised to reflect the 1990 and 1992 Amendments, authority has been redelegated to HUD State/Area Offices for approval of income limit exceptions where applicant to these relatively newer buildings are not very low-income families; this redelegation was published in the Federal Register on October 7, 1994.

EMPOWERMENT ZONE BARRIER REMOVAL

(PIH-JULY 21, 1995)

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF PUBLIC AND INDIAN HOUSING (PIH)

CITY	REQUEST FOR ACTION	YES	FEDERAL RESPONSE
Houston, TX	Permit the establishment of ceiling rents for units in EZ areas.	X	Waiver not needed. Houston is apparently requesting permission to establish ceiling rents for a limited but undefined selection of the housing authority's inventory in the city's Empowerment Zone. Based on precedents established in the HOPE VI program, and explicitly stated in the HOPE VI grant agreement, it is HUD's policy that housing authorities will be permitted to deviate from the requirements of 24 CRF 913.107 in order to establish limitations on total tenant payments ("ceiling rents") upon approval by HUD of a waiver request which: (a) is in accordance with the requirements set forth in the March 15, 1989, Federal Register Notice for Policy on Establishment of Ceiling Rents for Public Housing (54 FR 10733), or (b) otherwise calculates ceiling rents in accordance with 3(a)(2)(A) (iii) of the 1937 Act, as amended (by section 102(a) of the Housing and Community Development Act of 1987), which permits the establishment of ceiling rents that are not less than the average monthly amount of debt service and operating expenses attributable to dwelling units of similar size in public housing projects owned and operated by the housing authority. Upon receipt of a proposal consistent with the requirements of the above-cited Federal Register notices, including specification of the proposed ceiling rents by unit size and the methodology for determining the proposed ceiling rents, HUD will be in a position to review and to grant expeditious approval of a ceiling rent scheme.

EMPOWERMENT ZONE BARRIER REMOVAL

(PIH-JULY 21, 1995)

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF PUBLIC AND INDIAN HOUSING (PIH)

CITY	REQUEST FOR ACTION	YES	FEDERAL RESPONSE
Houston, TX	Permit the establishment of a separate waiting list for the revitalized areas and the replacement units to be constructed. The separate waiting lists, when established, will accompany a strategy for affirmative marketing for the development which will include specific steps to inform potential applicants and solicit applications from eligible families in the housing market area that are least likely to apply. In fact, the steps to attract a greater number of low-income (i.e., working poor) households which the city has been for the most part unable to do is one of the reasons for the separate waiting list and waiver requests.	X	Waiver not needed. Under 24 CFR 1.4(b)(2)(iii) and with the submission of the proper documentation, the Assistant Secretary for Fair Housing and Equal Opportunity may grant exceptions to the "first come, first served" requirements found in subsection (ii). Establishment of a separate waiting list is permissible under regulations and is explicitly addressed in HUD Handbook 7465.1 REV-2, The Public Housing Occupancy Handbook: Admissions, paragraph 5-6a(3). A PHA can develop and maintain separate waiting lists, with HUD approval, but cannot establish different residency requirements or preferences, and cannot operate a scheme that would result in or perpetuate patterns of occupancy inconsistent with the protections referenced in 24 CFR 960.203. HUD would entertain a proposal for identification of a separate community and a separate waiting list, if the request were accompanied by a detailed plan and rationale for the proposal. If the goal is to increase the proportion of working poor in the EZ, that goal would not necessarily be served by operating a separate waiting list.
Houston, TX	Permit the waiver of site and neighborhood standards in EZ areas.	X	Houston is requesting a waiver of site and neighborhood standards (24 CFR 941.202) to permit location of units in impacted areas. The Department will consider any reasonable measures necessary to achieve the goal of rebuilding or replacing units already in impacted areas.

EMPOWERMENT ZONE BARRIER REMOVAL

(PIH-July 21, 1995)

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - Office of Public and Indian Housing (PIH)

CITY	REQUEST FOR ACTION	YES	FEDERAL RESPONSE
Kansas City, BiState	Establishment of ceiling rents and waiver of rent as a percentage of income and 18-month grace period for any increase for Step Up, Family Self-Sufficiency, Missouri FUTURES and 21st Century Communities Initiative before any rent increase	X	Based on precedents established in the HOPE VI program, and explicitly stated in the HOPE VI grant agreement, it is HUD's policy that housing authorities will be permitted to deviate from the requirements of 24 CRF 913.107 in order to establish limitations on total tenant payments ("ceiling rents") upon approval by HUD of a waiver request which: (a) is in accordance with the requirements set forth in the March 15, 1989, Federal Register Notice for Policy on Establishment of Ceiling Rents for Public Housing (54 FR 10733), or (b) otherwise calculates ceiling rents in accordance with 3(a)(2)(A) (iii) of the 1937 Act, as amended (by section 102(a) of the Housing and Community Development Act of 1987), which permits the establishment of ceiling rents that are not less than the average monthly amount of debt service and operating expenses attributable to dwelling units of similar size in public housing projects owned and operated by the housing authority. Upon receipt of a proposal consistent with the requirements of the above-cited Federal Register notices, including specification of the proposed ceiling rents by unit size and the methodology for determining the proposed ceiling rents, HUD will be in a position to review and to grant expeditious approval of a ceiling rent scheme.

