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Fast Track: Renewal of Traditional Trading Authority

September 1997

MAKING IT POSSIBLE FOR ALL AMERICANS TO SHARE IN THE BENEFITS OF OPEN AND FAIR TRADE

We need a progressive growth strategy in which we take every action possible to ensure that all Americans can benefit from economic change. We need to break out of the old arguments that say you are either for blocking change or you are for the market, but everyone has to fend for themselves. Government needs to help workers, communities and those not in the job market take advantage of the opportunities of expanded trade.

THE PRESIDENT, WORKING WITH MEMBERS OF CONGRESS, HAS DEVELOPED A COMPREHENSIVE SET OF INITIATIVES TO HELP ENSURE THAT ALL AMERICANS SHARE IN THE BENEFITS OF OPEN TRADE. This nine-part strategy increases funds for worker and community adjustment, while doing more to tap the untapped potential of our inner cities and poor rural communities.

The plan **(1)** expands resources to workers who lose their jobs, **(2)** helps communities get back on their feet and **(3)** helps tap the untapped potential of America's poor rural and urban communities.

EXPANDS RESOURCES TO WORKERS WHO LOSE THEIR JOBS.

I. Improves and expands Trade Adjustment Assistance and ensures a quick response for worker dislocation.

- ✔ Reauthorize TAA and NAFTA-TAA for two years.
- ✔ Give workers in firms which shift production to another country trade adjustment assistance.
- ✔ Promote "rapid response" for all substantial layoffs and plant closures.
- ✔ Cut certification times by one-third.
- ✔ Modify waiver for training requirements for TAA and NAFTA-TAA so that they are similar.
- ✔ Implement performance measures for TAA and NAFTA-TAA programs to ensure that programs work effectively.
- ✔ Create Presidential Commission on "Workers and Economic Change"

II. Expands dislocated worker funding so that funding in 2003 would be triple what it was in the year before President Clinton took office.

- ✔ $750 million increase in dislocated worker funding over five years

III. Earmarks $250 million in existing funds for secondary workers -- while initiating an informational campaign to reach out to them more effectively.

- ✔ $250 million over five years in Secretary of Labor's dislocated worker discretionary fund earmarked for secondary workers.

- ✔ Clarify that secondary firms can be certified for TAA and NAFTA-TAA even if primary firm does not apply for certification.
- ✔ Initiate informational and outreach campaign to increase the take-up rate of secondary workers

IV. Create a Trade-Adjustment Assistance Contingency to ensure that workers who lose their jobs due to trade -- including those who lose their jobs due to future trade agreements negotiated under Fast-Track authority -- receive benefits.

- ✔ Create Trade-Adjustment Assistance contingency fund that will automatically make additional adjustment assistance available for workers who have lost their jobs due to trade.

HELPING COMMUNITIES GET BACK ON THEIR FEET.

V. Provide $250 million for community adjustment -- creates Office of Community and Economic Adjustment to coordinate the response to trade-impacted areas.

- ✔ Expand Community Adjustment by $250 million over five years -- create Office of Community and Economic Adjustment to deal with trade-impacted regions.

VI. Improve and expand the North American Development Bank (NADBank).

- ✔ Expand financing for the NADBank Community Adjustment and Investment Program (CAIP) allowing the Bank to leverage private capital markets to provide over $150 million in additional financing to trade-affected communities.
- ✔ Expand outreach and technical assistance for its programs and improve accessibility for trade-impacted communities.
- ✔ Puerto Rico eligibility -- identify communities in Puerto Rico that may be eligible for assistance through CAIP as well through NAFTA Transitional Adjustment Assistance and the Economic Development Administration (EDA).

VII. Improve environmental protection along the border by making infrastructure financing more affordable.

- ✔ Make environmental infrastructure more affordable: NADBank and Border Environmental Cooperation Commission (BECC) will take steps to address the needs of poor communities.
- ✔ Strengthen community capabilities to develop new programs to provide technical assistance to border communities for environmental infrastructure development and management.
- ✔ Accelerate project development for NADBank and BECC.

VIII. Improve Export Assistance Centers so that they do more to help small businesses.

- ✔ Increase the number of rural, and small and medium-sized businesses receiving export assistance.
- ✔ Enhance and regularize training for Export Assistance Center staff.

TAPPING THE UNTAPPED POTENTIAL OF AMERICA'S POOR RURAL AND URBAN COMMUNITIES.

IX. Expand current initiatives that have proven records of helping to create jobs and opportunity for disadvantaged Americans.

- ✔ Make flexible funding available for second-round urban empowerment zones.
- ✔ Expand the YouthBuild program which provides high school dropouts 16-24 with general academic and job skills training. The proposal would increase the program $50 million over five years above the FY 98 level.
- ✔ Create opportunity areas for Out-of-School Youth which seeks to increase youth employment by supporting $250 million in competitive grants in high-poverty urban and rural areas.
- ✔ $500 million in Welfare-to-Work Transportation funds to help move people from welfare to work.
- ✔ $225 million for Community Development Financial Institutions to expand the availability of credit in distressed urban and rural areas.
- ✔ Enhance and build on tax provisions for equity investors in specialized small business companies (SSBICs).

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MAKING IT POSSIBLE FOR ALL AMERICANS TO SHARE IN THE BENEFITS FROM OPEN TRADE

November 5, 1997

PRESIDENT CLINTON'S STRATEGY TO HELP WORKERS AND COMMUNITIES SUCCEED IN A GLOBAL ECONOMY. The Clinton Administration rejects the view that in the new economy, workers should be "on their own." This plan -- developed with Members of Congress -- illustrates the Administration's vision of economic growth: While we tear down foreign barriers and open foreign markets, we are going to work to bring more Americans into the winner's circle. In order to help more Americans succeed in a global economy, this plan, which will be part of the President's fiscal year 1999 budget, increases funds for worker and community adjustment, while doing more to tap the untapped potential of our inner cities and poor rural communities.

Worker Adjustment:

I. Improve and expand Trade Adjustment Assistance and ensure a quick response for worker dislocation;

II. Expand dislocated worker funding by $750 million over five years -- so that funding in 2003 would be triple what it was in the year before President Clinton took office;

III. Dedicate $250 million over next five years in existing funds for secondary workers -- while initiating an information campaign to reach out to them more effectively;

IV. Create a Trade Adjustment Assistance Contingency to ensure that funds are available to help workers who lose their jobs due to trade -- including those who lose their jobs due to future trade agreements negotiated under Fast-Track authority -- receive benefits;

Community Adjustment:

V. Provide $250 million for community adjustment -- create an Office of Community and Economic Adjustment to coordinate the response to trade-impacted areas;

VI. Improve and expand the North American Development Bank (NADBank);

VII. Improve environmental protection along the border by making infrastructure financing more affordable;

VIII. Improve Export Assistance Centers so that they do more to help small businesses; and

Tapping The Untapped Potential of America's Poor Rural and Urban Communities:

IX. Expand current initiatives that have proven records of helping to create jobs and opportunity for disadvantaged Americans.