EMPOWERMENT ZONE BARRIER REMOVAL

(PIH-JULY 21, 1995)

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF PUBLIC AND INDIAN HOUSING (PIH)

CITY	REQUEST FOR ACTION	YES	FEDERAL RESPONSE
Kansas City, BiState	Exclude all savings assets below $10,000 from the income determination upon which rent is based.		Prohibited. Income limits are statutory (Sec.3, USHA 1937). Under current regulations, annual income includes interest, dividends and other net income of any kind from real or personal property. Where a family has net family assets in excess of $5000, annual income shall include the greater of actual income derived from net family assets or a percentage of the value of such assets. By law, all assisted housing residents have to pay a portion of their income, typically thirty percent of monthly adjusted income, towards the cost of their housing. Once the income from an asset is determined, thirty percent of the income from that asset is included when calculating rent. HUD Notice PIH 92-33 (PHA) determined that a representative interest rate should be set locally, and provided Field Offices with a mechanism for determining an interest rate that reflects safe, liquid investment opportunities available. In most instances, this number is no greater than 3 percent. As an example, consider a family with an asset valued at $5000. The annual income imputed at 3 percent would be $150.00. This amount would be compared to the actual income generated by the asset. If the imputed amount was greater than the actual amount, thirty percent of the imputed amount, or $45.00, would be determined for rent. This translates to $3.75 per month, an amount that would not appear to be a disincentive to saving.

EMPOWERMENT ZONE BARRIER REMOVAL

(PIH-JULY 21, 1995)

AGENCY: HOUSING AND URBAN DEVELOPMENT (HUD) - OFFICE OF PUBLIC AND INDIAN HOUSING (PIH)

CITY	REQUEST FOR ACTION	YES	FEDERAL RESPONSE
Kansas City, BiState	Interpret "overriding housing need" to allow PHA-owned units in redevelopment areas (multi-family or single family) defined under local ordinances providing tax abatement and eminent domain to developers (including CDC's) and in former public housing sites.	X	A waiver is not necessary. The regulation (24 CFR 941.202 (c)(1)(2) and (d) allows HUD to make a determination to build or renovate housing in areas impacted with minorities or low-income families and individuals. Demolition/Disposition. In the case of replacement housing for a demolition or a disposition where the sites of the replacement housing are identified, HUD requires compliance with site and neighborhood standards at the time of submission of the demolition or disposition application (See 24 CFR 970.11(h). In cases where the site has not been identified at the time of the demolition or disposition application the HA is required to submit a certification with the application that it will comply with 24 CFR 941.202 when the sites are identified. General Development. The development program requires that the HA submit site specific information at the time of PHA proposal submission. At that time, the HA can request to locate the development in an area which is impacted by minorities or low-income. The regulatory requirement for exceptions based on either overriding housing needs, or comparable opportunities is found at 24 CFR 941.202(c). In any case, the determination to allow an HA to build or renovate public housing in an impacted area must be made by HUD on a case-by-case basis for a specific development. There is no regulatory basis for a blanket waiver of site and neighborhood standards such as the one requested.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

AGENCY: HUD: OFFICE OF COMMUNITY VIABILITY

CITY	REQUEST FOR ACTION	YES		FEDERAL RESPONSE
		WAIVER NEEDED	WAIVER NOT NEEDED	
Los Angeles*	Federal agencies should include a conformity finding made at onset of EZ/EC designation.		X	Environmental reviews are not required at EZ/EC designation stage. A conformity finding relates to the Clean Air Act, and is made by the locality.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

AGENCY: HUD OFFICE OF BLOCK GRANT ASSISTANCE (OBGA)

CITY	REQUEST FOR ACTION	FEDERAL RESPONSE: YES – WAIVER NEEDED	FEDERAL RESPONSE: YES – WAIVER NOT NEEDED	FEDERAL RESPONSE
Atlanta*	CDBG cap should be raised or removed for job training		X	Recent changes [203 (c)] exclude job training from public service cap in certain circumstances. The public service cap is statutory. New eligibility category for technical support services to microenterprises became effective upon enactment of the 1992 Act. Also, 570.203(b)(2)(ii) permits job training to be carried out as part of a neighborhood revitalization strategy outside public service cap.
Atlanta*	CDBG regulations should allow the use of CDBG funds for credit education and counseling		X	CDBG funds may be used for education and counseling programs, subject to the public service cap [24 CFR 570.201(e)]. Technical assistance to carry out an economic development activity is eligible under 570.203(b). TA for nonprofit capacity building to carry out neighborhood revitalization or economic development was also made eligible by the Housing and Community Development Act of 1992.
Atlanta*	CDBG funds should be made available to assist CDCs achieve community goals		X	TA for nonprofit capacity building for neighborhood revitalization or economic development was made eligible by the 1992 Act. A waiver is not needed. Also, the designee may wish to contact the field office for other technical assistance, since the provision of technical assistance has been delegated to the field.
Chicago*	Create an exception to the 51% low/mod benefit for categories of firms that include provisions for training that lead to higher paying jobs		X	A waiver is not needed. Compliance with low/mod benefit requirements for job creation activities is based on person's family income status at the time the CDBG assistance is provided. There is no requirement that a person remain low/mod.
Chicago*	For job creation, allow the use of individual, rather than family income to determine if low and moderate income benefit standard has been met for CDBG.		X	Statutory requirement which cannot be waived. However, other statutory changes have resulted in an amendment to 570.208(a)(4) to permit a person who lives in the Zone to be presumed to be low/mod for job creation/retention activities.
Chicago*	Allow jobs created in the EZ to meet the low/mod criteria as long as the EZ has a population with at least 60% low/mod income residents.		X	Because of statutory requirements, the population threshold must remain at 70% low/mod residents. However, amendments to the regulations allow jobs created in the EZ to meet low/mod criteria.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

AGENCY: HUD   OFFICE OF BLOCK GRANT ASSISTANCE (OBGA)