I. **IMPROVE AND EXPAND TRADE ADJUSTMENT ASSISTANCE AND ENSURE A QUICK RESPONSE FOR WORKER DISLOCATION.** To make economic adjustment easier for workers, the Administration proposes a series of actions to make the dislocated worker and trade adjustment programs work better.

- **REAUTHORIZE TAA AND NAFTA-TAA FOR TWO YEARS.** Both the House Ways and Means and the Senate Finance Committees have approved an extension of TAA and NAFTA-TAA for two years. (TAA and NAFTA-TAA expire on September 30, 1998.) The Administration supports this reauthorization. CBO estimates the costs of the NAFTA-TAA extension for two years at about $102 million. While a two-year TAA extension costs $662 million, it does not require offsets since it is already included in the baseline.

- **GIVE WORKERS IN FIRMS WHICH SHIFT PRODUCTION TO ANOTHER COUNTRY TRADE ADJUSTMENT ASSISTANCE.** Under TAA, workers may only be certified for assistance if their firm is adversely affected by imports. Under NAFTA-TAA, workers may be certified if either their firm is adversely affected or their firm shifts production to Mexico or Canada. As part of the President's FY99 budget, the Administration would propose legislation to give workers in firms which shift production to another country trade adjustment assistance. Covering shifts in production under TAA, as well as NAFTA-TAA, would cost $69 million per year or about $345 million over five years.

- **ISSUE GUIDELINES TO PROMOTE GREATER USE OF "RAPID RESPONSE" FOR WORKER DISLOCATION.** Based on the recent experience with layoffs at Fruit of the Loom in Louisiana, the Labor Department will issue guidelines to the states promulgating that "rapid response" should be used for all substantial layoffs and plant closures. Rapid response is the initial information sharing activity (for employees, as well as employers) to facilitate access to all public programs -- this process helps individuals look for new jobs, while assessing their needs for reemployment services. The activity would occur as soon as the State receives a Worker Adjustment and Retraining Notification (WARN) notice of any substantial layoff or plant closure, or when the State becomes aware of such event through other sources.

- **CUT CERTIFICATION TIMES BY ONE-THIRD.** In order to cut the TAA certification time from 60 days to 40 days, the Department of Labor will take the following four steps: (1) reduce investigator caseload to allow for more timely follow-up in obtaining relevant company and customer data; (2) develop an enhanced in-house system for tracking import trends and performing import-impact analysis; (3) reduce the amount of time from 21 to 14 days between the day the Labor Department requests and receives data from companies; and (4) reduce the response time for the customer survey from 21 to 14 days. Technological improvements as well as possible staffing increases will allow the Department to assemble, review, and analyze investigative data and information in a more timely manner. The total cost for these improvements would be about $2.5 to $3 million over five years.

- **MODIFY WAIVER FOR TRAINING REQUIREMENTS FOR TAA AND NAFTA-TAA SO THAT THEY ARE SIMILAR.** TAA requires that a participant be enrolled in training in order to qualify for income support; however, waivers of the training requirement are granted very often. In contrast, there is no waiver authority under NAFTA-TAA. As part of the President's FY99 budget request, the Administration would propose to narrow waiver authority under TAA and loosen it under NAFTA-TAA. This would serve to both reduce the abuse of the waive provision under TAA and to harmonize the two programs. The costs of this proposal are undetermined, but it is likely revenue-neutral.

- **IMPLEMENT PERFORMANCE MEASURES FOR TAA/NAFTA-TAA PROGRAMS.** The Labor Department does not receive information on how workers do after they participate in either TAA or NAFTA-TAA programs. To ensure that the programs work effectively, the Labor Department is developing and implementing performance measures, and collecting outcome-based performance data for workers who receive adjustment assistance. This will permit better tracking of TAA/NAFTA-TAA program effectiveness, and promote improved outcomes for participants. These performance measures will be implemented within current administrative cost and program budgets.

- **CREATE PRESIDENTIAL COMMISSION ON "WORKERS AND ECONOMIC CHANGE IN A NEW ECONOMY."** The Administration will create a commission on "Workers and Economic Change in a New Economy." This commission will study businesses' best practices in the areas of education and on-the-job training, and the opportunities for improving trade-related training programs; specifically examining the Federal-State and public-private partnerships in helping educate and train America's workers for the next century. The Administration will seek to include workforce development professionals, academics, state workforce or labor commissioners, union leaders, business leaders, and Members of Congress. This commission will be appointed by the President and will report back to him with its results by December 1, 1998.

II. EXPAND DISLOCATED WORKER FUNDING SO THAT FUNDING IN 2003

WOULD BE TRIPLE WHAT IT WAS IN THE YEAR BEFORE CLINTON TOOK OFFICE.

- **$750 MILLION DOLLAR INCREASE IN DISLOCATED WORKER FUNDING OVER FIVE YEARS.** In the year before President Clinton took office, the dislocated worker program was funded at $517 million. Since President Clinton took office, dislocated worker money has more than doubled, allowing some 300,000 more dislocated workers to receive training this year than five years ago. The Administration proposes to increase funding so that a total of $750 million more in dislocated worker funding is provided over the next five years. And that means that the resources for dislocated workers in 2003 will be more than triple the $517 million funding in the year before President Clinton took office.

III. EARMARK $250 MILLION IN EXISTING FUNDS FOR SECONDARY WORKERS -- WHILE INITIATING AN INFORMATION CAMPAIGN TO REACH OUT TO THEM MORE EFFECTIVELY.

- **$250 MILLION OVER FIVE YEARS IN SECRETARY'S DISCRETIONARY FUND EARMARKED FOR SECONDARY WORKERS.** In conjunction with the passage of fast-track authority, the Department of Labor will issue a Statement of Administrative Action extending the Secretary's discretionary authority to use JTPA Title III funds to serve secondary workers in firms doing business with primary firms eligible for or certified for TAA. To ensure that adequate funding in available the Secretary of Labor will fence off $250 million over the next five years to provide job training and income support for secondary workers.

- **CLARIFY THAT SECONDARY FIRMS CAN BE CERTIFIED FOR ASSISTANCE EVEN IF PRIMARY FIRM DOES NOT APPLY FOR CERTIFICATION.** Some have expressed concern that secondary firms were being denied benefits because the relevant primary firm had not obtained certification. There are cases when the primary firm does not go through the certification process, but the secondary firm is adversely impacted from trade. Therefore, the Secretary of Labor will clarify that secondary firms -- adversely affected as a result of business lost with a primary firm -- can be certified for assistance, even if the primary firm does not apply for TAA or NAFTA/TAA certification. In order to certify these firms, the Labor Department will need to do broader, two-tiered investigations. This will cost an estimated $5 million over five years.

- **INITIATE INFORMATIONAL CAMPAIGN TO INCREASE THE TAKE-UP RATE OF SECONDARY WORKERS.** Many secondary workers do not know they are eligible for training and income support. This informational campaign will work to raise their awareness of these programs. Outreach efforts can successfully reach many workers who are not, but should be, receiving job training and income support. The resulting increased case load could require 4-5 FTEs, at a cost of $2 million over five years. The Administration proposes four methods to raise the secondary worker take-up rate:

  a. The best way for the Labor Department to find secondary workers is to start with the primary firm and work outwards. By December 1997, the Labor Department's Employment Training Administration will issue guidelines to the states requesting that they seek information from primary firms about their suppliers during or immediately following the certification process. This information will form the basis of a concerted effort to identify and locate potentially eligible secondary workers.

  b. By December 1997, the Labor Department will issue a set of guidelines so that direct contact with potentially eligible secondary firms and their workers is made. The Labor Department will also disseminate fact sheets and posters to these secondary businesses, and will make information available to personnel offices. The Labor Department will also set up a bilingual web site to help contact secondary workers.

  c. The Labor Department will distribute information to State Employment Service and Unemployment Insurance offices where workers go to file unemployment benefits.

  d. In order to increase the take-up rate among secondary workers, the Labor Department would run a public education campaign using public service announcements in English and Spanish in trade-impacted areas. Specifications for the bidding process will be in place by December 1997 and the competition will begin soon thereafter. In seeking bids for the project, the Department will include in the specifications a requirement that the firm have experience with the Hispanic media in the region and will ask bidding firms to submit evidence of prior successful public education campaigns.

IV. CREATE TRADE ADJUSTMENT ASSISTANCE CONTINGENCY TO ENSURE THAT ALL WORKERS WHO LOSE THEIR JOBS DUE TO TRADE -- INCLUDING THOSE WHO LOSE THEIR JOBS DUE TO TRADE AGREEMENTS NEGOTIATED UNDER FAST-TRACK AUTHORITY --

RECEIVE BENEFITS.

- **CREATE TRADE ADJUSTMENT ASSISTANCE CONTINGENCY.** While the Administration believes that trade agreements are beneficial for the country -- with more jobs being created on net than lost -- we understand the concerns of those who believe workers will be adversely affected by these agreements. Thus, to be certain that no one is left behind, we are proposing a Trade Adjustment Assistance Contingency that automatically will make additional adjustment assistance available for workers who have lost their jobs due to trade -- including those people who lose their jobs due to trade agreements negotiated under fast-track authority. Additional funds will be made available in increments if adjustment assistance demands ever exceed the estimate in our budget. While we fully expect this contingency will not trigger on, with this safety net added to the Trade Adjustment Assistance program there should be no question that resources will be there if the need ever arises.

V. PROVIDE $250 MILLION OVER FIVE YEARS FOR COMMUNITY ADJUSTMENT -- CREATE OFFICE OF COMMUNITY AND ECONOMIC ADJUSTMENT TO COORDINATE RESPONSE TO TRADE-IMPACTED AREAS.

- **EXPAND COMMUNITY ADJUSTMENT BY $250 MILLION OVER FIVE YEARS -- CREATE OFFICE OF COMMUNITY AND ECONOMIC ADJUSTMENT TO DEAL WITH TRADE-IMPACTED REGIONS.** DOD's Office of Economic Adjustment (OEA) was the Administration's first point of contact with communities experiencing a military base closure or defense plant closing. Learning from the defense conversion experience, we would create an OEA-type body -- the Office of Community and Economic Adjustment -- to coordinate the Administration's response to trade-impacted regions by working with Labor, Commerce, SBA, HUD, Treasury, and other government entities. This group would provide planning grants and expertise to help communities develop comprehensive economic adjustment strategies. They also would bring the appropriate state, local and federal groups to the table to provide adequate resources for implementing plans. The expert staff at OEA could be detailed to this body to help trade-impacted regions and workers. Moreover, to ensure there is proper funding for regions adversely impacted by trade, the Administration will expand the Economic Development Administration (EDA)'s Title IX budget. In 1997, Title IX had $27 million in funding to help areas with sudden and severe economic dislocation, such as major plant closings. The Administration will propose $50 million per year -- or $250 million over five years -- in community adjustment funding, more than doubling EDA's Title IX budget each year, while creating an Office of Community and Economic Adjustment. This will allow for comprehensive economic development assistance to regions adversely impacted by trade, or other severe economic dislocations.

VI. IMPROVE AND EXPAND NADBANK.

The Administration proposes a three-point plan to improve and expand the North American Development Bank (NADBank):

- **EXPAND FINANCING FOR THE NADBANK CAIP.** The Administration proposes expanding paid-in capital for the North American Development Bank (NADBank) Community Adjustment and Investment Program (CAIP) by $37 million -- a full 160 percent increase over existing funds. These new funds will allow the Bank to leverage private capital markets to provide over $150 million in additional financing to trade-affected communities. The additional resources could finance new actitities, such as permitting the CAIP to provide matching grants, permitting more affordable financing for business development in trade-impacted communities, and to develop a micro-lending program to address the specialized needs of dislocated workers by encouraging small start-ups. The CAIP could also use the additional funding to expand its direct lending program by providing direct loans or innovative credit enhancements through intermediaries to assist a wide range of commercial and nonprofit borrowers who would otherwise lack access to commercial lending institutions.

- **EXPAND OUTREACH AND TECHNICAL ASSISTANCE.** The CAIP will work to increase awareness about its programs and improve accessibility for trade-impacted communities. To that end, the CAIP will work to refine the criteria of the direct lending program to better address community needs and disseminate them widely through a variety of media, including by developing a bilingual Web Site with detailed explanations of the direct lending criteria and application forms. In addition, CAIP would work with trade-impacted communities to provide technical assistance in the development of strategic plans to help identify opportunities and attract investment.