CITY	REQUEST FOR ACTION	FEDERAL RESPONSE		
		YES		
		WAIVER NEEDED	WAIVER NOT NEEDED	
Chicago*	Consider any assisted business located within the EZ as meeting the low/mod criteria presumptively if the area meets the 60% low/mod or 20% poverty requirements. This would allow assistance to any business that may trade outside the EZ but employs low/mod persons.		X	The economic development final rule published January 5, 1995, under the presumptive rule, considers businesses located within Federally-designated EZ/ECs as meeting the low/mod criteria.
Chicago*	Maximize flexibility in the local planning process to accommodate local history and conditions to meet local timing requirements for Consolidated Planning.		X	The Department is likely to allow such flexibility.
Chicago*	Waive the public service cap applicable to the EZ in order to intensify the provisions of needed public services that address the strategic plan.		X	While the cap on public services is statutory and can not be waived, HUD has found a number of ways that a grantee can provide services that are eligible under various other categories not subject to this cap. HUD will work with Chicago to provide flexibility on this matter. The CDBG rules published on January 5, 1995 provide more flexibility that may help the City accomplish its objectives.
Los Angeles*	Increase from 15 to 30 days the time from within which funds drawn down must be spent.		X	This is a Treasury requirement under 24 CFR 85.21(b) which requires grantees and subgrantees to have procedures for minimizing the time elapsing between the transfer of funds from the Treasury, and disbursement by the grantee/subgrantee. 24 CFR 85.20(b)(7) states that when payment is made by electronic transfer of funds, the grantee must make drawdowns as close as possible to the time of making disbursement. Only if the grantee were using its own funds for payment and then drawing down CDBG funds for reimbursement would these timetables not apply.
Oakland*	Automate the CDBG Annual Grantee Reports.		X	The annual Grantee Performance Report(GPR) is automated, and the software and instructions have been provided to all CDBG grantees.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

July 21, 1995

CITY	*REQUEST FOR ACTION*	*AGENCY*	*Yes* Waiver Needed	*Yes* Waiver Not Needed	*FEDERAL RESPONSE*
Baltimore	*Eliminate or at least reduce the owner's equity req'ts from 15% to 5%. Ref: 13 CFR 306.14; Vol. 3, Ch. 5, p.8.*	*DOC*		*X*	*EDA has no specific requirements with respect to equity other than to expect a reasonable amount to be at risk by the owners of the business.*

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR ACTION	AGENCY	Yes WAIVER NEEDED	Yes WAIVER NOT NEEDED	FEDERAL RESPONSE
CHICAGO	• Pell Grants: Wants to make part-time students from zone eligible for Pell Grant.	ED		X	Part-time students, including those enrolled less than half time, are eligible to receive Pell Grants. (See 34 CFR 690.75)
OAKLAND	• ESEA Eligibility Requirements: Permit all students in schools with 50% or greater poverty rates to receive Chapter 1 services.	ED		X	This provision is included in the Improving America's School Act of 1994 (IASA), which reauthorized the Elementary and Secondary School Act (ESEA). For additional assistance on IASA, contact Mary Jean LeTendre or William Lobisco, (202)260-0826, at the U.S. Department of Education.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR ACTION	AGENCY	YES: WAIVER NEEDED	YES: WAIVER NOT NEEDED	FEDERAL RESPONSE
CHICAGO	*Have EPA accept the State Limited Certification on sites cleaned up under State supervision for purposes of RCRA and Cercla for the benefit of future purchasers.*	*EPA*	*X*		*EPA is working with the State EPA Office to see if the idea can be implemented. Contact : Joe Dufficy, Region 5 EPA Office (312) 886-1960.*
CHICAGO	*Create a One Stop Shop for compliance for OEM, EPA, and OSHA serving businesses in Zone. *Chicago Priority**	*EPA*	*X*		*EPA is willing to discuss the feasibility; the State agencies would have to support the idea of a pilot effort. Contace: Jim Bower, Region 5 EPA Office (312)886-1423.*
CHICAGO	*Modify requirements relating to industrial dust, fume, and particulate Matter Collection Equipment to reflect new technology and indoor insulation.*	*EPA*	*X*		*EPA Region is currently facilitating a discussion between the City and the State. Contact: Jim Bower, Region 5 (312) 886-1423.*
CHICAGO	*Eliminate uncertainty of total cost which is major deterrent to reinvestment in contaminated properties. *Chicago Priority**	*EPA*	*X*		*Currently, EPA Region 5 discussing with State EPA and City of Chicago through the Brownfields forum. Contact: Joe Dufficy, Region 5 EPA Office, (312) 886-1960.*
LOS ANGELES	*Waiver Model Permits - Establish program to facilitate process through which non-city agencies will establish "model" permits. Permits will be presented to prospective businesses at pre-application meetings between businesses and agencies.*	*EPA*		*X*	*EPA supports model permits and model permit applications. Contact: Joe Ochab is the primary point of contact at EPA Region 9 for all environmental issues for Los Angeles (415) 744-1637.*
LOS ANGELES	*Waiver: Clean Air Act - Have a conformity finding of Clean Air Act made o nce at the onset of the approval of EZEC. Would facilitate implementation of EZEC by removing this requirement.*	*EPA*		*X*	*No "upfront" waiver seems possible. However, streamlining the process per the recommendation in the application seems possible. Contact: Joe Ochab is the primary point of contact at EPA Region 9 for all environmental issues for Los Angeles (415) 744-1637.*

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR ACTION	AGENCY	Yes WAIVER NEEDED	WAIVER NOT NEEDED	FEDERAL RESPONSE
Baltimore	250.62 (Grant diversion of work supplementation) Want permission to create a wage pool and divert grant funds for up to two years and allow flexibility in the type of jobs that can be paid for under grant diversion.	HHS	X		Waiver request must be formally submitted. City has indicated that it will not pursue waiver at this time.
Baltimore	250.62(b)(2): Waive the provision that grant diversion can only be used for newly created jobs for AFDC recipients in the EZ.	HHS	X		Waiver request must be formally submitted. City has indicated that it will not pursue a waiver at this time.
Chicago	See page 70, Item 9, Seek waiver to permit early testing for lead before the age of three years.	HHS		X	The Head Start Act already provides authority to do this.
Chicago	See page 43 - Seek waiver from Health Care Finance Administration to ensure that the quality of health care is equal to usual and customary care in the area as it relates to procedures, medications, services and health care provider fees.	HHS	X		The city should apply under section 1915(b) authority.
Cleveland	Waive ADC-U Work history request.	HHS		X	The HHS State agency has advised the EZ of the imminent passage of a state bill (HB 167) which would permit an alternative approach and eliminate the need for a waiver. Cleveland has decided not to submit a waiver request.
Cleveland	Allow use of AFDC grants and food stamps to supplement wage payments.	HHS		X	Same as above.
Los Angeles	Provide full day program services.	HHS		X	No waiver is required. The grantee has full authority to use its current resources to serve children in a full-day full-year option. In FY 1994, this grantee's funding level is $100.1 M

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR ACTION	AGENCY	Yes WAIVER NEEDED	WAIVER NOT NEEDED	FEDERAL RESPONSE
Los Angeles	Obtain a waiver that eliminates the dollar for dollar match requirement, thus enabling the County to access Perinatal drug/Medi-Cal funds and expand perinatal services more easily.	HHS		X	No action required by HHS; this is a State action.
Los Angeles	Current Division 31 regulations do not allow for child welfare intervention unless there is an allegation of child abuse or neglect. Teen pregnancy in and by itself is not an eligibility criteria for child welfare. Granting of waivers in the area would allow County to enter into more intensive preventative child welfare service.	HHS		X	No action required by HHS; this is a state action.
Los Angeles	Current State regulations call for an allegation of child abuse or neglect before child welfare services can be provided. We would seek a waiver to allow primary intervention for preventative measures for any family, parents, children to voluntarily seek child welfare services.	HHS		X	No action required by HHS; this is a state action.
Los Angeles	Currently the state limits Voluntary Family Maintenance to 12 months. We are seeking an expansion to 18 months which will allow more preventative services.	HHS		X	No action required by HHS; this is a state action.
Los Angeles	Allow Federal funds allocated to CBO's providing social services to be used for capital projects.	HHS		X	No waiver needed. SSBG may be used for capital projects, if the applicant is using these funds in conjunction with one of the legislatively mandated program options.
Los Angeles	Expand period of supportive services to allow for greater self-sufficiency.	HHS	X		Waivers can be granted to expand the period of eligibility for the Jobs program. Thereby expanding the period during which supportive services can be provided. Also, waivers can be granted to extend the period of Transitional Child Care.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	*REQUEST FOR ACTION*	AGENCY	Yes WAIVER NEEDED	Yes WAIVER NOT NEEDED	*FEDERAL RESPONSE*
Los Angeles	*Extend foster care past age 18 for minors who are not ready for independent living.*	*HHS*		*X*	*This is not an HHS issue. It is a matter governed by state law.*
New York	*Allow up-front Medicaid subsidy for lead screening to permit investment based on an identified pool of all children in Zone. See Appendix P, page 5.*	*HHS*	*X*		*The Medicaid statute does not allow up front payments for services. However, the applicant may apply for a demonstration waiver to test this model. If the applicant can show that such demonstration would be cost neutral, HHS probably would allow the waiver. Note: The Administration and HHS support the use of Section 1115 waiver authority to test alternatives to the current welfare system. Associated with the use of that authority are requirements for rigorous evaluation and cost neutrality over the life of the project. HHS will provide technical assistance to EZ/EC applicants in identifying which provisions of their proposals require waivers and whether such waivers can legally be granted. Only the state IV-A agency can apply for waivers and each applicant would have to work with their state agency to develop a demonstration waiver proposal. To expedite such proposals, HHS is available to provide any assistance the state IV-A agency may require.*
New York	*Waive requirements for Medicaid eligibility for residents of the zone.*	*HHS*	*X*		*This situation seems reasonable. In filing a section 1115 waiver request, the applicant would need to address budget neutrality and provide additional details related to the proposed demonstration.*

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	*REQUEST FOR ACTION*	AGENCY	Yes WAIVER NEEDED	WAIVER NOT NEEDED	*FEDERAL RESPONSE*
Oakland	*Waive AFDC eligibility criteria requires a Federal 1115 Waiver found in SSA, Sections 402 and 407, and in regs 45 CFR 206.10,233.10,233.20, 233.100*	*HHS*	X		*This request is feasible. AFDC eligibility criteria have been modified with waivers in a number of demonstrations. To our knowledge, the applicant has not filed a section 1115 waiver request. In filing a section 1115 waiver, the applicant would need to address budget neutrality and provide additional details related to the proposed demonstration.*
Philadelphia/ Camden	*Increase AFDC Resource Limit. The current resource limit for AFDC is set at $1,000. 45 CFR sec. 233.20. A modification is requested to permit individuals to accumulate more than $1,000 if the funds are set aside for higher education. home purchase or small business reserves for entrepreneurs.*	*HHS*		X	*This is feasible. It is a common element in welfare reform demonstrations.*
Philadelphia/ Camden	*Value of Car. The current regulations limit the value of a car to $1,500. 45 CFR 233.20a3iB2. A car is often necessary for access to employment or medical care. Increasing the limit will assist individuals who are seeking meaningful employment, particularly for employment outside the Zone.*	*HHS*	X		*It is a common waiver in the welfare reform demonstrations. Must formally apply for waiver.*
Philadelphia/ Camden	*Deductions for Legitimate Business Expenses. Legitimate business expenses, such as depreciation, purchase of equipment, payment on loan principal for capital assets or durable goods, are not deducted in the AFDC earned income calculations. 45 CFR sec. 233.20a6vB. Throughout the EZ, one option for moving off welfare is entrepreneurial development. Waiving the regulation and permitting deduction of legitimate business expenses will assist AFDC recipients in realizing this goal.*	*HHS*	X		*These waivers have been approved in a number of self-employment demonstrations.*