- **PUERTO RICO ELIGIBILITY.** Efforts must be made to permit communities within the Commonwealth of Puerto Rico that have been adversely impacted by trade and production shifts associated with NAFTA to access CAIP resources. To that end, the CAIP Finance Committee will develop a marketing plan identifying the appropriate authorities and community development organizations in Puerto Rico that should be provided with extensive information about CAIP eligibility requirements and programs. CAIP staff will work directly with Department of Labor (DOL) and Economic Development Administration (EDA) staff to identify communities in Puerto Rico that may be eligible for assistance through CAIP as well as EDA and workers who may be helped through NAFTA-TAA. In these eligible communities, CAIP will hold round tables with community groups, bankers, elected officials, and community leaders to market the program.

VII. IMPROVE ENVIRONMENTAL PROTECTION ALONG THE BORDER. The Administration will improve environmental protection along the border by making infrastructure financing more affordable for poor communities, strengthening community environmental capabilities and accelerating project approvals.

- **MAKING ENVIRONMENTAL INFRASTRUCTURE MORE AFFORDABLE.** The North American Development Bank (NADBank) and the Border Environment Cooperation Commission (BECC) will take steps to address the needs of poor communities: NADBank is establishing co-financing arrangements with U.S. and Mexican grant programs to provide affordable financing for border environmental infrastructure. We will seek appropriations of $250 million for this program over the next three years. NADBank is working on a proposal to help smaller U.S. communities access the tax-exempt bond market by establishing reserve funds for debt servicing in cooperation with the State Revolving Funds. This would leverage $4 million per year in NADBank financing to make available an additional $16 million per year for smaller border communities. Finally, BECC and NADBank will establish a program to assist residents in poor communities to finance residential hook-ups of water and wastewater services by providing lines of credit (through a public utility or other intermediary) to fund the costs of such services.

- **STRENGTHENING COMMUNITY CAPABILITIES:** NADBank and BECC are developing new programs to provide technical assistance to border communities for environmental infrastructure development and management. In cooperation with the EPA, BECC is establishing a Project Development Assistance Program (PDAP) to help border communities develop environmental infrastructure project proposals. This Program will commit and disburse up to $10 million to communities by the end of the year. NADBank has established an Institutional Development Program (IDP) to help communities on both sides of the border achieve effective and efficient operation of their water, sewage and solid waste management services. So far, NADBank has approved $1.8 million in technical assistance for 12 projects, and we will seek to double total IDP resources to $4 million.

- **ACCELERATING PROJECT DEVELOPMENT:** NADBank and BECC have developed a work plan for accelerating project development. Their 1997-99 work plan has identified more than 30 projects and potential projects with a total cost of more than $500 million. They will also take steps to expedite project approvals, especially for smaller border communities: Small projects (typically costing $100,000 or less) will be eligible for expedited processing, provided they are sponsored by an appropriate Federal or state agency (*e.g.*, the Texas Water Development Board). Similar projects that meet BECC/NADBank requirements for project quality and review will be considered for certification as a group and financed through a NADBank line of credit with an appropriate Federal or state agency.

VIII. IMPROVE EXPORT ASSISTANCE CENTERS SO THAT THEY DO MORE TO HELP SMALL BUSINESSES. There are over a hundred Export Assistance Centers located across the United States helping businesses export American goods abroad. Small businesses are an essential part of America's export strategy, accounting for almost 96% of all exporters, but only 30% of the value of exports. As part of our National Export Strategy, we will:

- **INCREASE BOTH THE NUMBER OF RURAL BUSINESSES AND SHARE OF SMALL AND MEDIUM-SIZED BUSINESSES RECEIVING EXPORT ASSISTANCE.** By the end of 1999, the Export Assistance Center Network will increase by 20 percent the number of small and medium-sized firms receiving export assistance in the United States. To ensure this increase, the Export Assistance Center Network will do more to fully engage the programs of all its strategic partners to reach out to those businesses which have not ventured into foreign markets. Many small businesses in poorer rural communities have not realized their full export potential. To ensure more is done for rural small businesses, the Export Assistance Center Network will increase its focus on manufacturers and service companies located in rural areas -- with the goal of increasing by 20 percent the number of rural businesses who report exporting successes through the Export Assistance Network.

- **ENHANCE AND REGULARIZE TRAINING FOR EXPORT ASSISTANCE CENTER STAFF.** The Department of Commerce will enhance and regularize the training of all Export Assistance Center staff, improving customer service. Part of this training will be increasing the familiarity of the Export Assistance Centers field staff with all Trade Promotion Coordinating Committee (TPCC) agency programs, particularly in the trade finance area.

IX. EXPAND INITIATIVES THAT HAVE PROVEN RECORDS OF HELPING TO CREATE JOBS AND OPPORTUNITY FOR DISADVANTAGED AMERICANS.
In order to create jobs and opportunity for disadvantaged Americans, the Administration proposes to:

- **MAKE FLEXIBLE FUNDING AVAILABLE FOR SECOND-ROUND URBAN EMPOWERMENT ZONES**. The Administration would request $100 million per year in flexible grant funds for second-round urban EZs. This funding could be used for a wide range of activities, including economic development and housing projects, project-based rental assistance, and job training. Providing flexible grant funding for the second-round of urban Empowerment Zones would cost $500 million over the next five years.

- **EXPAND THE YOUTHBUILD PROGRAM**. YouthBuild provides high school dropouts 16-24 with general academic and job skills training, as well as apprenticeships constructing and rehabilitating affordable housing. The FY 1998 appropriation for YouthBuild is $35 million. This proposal would provide, beginning in FY 1999, an increase of $10 million per year -- or $50 million over five years -- for YouthBuild (above the FY 98 level).

- **CREATE OPPORTUNITY AREAS FOR OUT-OF-SCHOOL YOUTH**. The Administration requested and continues to advocate strongly for $250 million in competitive grants to selected high-poverty urban and rural areas, including designated EZs and ECs, to increase out-of-school youth employment. The House Labor-HHS-Education Appropriations bill includes $100 million in funding for FY 1999; the Senate bill $250 million (also advance funded). The Administration will work to ensure that the out-of-school youth program receive $250 million per year, or $1.25 billion over five years.

- **$500 MILLION IN WELFARE-TO-WORK TRANSPORTATION FUNDS.** The Administration requested $100 million for an unspecified number of projects. The initial House bill provided $42 million for 10 projects. The Senate transit legislation reported by the Banking Committee fully funds the President's request. To help move people from welfare-to-work, the Administration will continue working to secure full funding for welfare-to-work transportation funds. The Administration will work to ensure that welfare-to-work transportation funds receive $500 million over the next five years.