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR ACTION	AGENCY	Yes WAIVER NEEDED	 WAIVER NOT NEEDED	FEDERAL RESPONSE
Philadelphia/ Camden	*Prevailing Wages for Workfare Participants. Fifty percent of AFDC-U families must be participating in a JOBS program. As a result, many of the workfare participants are placed in minimum wage jobs to work off the AFDC grant. Waiving the requirement of minimum wage payments will permit placements in more meaningful jobs programs that may yield a long-term removal of the AFDC-U recipients from the welfare rolls. See 45 CFR sec. 255.4f2.*	*HHS*		*X*	*This process is feasible, however, it could put in jeopardy the applicant's ability to meet the UP participation rate. The applicant indicates that many "workfare participants are placed in minimum wage jobs to work off the AFDC grant." This applicant would pay "prevailing wages." This statement is not technically correct, since workfare participants are not "paid wages", but they may not be required to work more than their grant divided by the minimum wage (after 9 months, the prevailing wage.) States can create alternative work experience programs, where they have considerable flexibility in determining the number of hours of participation; however, the AFDC-UP participation rates and how they are defined, cannot be waived. Thus, the applicant could probably implement something like what is being described, but this could put in jeopardy their ability to meet the UP participation rate.*

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR ACTION	AGENCY	Yes WAIVER NEEDED	WAIVER NOT NEEDED	FEDERAL RESPONSE
Philadelphia/ Camden	Increase the Disregard of Earned Income to Include all child care costs. The current regulations specify that no more than $200 of monthly child care expenses may be disregarded from earned income. The Current limitation is overly restrictive, frequently leaving families who complete the first four months of work with a lesser income than the original AFDC allotment. To remedy this situation, the earned income disregard should be increased to permit all child care costs to be disregarded. The statutory waiver is available pursuant to 42 USC sec. 1115. A pass through of any resulting increases in income in the Food Stamp program will also be needed to avoid replacement of the federal dollars with state dollars. 7CFR sec. 273.9. In the alternative, a requirement that the state provide for all reasonable child care pursuant to 45 CRF sec. 255.3af2 would accomplish the goal, albeit more bureaucratically.	HHS	X		This can be done under existing waiver authority.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR ACTION	AGENCY	Yes		FEDERAL RESPONSE
			WAIVER NEEDED	WAIVER NOT NEEDED	
Chicago, IL H94EZIL0071	Ease requirements regarding mandatory minimum gains in reading and math scores under JTPA programs to allow more time than the usual 3 to 9 months for individuals to post gains.	DOL		x	There are no federal performance standards relating to gains in reading or math scores. this may be a **State** standard. If so, this is an issue between the SDA and the **State**. Contact the State JTPA office at 217-785-6006. Contact the local JTPA program at 312-744-7700. Questions on federal performance standards may be addressed to Karen Greene on 202-219-8680.
Chicago, IL H94EZIL0071	Create a third tier of wage rates within EZ/ECs for pre-apprentice programs that would be 75% of the prevailing wage rate under Davis-Bacon.	DOL	x		The Davis-Bacon regulations at 24 CFR Part 5 already provide for employment of trainees at less than the prevailing wage rate. See HUD's Step-Up program as an example. Contact Libby Hendrix, DOL Employment standards Administration at 202-219-7541. Regarding the HUd Step-Up prgram contact Rick Allen of HUD at 202-708-0370.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	*REQUEST FOR ACTION*	AGENCY	Yes: WAIVER NEEDED	Yes: WAIVER NOT NEEDED	*FEDERAL RESPONSE*
Kansas City, MO/ Kansas City, KS H94EZMO0032	*Kansas City, as part of its EZ/EC proposal request, is seeking a waiver to allow persons to be served in programs based on their determination of eligibility and not based on where they live.*	*DOL*		x	*The JTPA requirement that only eligible individuals residing in the service delivery area (SDA) may be served by employment and training activities funded under title II is statutorily-based and the Department lacks the authority to waive the statutory requirements. The Act permits limited exceptions to this requirement when provided for in an approved local job training plan, including exceptions necessary to permit services to homeless individuals who cannot prove residence within the service delivery area. Also, SDAs may enter into agreements or contracts with one another to provide, or share the costs of providing, services to eligible participants. Such agreements or contracts must be approved by the private industry council in each SDA covered by the agreement or contract, and must be described in the local job training plan. Since the decision to exercise this option involves local decision making, this is a matter that the city may wish to explore should its proposal be approved. Contact the local JTPA program at 816-471-2330 (MO) or 913-371-1607 (KS).* *In addition, section 127 of the Act permits interstate compacts and agreements between States for JTPA programs, subject to the approval of the Secretary of Labor. The Secretary, by regulation at 20 CFR 627.250, has granted authority to the States to enter into interstate agreements and compacts in accordance with section 127, and 20 CFR 627.420(g) of the JTPA regulations. Contact the State JTPA office at 913-296-7174 (KS) or 314-751-7796 (MO).*