- **$225 MILLION FOR CDFIs TO EXPAND THE AVAILABILITY OF CREDIT IN DISTRESSED URBAN AND RURAL AREAS.** The Community Development Financial Institution (CDFI) fund is designed to expand the availability of credit, investment capital, financial services, and other development services in distressed urban and rural communities. The Administration requested $125 million for CDFIs, but the Treasury-Postal conference report provided $80 million for FY98. The Administration will propose a $45 million increase over the conference report in our next budget -- that's $225 million over five years for CDFIs.

- **ENHANCE AND BUILD ON TAX PROVISIONS FOR EQUITY**

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November 5, 1997

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Worker Adjustment:

I. Improve and expand Trade Adjustment Assistance and ensure a quick response for worker dislocation;

II. Expand dislocated worker funding by $750 million over five years -- so that funding in 2003 would be triple what it was in the year before President Clinton took office;

III. Dedicate $250 million over next five years in existing funds for secondary workers -- while initiating an information campaign to reach out to them more effectively;

IV. Create a Trade Adjustment Assistance Contingency to ensure that funds are available to help workers who lose their jobs due to trade -- including those who lose their jobs due to future trade agreements negotiated under Fast-Track authority -- receive benefits;

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V. Provide $250 million for community adjustment -- create an Office of Community and Economic Adjustment to coordinate the response to trade-impacted areas;

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WOULD BE TRIPLE WHAT IT WAS IN THE YEAR BEFORE CLINTON TOOK OFFICE.

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III. EARMARK $250 MILLION IN EXISTING FUNDS FOR SECONDARY WORKERS -- WHILE INITIATING AN INFORMATION CAMPAIGN TO REACH OUT TO THEM MORE EFFECTIVELY.

- **$250 MILLION OVER FIVE YEARS IN SECRETARY'S DISCRETIONARY FUND EARMARKED FOR SECONDARY WORKERS.** In conjunction with the passage of fast-track authority, the Department of Labor will issue a Statement of Administrative Action extending the Secretary's discretionary authority to use JTPA Title III funds to serve secondary workers in firms doing business with primary firms eligible for or certified for TAA. To ensure that adequate funding in available the Secretary of Labor will fence off $250 million over the next five years to provide job training and income support for secondary workers.

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  a. The best way for the Labor Department to find secondary workers is to start with the primary firm and work outwards. By December 1997, the Labor Department's Employment Training Administration will issue guidelines to the states requesting that they seek information from primary firms about their suppliers during or immediately following the certification process. This information will form the basis of a concerted effort to identify and locate potentially eligible secondary workers.

  b. By December 1997, the Labor Department will issue a set of guidelines so that direct contact with potentially eligible secondary firms and their workers is made. The Labor Department will also disseminate fact sheets and posters to these secondary businesses, and will make information available to personnel offices. The Labor Department will also set up a bilingual web site to help contact secondary workers.

  c. The Labor Department will distribute information to State Employment Service and Unemployment Insurance offices where workers go to file unemployment benefits.

  d. In order to increase the take-up rate among secondary workers, the Labor Department would run a public education campaign using public service announcements in English and Spanish in trade-impacted areas. Specifications for the bidding process will be in place by December 1997 and the competition will begin soon thereafter. In seeking bids for the project, the Department will include in the specifications a requirement that the firm have experience with the Hispanic media in the region and will ask bidding firms to submit evidence of prior successful public education campaigns.

IV. CREATE TRADE ADJUSTMENT ASSISTANCE CONTINGENCY TO ENSURE THAT ALL WORKERS WHO LOSE THEIR JOBS DUE TO TRADE -- INCLUDING THOSE WHO LOSE THEIR JOBS DUE TO TRADE AGREEMENTS NEGOTIATED UNDER FAST-TRACK AUTHORITY --

RECEIVE BENEFITS.

- **CREATE TRADE ADJUSTMENT ASSISTANCE CONTINGENCY.** While the Administration believes that trade agreements are beneficial for the country -- with more jobs being created on net than lost -- we understand the concerns of those who believe workers will be adversely affected by these agreements. Thus, to be certain that no one is left behind, we are proposing a Trade Adjustment Assistance Contingency that automatically will make additional adjustment assistance available for workers who have lost their jobs due to trade -- including those people who lose their jobs due to trade agreements negotiated under fast-track authority. Additional funds will be made available in increments if adjustment assistance demands ever exceed the estimate in our budget. While we fully expect this contingency will not trigger on, with this safety net added to the Trade Adjustment Assistance program there should be no question that resources will be there if the need ever arises.

V. **PROVIDE $250 MILLION OVER FIVE YEARS FOR COMMUNITY ADJUSTMENT -- CREATE OFFICE OF COMMUNITY AND ECONOMIC ADJUSTMENT TO COORDINATE RESPONSE TO TRADE-IMPACTED AREAS.**

- **EXPAND COMMUNITY ADJUSTMENT BY $250 MILLION OVER FIVE YEARS -- CREATE OFFICE OF COMMUNITY AND ECONOMIC ADJUSTMENT TO DEAL WITH TRADE-IMPACTED REGIONS.** DOD's Office of Economic Adjustment (OEA) was the Administration's first point of contact with communities experiencing a military base closure or defense plant closing. Learning from the defense conversion experience, we would create an OEA-type body -- the Office of Community and Economic Adjustment -- to coordinate the Administration's response to trade-impacted regions by working with Labor, Commerce, SBA, HUD, Treasury, and other government entities. This group would provide planning grants and expertise to help communities develop comprehensive economic adjustment strategies. They also would bring the appropriate state, local and federal groups to the table to provide adequate resources for implementing plans. The expert staff at OEA could be detailed to this body to help trade-impacted regions and workers. Moreover, to ensure there is proper funding for regions adversely impacted by trade, the Administration will expand the Economic Development Administration (EDA)'s Title IX budget. In 1997, Title IX had $27 million in funding to help areas with sudden and severe economic dislocation, such as major plant closings. The Administration will propose $50 million per year -- or $250 million over five years -- in community adjustment funding, more than doubling EDA's Title IX budget each year, while creating an Office of Community and Economic Adjustment. This will allow for comprehensive economic development assistance to regions adversely impacted by trade, or other severe economic dislocations.

VI. **IMPROVE AND EXPAND NADBANK.** The Administration proposes a three-point plan to improve and expand the North American Development Bank (NADBank):

- **EXPAND FINANCING FOR THE NADBANK CAIP.** The Administration proposes expanding paid-in capital for the North American Development Bank (NADBank) Community Adjustment and Investment Program (CAIP) by $37 million -- a full 160 percent increase over existing funds. These new funds will allow the Bank to leverage private capital markets to provide over $150 million in additional financing to trade-affected communities. The additional resources could finance new actitities, such as permitting the CAIP to provide matching grants, permitting more affordable financing for business development in trade-impacted communities, and to develop a micro-lending program to address the specialized needs of dislocated workers by encouraging small start-ups. The CAIP could also use the additional funding to expand its direct lending program by providing direct loans or innovative credit enhancements through intermediaries to assist a wide range of commercial and nonprofit borrowers who would otherwise lack access to commercial lending institutions.

- **EXPAND OUTREACH AND TECHNICAL ASSISTANCE.** The CAIP will work to increase awareness about its programs and improve accessibility for trade-impacted communities. To that end, the CAIP will work to refine the criteria of the direct lending program to better address community needs and disseminate them widely through a variety of media, including by developing a bilingual Web Site with detailed explanations of the direct lending criteria and application forms. In addition, CAIP would work with trade-impacted communities to provide technical assistance in the development of strategic plans to help identify opportunities and attract investment.

- **PUERTO RICO ELIGIBILITY.** Efforts must be made to permit communities within the Commonwealth of Puerto Rico that have been adversely impacted by trade and production shifts associated with NAFTA to access CAIP resources. To that end, the CAIP Finance Committee will develop a marketing plan identifying the appropriate authorities and community development organizations in Puerto Rico that should be provided with extensive information about CAIP eligibility requirements and programs. CAIP staff will work directly with Department of Labor (DOL) and Economic Development Administration (EDA) staff to identify communities in Puerto Rico that may be eligible for assistance through CAIP as well as EDA and workers who may be helped through NAFTA-TAA. In these eligible communities, CAIP will hold round tables with community groups, bankers, elected officials, and community leaders to market the program.

VII. IMPROVE ENVIRONMENTAL PROTECTION ALONG THE BORDER. The Administration will improve environmental protection along the border by making infrastructure financing more affordable for poor communities, strengthening community environmental capabilities and accelerating project approvals.

- **MAKING ENVIRONMENTAL INFRASTRUCTURE MORE AFFORDABLE.** The North American Development Bank (NADBank) and the Border Environment Cooperation Commission (BECC) will take steps to address the needs of poor communities: NADBank is establishing co-financing arrangements with U.S. and Mexican grant programs to provide affordable financing for border environmental infrastructure. We will seek appropriations of $250 million for this program over the next three years. NADBank is working on a proposal to help smaller U.S. communities access the tax-exempt bond market by establishing reserve funds for debt servicing in cooperation with the State Revolving Funds. This would leverage $4 million per year in NADBank financing to make available an additional $16 million per year for smaller border communities. Finally, BECC and NADBank will establish a program to assist residents in poor communities to finance residential hook-ups of water and wastewater services by providing lines of credit (through a public utility or other intermediary) to fund the costs of such services.

- **STRENGTHENING COMMUNITY CAPABILITIES:** NADBank and BECC are developing new programs to provide technical assistance to border communities for environmental infrastructure development and management. In cooperation with the EPA, BECC is establishing a Project Development Assistance Program (PDAP) to help border communities develop environmental infrastructure project proposals. This Program will commit and disburse up to $10 million to communities by the end of the year. NADBank has established an Institutional Development Program (IDP) to help communities on both sides of the border achieve effective and efficient operation of their water, sewage and solid waste management services. So far, NADBank has approved $1.8 million in technical assistance for 12 projects, and we will seek to double total IDP resources to $4 million.

- **ACCELERATING PROJECT DEVELOPMENT:** NADBank and BECC have developed a work plan for accelerating project development. Their 1997-99 work plan has identified more than 30 projects and potential projects with a total cost of more than $500 million. They will also take steps to expedite project approvals, especially for smaller border communities: Small projects (typically costing $100,000 or less) will be eligible for expedited processing, provided they are sponsored by an appropriate Federal or state agency (*e.g.*, the Texas Water Development Board). Similar projects that meet BECC/NADBank requirements for project quality and review will be considered for certification as a group and financed through a NADBank line of credit with an appropriate Federal or state agency.

VIII. IMPROVE EXPORT ASSISTANCE CENTERS SO THAT THEY DO MORE TO HELP SMALL BUSINESSES. There are over a hundred Export Assistance Centers located across the United States helping businesses export American goods abroad. Small businesses are an essential part of America's export strategy, accounting for almost 96% of all exporters, but only 30% of the value of exports. As part of our National Export Strategy, we will:

- **INCREASE BOTH THE NUMBER OF RURAL BUSINESSES AND SHARE OF SMALL AND MEDIUM-SIZED BUSINESSES RECEIVING EXPORT ASSISTANCE.** By the end of 1999, the Export Assistance Center Network will increase by 20 percent the number of small and medium-sized firms receiving export assistance in the United States. To ensure this increase, the Export Assistance Center Network will do more to fully engage the programs of all its strategic partners to reach out to those businesses which have not ventured into foreign markets. Many small businesses in poorer rural communities have not realized their full export potential. To ensure more is done for rural small businesses, the Export Assistance Center Network will increase its focus on manufacturers and service companies located in rural areas -- with the goal of increasing by 20 percent the number of rural businesses who report exporting successes through the Export Assistance Network.

- **ENHANCE AND REGULARIZE TRAINING FOR EXPORT ASSISTANCE CENTER STAFF.** The Department of Commerce will enhance and regularize the training of all Export Assistance Center staff, improving customer service. Part of this training will be increasing the familiarity of the Export Assistance Centers field staff with all Trade Promotion Coordinating Committee (TPCC) agency programs, particularly in the trade finance area.

IX. EXPAND INITIATIVES THAT HAVE PROVEN RECORDS OF HELPING TO CREATE JOBS AND OPPORTUNITY FOR DISADVANTAGED AMERICANS. In order to create jobs and opportunity for disadvantaged Americans, the Administration proposes to:

- **MAKE FLEXIBLE FUNDING AVAILABLE FOR SECOND-ROUND URBAN EMPOWERMENT ZONES.** The Administration would request $100 million per year in flexible grant funds for second-round urban EZs. This funding could be used for a wide range of activities, including economic development and housing projects, project-based rental assistance, and job training. Providing flexible grant funding for the second-round of urban Empowerment Zones would cost $500 million over the next five years.

- **EXPAND THE YOUTHBUILD PROGRAM**. YouthBuild provides high school dropouts 16-24 with general academic and job skills training, as well as apprenticeships constructing and rehabilitating affordable housing. The FY 1998 appropriation for YouthBuild is $35 million. This proposal would provide, beginning in FY 1999, an increase of $10 million per year -- or $50 million over five years -- for YouthBuild (above the FY 98 level).