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR ACTION	AGENCY	Yes: WAIVER NEEDED	Yes: WAIVER NOT NEEDED	FEDERAL RESPONSE
Kansas City, MO/ Kansas City, KS H94EZMO0032	Waiver requests expansion of the formal definition of "job retention" in order to permit intervention/assistance at the earliest possible date.	DOL		x	Rapid response assistance is available to all workers at an affected facility. By law, assistance beyond rapid response is available to those who have been terminated or have received a notice of termination. this obviously will exclude those individuals likely to remain with the employer. These judgements are to be made in the context of local facts and in accordance with State policies and procedures for eligibility determination. Contact the local JTPA program at 913-296-7474 (KS) or 816-471-2330 (MO).
Los Angeles/ LA County/ Vernon/ Lynwood, CA H94EZCA0024	Waive performance standards or have standards that consider local economic conditions. Have Cities and PIC's institute performance standards that go beyond "number of job placements".	DOL		x	Governor's are already required by Section 106(d) of JTPA to adjust local performance standards to account for economic conditions and the characteristics of customers served. The Department also authorizes the Governors to make additional adjustments – to be negotiated between the Governor and the SDA – to account for especially unique circumstances. Contact: Karen Greene at 202-219-8080. Contact the local JTPA program at 213-485-5019.
New York County/Bronx County, NY H94EZNY0063	New York and Bronx Counties, as part of their EZ/EC proposal request, are seeking a waiver of the JTPA requirements regarding funding distribution (allotment/allocation) according to incidence of eligibility in the population, to give some flexibility in creating EZ programs.	DOL			<u>Statutory, however there is some statutory flexibility.</u> The distribution of JTPA funds by State allotments, and subsequently by within-State allocations, is based on the formula set forth in the Act. Since these are statutory requirements, the Department lacks the authority to waive these requirements. The distribution of the funds once received at the local service delivery area (SDA) level involves local decision making based on the needs within the SDA area. This is something that the counties may wish to explore with the New York City SDA. Contact the local JTPA program at 212-442-2155.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR ACTION	AGENCY	Yes: WAIVER NEEDED	Yes: WAIVER NOT NEEDED	FEDERAL RESPONSE
Oakland/ San Leandro/ Alameda, CA H94EZCA0012	Under current policy, PIC's are penalized (in effect) for providing job training services to homeless and other individuals whose chances of finding employment are low; performance standards should be "neutralized" for services to these individuals.	DOL		x	JTPA PIC's are not penalized for serving homeless individuals or other groups with barriers to employment. JTPA performance standards are adjusted (made more lenient) for PIC's who serve such groups. This adjustment is already built into the performance standard model prepared by the Department of Labor and used by the States. Contact Karen Greene at 202-219-8680.
Philadelphia, PA/Camden, NJ H94EZPA0030	The Philadelphia/Camden EZ/EC proposal application seeks a waiver of the 45-day enrollment requirement under the Job Training Partnership Act (JTPA) regulations.	DOL		x	The Final Rule implementing the 1992 Amendments to JTPA established authority for the Secretary to waive administratively imposed regulatory requirements. The change permits the Governor, as the JTPA grantee, to request waivers of the JTPA regulations from the Secretary in certain circumstances. Since the 45-day enrollment requirement is an administrative requirement a waiver may be requested in accordance with Training and Employment Guidance Letter (TEGL) No. 7-94. The Philadelphia/Camden waiver request may be transmitted to the Governor, through the local service delivery area, for consideration and submission to the Secretary. Contact the local JTPA program at 215-963-2100.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR ACTION	AGENCY	Yes: WAIVER NEEDED	Yes: WAIVER NOT NEEDED	FEDERAL RESPONSE
Philadelphia, PA/Camden, NJ H94EZPA0030	*The requester felt that the regulations state that reimbursement is the preferred payment method for payments to service providers. The requester felt that this requirement makes it difficult for CBOs and other non-profit providers to enter into contracts with the PIC for JTPA support. The requester felt that waiving the requirement, or, in the alternative, encouraging advance payments to non-profit service providers, will strengthen Zone job training efforts.*	DOL		x	*Although Section 627.430(b)(2) indicates that reimbursement is the preferred method of payment to contractors under a grant or subgrant, the regulations allows the advances, after the awarding agency has determined that the situation meets a three part test. Therefore, if a determination is made consistent with the regulatory provisions, a waiver is not required.* *The Final Rule implementing the 1992 Amendments to JTPA established authority for the Secretary to waive administratively imposed regulatory requirements. The change permits the Governor, as the JTPA grantee, to request waivers of the JTPA regulations from the Secretary in certain circumstances. waiver may be requested in accordance with Training and Employment Guidance Letter (TEGL) No. 7-94. If determined necessary, the Philadelphia/Camden waiver request may be transmitted to the Governor, through the local service delivery area, for consideration and submission to the Secretary. Contact the local JTPA program at 215-963-2100.*

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR ACTION	AGENCY	Yes WAIVER NEEDED	Yes WAIVER NOT NEEDED	FEDERAL RESPONSE
Philadelphia, PA/Camden, NJ H94EZPA0030	Performance standards. Length of placement. Although the 1992 JTPA amendments provide for performance standards to be based on "retention for not less than six months" in employment, the Secretary of Labor's proposed standards for FY-95 require retention for only 90 days. Retention standards should appropriately be set at six months to promote likely to lead to more permanent and stable employment. Thus, a request to modify the standards of 59 FR 9910 et seq (March 1, 1994) is being made in support of the need to ensure that all job training relating to the EZ assist individuals in finding meaningful, permanent and stable employment.	DOL		x	The Department of Labor is completing a study of the feasibility of using unemployment insurance wage records for gathering retention information. The results of the study will assist the Department in implementing a 6 month standard beginning probably in FY 1996. Contact Mary Ann Donovan at 202-219-7669 x135.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	*REQUEST FOR ACTION*	AGENCY	Yes WAIVER NEEDED	Yes WAIVER NOT NEEDED	*FEDERAL RESPONSE*
Philadelphia, PA/Camden, NJ H94EZPA0030	*Performance Standards. Transition from Private Industry Council Programs to Higher Education. Current and proposed performance standards, under which only those who enter employment at the required earnings rate within 90 days of training completion are considered successful placements, discourage PIC's from allowing participants to go from PIC funded training to community college or other non-PIC training. See 59 FR 9910 et seq (March 1,1994). This is one of the ways in which the JTPA system may skew the balance in favor of short term training for low, dead end jobs. By taking individuals who transfer from PIC training into college or other non-PIC education or training out of both the numerator and the denominator for the purposes of calculating compliance with performance standards, JTPA participants may seek higher education, which is more likely to result in permanent and stable long term employment.* *Again, since the EZ seeks to leverage JTPA and EZ funds for job training, alteration of the JTPA requirements will support job training within the zone.*	DOL		x	*For title IIA (adult) programs there is no federal standard for entered employment at termination as the request implies. Rather program success is measured by the rate of individuals employed 13 weeks after program termination, which translates into 180 days after last receipt of training. By FY 1996, however, there will be separate measures recognizing attainment of skills and educational credentials. Further, States may establish performance standards apart from the one suggested by the applicant. We suggest the applicant propose such a measure to the State involved; that measure would apply to all local areas experiencing similar circumstances. Contact the local JTPA prgram at 215-963-2100.*