- **CREATE OPPORTUNITY AREAS FOR OUT-OF-SCHOOL YOUTH**. The Administration requested and continues to advocate strongly for $250 million in competitive grants to selected high-poverty urban and rural areas, including designated EZs and ECs, to increase out-of-school youth employment. The House Labor-HHS-Education Appropriations bill includes $100 million in funding for FY 1999; the Senate bill $250 million (also advance funded). The Administration will work to ensure that the out-of-school youth program receive $250 million per year, or $1.25 billion over five years.

- **$500 MILLION IN WELFARE-TO-WORK TRANSPORTATION FUNDS.** The Administration requested $100 million for an unspecified number of projects. The initial House bill provided $42 million for 10 projects. The Senate transit legislation reported by the Banking Committee fully funds the President's request. To help move people from welfare-to-work, the Administration will continue working to secure full funding for welfare-to-work transportation funds. The Administration will work to ensure that welfare-to-work transportation funds receive $500 million over the next five years.

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  c. The Labor Department will distribute information to State Employment Service and Unemployment Insurance offices where workers go to file unemployment benefits.

  d. In order to increase the take-up rate among secondary workers, the Labor

Department would run a public education campaign using public service announcements in English and Spanish in trade-impacted areas. Specifications for the bidding process will be in place by December 1997 and the competition will begin soon thereafter. In seeking bids for the project, the Department will include in the specifications a requirement that the firm have experience with the Hispanic media in the region and will ask bidding firms to submit evidence of prior successful public education campaigns.

IV. CREATE TRADE ADJUSTMENT ASSISTANCE CONTINGENCY TO ENSURE THAT ALL WORKERS WHO LOSE THEIR JOBS DUE TO TRADE -- INCLUDING THOSE WHO LOSE THEIR JOBS DUE TO TRADE AGREEMENTS NEGOTIATED UNDER FAST-TRACK AUTHORITY -- RECEIVE BENEFITS.

- **CREATE TRADE ADJUSTMENT ASSISTANCE CONTINGENCY.** While the Administration believes that trade agreements are beneficial for the country -- with more jobs being created on net than lost -- we understand the concerns of those who believe workers will be adversely affected by these agreements. Thus, to be certain that no one is left behind, we are proposing a Trade Adjustment Assistance Contingency that automatically will make additional adjustment assistance available for workers who have lost their jobs due to trade -- including those people who lose their jobs due to trade agreements negotiated under fast-track authority. Additional funds will be made available in increments if adjustment assistance demands ever exceed the estimate in our budget. While we fully expect this contingency will not trigger on, with this safety net added to the Trade Adjustment Assistance program there should be no question that resources will be there if the need ever arises.

V. **PROVIDE $250 MILLION OVER FIVE YEARS FOR COMMUNITY ADJUSTMENT -- CREATE OFFICE OF COMMUNITY AND ECONOMIC ADJUSTMENT TO COORDINATE RESPONSE TO TRADE-IMPACTED AREAS.**

- **EXPAND COMMUNITY ADJUSTMENT BY $250 MILLION OVER FIVE YEARS -- CREATE OFFICE OF COMMUNITY AND ECONOMIC ADJUSTMENT TO DEAL WITH TRADE-IMPACTED REGIONS.** DOD's Office of Economic Adjustment (OEA) was the Administration's first point of contact with communities experiencing a military base closure or defense plant closing. Learning from the defense conversion experience, we would create an OEA-type body -- the Office of Community and Economic Adjustment -- to coordinate the Administration's response to trade-impacted regions by working with Labor, Commerce, SBA, HUD, Treasury, and other government entities. This group would provide planning grants and expertise to help communities develop comprehensive economic adjustment strategies. They also would bring the appropriate state, local and federal groups to the table to provide adequate resources for implementing plans. The expert staff at OEA could be detailed to this body to help trade-impacted regions and workers. Moreover, to ensure there is proper funding for regions adversely impacted by trade, the Administration will expand the Economic Development Administration (EDA)'s Title IX budget. In 1997, Title IX had $27 million in funding to help areas with sudden and severe economic dislocation, such as major plant closings. The Administration will propose $50 million per year -- or $250 million over five years -- in community adjustment funding, more than doubling EDA's Title IX budget each year, while creating an Office of Community and Economic Adjustment. This will allow for comprehensive economic development assistance to regions adversely impacted by trade, or other severe economic dislocations.

VI. **IMPROVE AND EXPAND NADBANK.** The Administration proposes a three-point plan to improve and expand the North American Development Bank (NADBank):

- **EXPAND FINANCING FOR THE NADBANK CAIP.** The Administration proposes expanding paid-in capital for the North American Development Bank (NADBank) Community Adjustment and Investment Program (CAIP) by $37 million -- a full 160 percent increase over existing funds. These new funds will allow the Bank to leverage private capital markets to provide over $150 million in additional financing to trade-affected communities. The additional resources could finance new actitities, such as permitting the CAIP to provide matching grants, permitting more affordable financing for business development in trade-impacted communities, and to develop a micro-lending program to address the specialized needs of dislocated workers by encouraging small start-ups. The CAIP could also use the additional funding to expand its direct lending program by providing direct loans or innovative credit enhancements through intermediaries to assist a wide range of commercial and nonprofit borrowers who would otherwise lack access to commercial lending institutions.

- **EXPAND OUTREACH AND TECHNICAL ASSISTANCE.** The CAIP will work to increase awareness about its programs and improve accessibility for trade-impacted communities. To that end, the CAIP will work to refine the criteria of the direct lending program to better address community needs and disseminate them widely through a variety of media, including by developing a bilingual Web Site with detailed explanations of the direct lending criteria and application forms. In addition, CAIP would work with trade-impacted communities to provide technical assistance in the development of strategic plans to help identify opportunities and attract investment.

- **PUERTO RICO ELIGIBILITY.** Efforts must be made to permit communities within the Commonwealth of Puerto Rico that have been adversely impacted by trade and production shifts associated with NAFTA to access CAIP resources. To that end, the CAIP Finance Committee will develop a marketing plan identifying the appropriate authorities and community development organizations in Puerto Rico that should be provided with extensive information about CAIP eligibility requirements and programs. CAIP staff will work directly with Department of Labor (DOL) and Economic Development Administration (EDA) staff to identify communities in Puerto Rico that may be eligible for assistance through CAIP as well as EDA and workers who may be helped through NAFTA-TAA. In these eligible communities, CAIP will hold round tables with community groups, bankers, elected officials, and community leaders to market the program.