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR ACTION	AGENCY	Yes: WAIVER NEEDED	Yes: WAIVER NOT NEEDED	FEDERAL RESPONSE
Philadelphia, PA/Camden, NJ H94EZPA0030	The waiver requests that the ratio requirements under Davis-Bacon for 5 journeymen to one trainee be changed.	DOL		x	The regulations at 29 CFR 5.5(a)(ii) de not mandate a specific 1:5 numerical ration for trainees to apprentices. Instead the regulations require a contractor to abide by the ratio in his/her own registered program. therefore, a waiver of this requirement would be unnecessary. For further information contact: Libby Hendrix, employment standards Administration at 202-219-7541.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

AGENCY: OFFICE OF MANAGEMENT AND BUDGET (OMB)

CITY	REQUEST FOR ACTION	YES		FEDERAL RESPONSE
		WAIVER NEEDED	WAIVER NOT NEEDED	
Chicago H-94-EZ-IL-0071	Request for less stringent annual audit than required under Government auditing standards.		X	OMB has approved a partial waiver to Circular A-133 by eliminating the audit requirement for non-profit organizations within the EZ that receive less than $100K in federal awards in a fiscal year. The following conditions apply to the waiver: 1. Statutory audit requirements pertaining to educational institutions or non-profit organizations receiving federal financial assistance are not affected; and 2. Statutory audit requirements for state and local governments described in OMB Circular A-128 remain in effect. Contact: Ted Wartell, OMB 202-395-1482

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR RESPONSE	AGENCY	YES		ACTION REQUIRED FOR RESOLUTION
			WAIVER NEEDED	WAIVER NOT NEEDED	
Los Angeles	Establish priority criteria for applications from the EZ/EC areas	NEA		X	Several endowment programs already provide a programmatic priority for organizations serving underserved communities, including the functional equivalent of priorities for EZEC. In particular, the Expansion Arts Program, Local Arts Agencies Incentive and Local Arts Development categories, and the State and Regional Program's Arts in Underserved Communities specify grant priority to organizations serving inner-city and rural communities. Other endowment programs include some preference for programs involving culturally diverse artists and communities.
Los Angeles	Waive matching requirements for Music and Performing Arts Commission applications as well as CBO's within EZ/EC precedent in County waiver after quake.	NEA	X		The requirement for matching funds is in part statutory (20 USC Sec. 954(e). However, NEA will consider waiving matching requirement from EZ/EC grantees on a case-by-case basis as they are permitted under the statute.
Oakland	Modify NEA selection processes to prioritize funding for community-based public art projects vs. projects which support artist of nat'l recognition and/or high budget projects.	NEA		X	The expansions arts program category, the local arts agencies program development category and the state and regional programs arts in underserved communities category specifically grant priority to organizations serving inner city and rural communities.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR ACTION	AGENCY	Yes: WAIVER NEEDED	Yes: WAIVER NOT NEEDED	FEDERAL RESPONSE
Chicago H94EZIL0071	Seek a change in the federal definition of "small business" to allow the targeting of more small business assistance to truly smaller businesses, including enterprises currently termed micro businesses and community ventures.	SBA		X	The SBA's size standards apply to its assistance programs, and have been adopted by many other government jurisdictions for use in their small business programs. Business concerns meeting the small business size standards are eligible for assistance programs and other programs that utilize SBA's size standards. In the absence of any provisions regarding the definition of "small business" in the EZ/EC legislation, there is nothing precluding the City of Chicago from establishing a small business definition consistent with its policy objectives. Also, the SBA size standards are maximum thresholds not to be exceeded. There are no minimum thresholds. **Disposition:** Given that the City of Chicago has the ability to define "small business" for purposes of its EZ strategic plan implementation, no further action needs to be take.
Chicago H94EZIL0071	Lift the statewide and organization cap on the SBA Micro Loan program to allow more organizations to participate within EZ/ECs, and existing microlenders to serve a wider market.	SBA		X	In 1994, the Small Business Act was amended to eliminate the cap on the number of microlenders that a state may have as well as increased the ceiling on the maximum number of microlenders nationwide. However, there is a dollar cap on the total amount of microloans that each state may receive (125% of the State pro rata share of the microloan program authorization during such fiscal year. The share will be based on the population of the State, as compared to the total population of the United States.) With Regard to current microlender's ability to serve a wider area, a microlender may request that its service territory be expanded. A letter should be submitted to its assigned SBA program servicing representative identifying the additional territory it would like to cover. The associate Administrator for Financial Assistance or his/her designee makes the final decision. **Disposition:** No further Agency action is required since the remedies sought have been addressed through legislative change and existing Agency procedure. This request should be considered granted.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	*REQUEST FOR ACTION*	AGENCY	Yes WAIVER NEEDED	WAIVER NOT NEEDED	*FEDERAL RESPONSE*
Chicago H94EZIL0071	*SBA 7(a) loan program. Allow inclusion as eligible Zone businesses that share a common boundary of the Zone specifically, along the Madison/Pulaski commercial corridor.*	*SBA*		X	*The SBA 7(a) loan program is not restricted to the EZ/EC boundaries.*
Chicago H94EZIL0071	*Relax underwriting standards and/or paperwork requirements within the EZ/ECs for sBA 504 and 7(a) loan programs.Include the use of jobs/dollars ratio in the underwriting criteria.*	*SBA*		X	*Flexibility already exists under Section 504. All loans "must be of such sound value or so secure as to reasonably assure repayment..." Policies established to implement this provision already permit a high degree of flexibility in making this determination. In order to prudently determine the reasonableness of repayment ability, an analysis is conducted.* *For smaller loans under the 7(a) program, SBA has created the LowDoc Program to reduce paperwork that is required from th private lender in submitting a 7(a) application. For the 504 program, there is currently an analysis of streamlining the loan application process.* *Under the 504 program, there is a requirement that one job be created or retained for each $35,000 of SBA guaranty. This requirement may be waived for projects that meet community development priorities or certain policy goals.* ***Disposition:** No further action is required. The requested flexibility either exists or has been provided through programmatic changes.*

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	REQUEST FOR ACTION	AGENCY	Yes WAIVER NEEDED	Yes WAIVER NOT NEEDED	FEDERAL RESPONSE
Chicago H94EZIL0071	A reduction is sought of the number of registrations and steps required for certification of Minority Owned-and Woman Owned-Business Enterprises.	SBA		X	There is no universal definition for a minority-or Woman owned business. SBA's involvement in this is limited to determining the eligibility of firms for its section 8(a) program and the Dept. of Defense's Small Disadvantaged Business (SDB) set-asides evaluation preferences. Generally, eligible firms are small businesses owned and controlled by "socially and economically disadvantaged individuals", as defined by the Small Business Act of 1953. There is no specific certification for Women-owned businesses, but they can be evaluated for eligibility for section 8(a) and SDB programs under the above definition. * Currently, the agency is working to review the certification process for the 8(a) program which, among other things, would simplify it. Consequently, other criteria exists for the programs of other federal agencies, as well as state and local governments.
Kansas City, MO/Kansas City, KS H94EZMO0032	Waiver request regarding equity requirements and regulations restructuring the use of SBA bonding program to make easier accessibility to minority contractors.	SBA		X	Applicant did not request any specific waiver at this time. SBA will review any specific request submitted. The underwriting requirements of the SBA bonding program apply equally to minority and non-minority small businesses.

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 21, 1995

CITY	*REQUEST FOR ACTION*	AGENCY	Yes: waiver needed	Yes: waiver not needed	*FEDERAL RESPONSE*
Los Angeles/LA Co/Vernon/Lynwood	*Make a determination that all transportation projects within the EZ/EC areas can be considered "demonstration" projects and issue a letter of no prejudice (LONP) so that projects can be immediately implemented.*	*DOT*		*X*	*FTA now issues an* ***automatic*** *letter of no prejudice for all of its formula funds so Los Angeles does not need to request a blanket waiver to make expenditures prior to the approval of an FTA grant so long as that grant is for formula funding. If Los Angeles expects to fund some or all of the projects from discretionary funds, FTA will issue a letter of no prejudice if all legal requirements are met.* *Federal Register Notice, Wednesday, October 12 1994, page 51763. FTA has issued to all grantees the authority to incur costs in advance of obligation for Formula Grants, Fixed Guideway Modernization Grants, Metropolitan Planning, Elderly and Persons with Disabilities, State Planning and Research and highway transfer projects. This is essentially the same as a blanket LONP.*

EMPOWERMENT ZONE FEDERAL BARRIER REMOVAL

JULY 26, 1995

CITY	REQUEST FOR ACTION	AGENCY	Yes waiver needed	Yes waiver not needed	FEDERAL RESPONSE
Los Angeles/LA Co/Vernon/Lynwood	*Make a determination that all transportation projects within the EZ/EC areas can be considered "demonstration" projects and issue a letter of no prejudice (LONP) so that projects can be immediately implemented.*	DOT		X	*FTA now issues an* ***automatic*** *letter of no prejudice for all of its formula funds so Los Angeles does not need to request a blanket waiver to make expenditures prior to the approval of an FTA grant so long as that grant is for formula funding. If Los Angeles expects to fund some or all of the projects from discretionary funds, FTA will issue a letter of no prejudice if all legal requirements are met.* *Federal Register Notice, Wednesday, October 12 1994, page 51763. FTA has issued to all grantees the authority to incur costs in advance of obligation for Formula Grants, Fixed Guideway Modernization Grants, Metropolitan Planning, Elderly and Persons with Disabilities, State Planning and Research and highway transfer projects. This is essentially the same as a blanket LONP.*

EMPOWERMETE ZONE FEDERAL BARRIER REMOVAL JULY 24 1995				
AGENCY: TREASURY				
CITY	REQUEST FOR ACTION	YES WAIVER NEEDED	YES WAIVER NOT NEEDED	FEDERAL RESPONSE
Cleveland	Modify IRS and Treasury rules on "extended use" as applied to single family "lease-with-option-to-buy housing."		X	Revenue Rule 95-49, published in the July 17, 1995 Internal Revenue Bulletin provides that an extended low-income housing commitment satisfies applicable statutory requirements even though its provisions may be suspended or terminated after the compliance period when a tenant exercises a right of first refusal to purchase a low income building.

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How We Help America Learn:

A Summary of Major Activities

May 1995