VII. IMPROVE ENVIRONMENTAL PROTECTION ALONG THE BORDER. The Administration will improve environmental protection along the border by making infrastructure financing more affordable for poor communities, strengthening community environmental capabilities and accelerating project approvals.

- **MAKING ENVIRONMENTAL INFRASTRUCTURE MORE AFFORDABLE.** The North American Development Bank (NADBank) and the Border Environment Cooperation Commission (BECC) will take steps to address the needs of poor communities: NADBank is establishing co-financing arrangements with U.S. and Mexican grant programs to provide affordable financing for border environmental infrastructure. We will seek appropriations of $250 million for this program over the next three years. NADBank is working on a proposal to help smaller U.S. communities access the tax-exempt bond market by establishing reserve funds for debt servicing in cooperation with the State Revolving Funds. This would leverage $4 million per year in NADBank financing to make available an additional $16 million per year for smaller border communities. Finally, BECC and NADBank will establish a program to assist residents in poor communities to finance residential hook-ups of water and wastewater services by providing lines of credit (through a public utility or other intermediary) to fund the costs of such services.

- **STRENGTHENING COMMUNITY CAPABILITIES:** NADBank and BECC are developing new programs to provide technical assistance to border communities for environmental infrastructure development and management. In cooperation with the EPA, BECC is establishing a Project Development Assistance Program (PDAP) to help border communities develop environmental infrastructure project proposals. This Program will commit and disburse up to $10 million to communities by the end of the year. NADBank has established an Institutional Development Program (IDP) to help communities on both sides of the border achieve effective and efficient operation of their water, sewage and solid waste management services. So far, NADBank has approved $1.8 million in technical assistance for 12 projects, and we will seek to double total IDP resources to $4 million.

- **ACCELERATING PROJECT DEVELOPMENT:** NADBank and BECC have developed a work plan for accelerating project development. Their 1997-99 work plan has identified more than 30 projects and potential projects with a total cost of more than $500 million. They will also take steps to expedite project approvals, especially for smaller border communities: Small projects (typically costing $100,000 or less) will be eligible for expedited processing, provided they are sponsored by an appropriate Federal or state agency (*e.g.*, the Texas Water Development Board). Similar projects that meet BECC/NADBank requirements for project quality and review will be considered for certification as a group and financed through a NADBank line of credit with an appropriate Federal or state agency.

VIII. IMPROVE EXPORT ASSISTANCE CENTERS SO THAT THEY DO MORE TO HELP SMALL BUSINESSES. There are over a hundred Export Assistance Centers located across the United States helping businesses export American goods abroad. Small businesses are an essential part of America's export strategy, accounting for almost 96% of all exporters, but only 30% of the value of exports. As part of our National Export Strategy, we will:

- **INCREASE BOTH THE NUMBER OF RURAL BUSINESSES AND SHARE OF SMALL AND MEDIUM-SIZED BUSINESSES RECEIVING EXPORT ASSISTANCE.** By the end of 1999, the Export Assistance Center Network will increase by 20 percent the number of small and medium-sized firms receiving export assistance in the United States. To ensure this increase, the Export Assistance Center Network will do more to fully engage the programs of all its strategic partners to reach out to those businesses which have not ventured into foreign markets. Many small businesses in poorer rural communities have not realized their full export potential. To ensure more is done for rural small businesses, the Export Assistance Center Network will increase its focus on manufacturers and service companies located in rural areas -- with the goal of increasing by 20 percent the number of rural businesses who report exporting successes through the Export Assistance Network.

- **ENHANCE AND REGULARIZE TRAINING FOR EXPORT ASSISTANCE CENTER STAFF.** The Department of Commerce will enhance and regularize the training of all Export Assistance Center staff, improving customer service. Part of this training will be increasing the familiarity of the Export Assistance Centers field staff with all Trade Promotion Coordinating Committee (TPCC) agency programs, particularly in the trade finance area.

IX. EXPAND INITIATIVES THAT HAVE PROVEN RECORDS OF HELPING TO CREATE JOBS AND OPPORTUNITY FOR DISADVANTAGED AMERICANS. In order to create jobs and opportunity for disadvantaged Americans, the Administration proposes to:

- **MAKE FLEXIBLE FUNDING AVAILABLE FOR SECOND-ROUND URBAN EMPOWERMENT ZONES**. The Administration would request $100 million per year in flexible grant funds for second-round urban EZs. This funding could be used for a wide range of activities, including economic development and housing projects, project-based rental assistance, and job training. Providing flexible grant funding for the second-round of urban Empowerment Zones would cost $500 million over the next five years.

- **EXPAND THE YOUTHBUILD PROGRAM**. YouthBuild provides high school dropouts 16-24 with general academic and job skills training, as well as apprenticeships constructing and rehabilitating affordable housing. The FY 1998 appropriation for YouthBuild is $35 million. This proposal would provide, beginning in FY 1999, an increase of $10 million per year -- or $50 million over five years -- for YouthBuild (above the FY 98 level).

- **CREATE OPPORTUNITY AREAS FOR OUT-OF-SCHOOL YOUTH**. The Administration requested and continues to advocate strongly for $250 million in competitive grants to selected high-poverty urban and rural areas, including designated EZs and ECs, to increase out-of-school youth employment. The House Labor-HHS-Education Appropriations bill includes $100 million in funding for FY 1999; the Senate bill $250 million (also advance funded). The Administration will work to ensure that the out-of-school youth program receive $250 million per year, or $1.25 billion over five years.

- **$500 MILLION IN WELFARE-TO-WORK TRANSPORTATION FUNDS.** The Administration requested $100 million for an unspecified number of projects. The initial House bill provided $42 million for 10 projects. The Senate transit legislation reported by the Banking Committee fully funds the President's request. To help move people from welfare-to-work, the Administration will continue working to secure full funding for welfare-to-work transportation funds. The Administration will work to ensure that welfare-to-work transportation funds receive $500 million over the next five years.

- **$225 MILLION FOR CDFIs TO EXPAND THE AVAILABILITY OF CREDIT IN DISTRESSED URBAN AND RURAL AREAS.** The Community Development Financial Institution (CDFI) fund is designed to expand the availability of credit, investment capital, financial services, and other development services in distressed urban and rural communities. The Administration requested $125 million for CDFIs, but the Treasury-Postal conference report provided $80 million for FY98. The Administration will propose a $45 million increase over the conference report in our next budget -- that's $225 million over five years for CDFIs.

- **ENHANCE AND BUILD ON TAX PROVISIONS FOR EQUITY INVESTORS IN SSBICs.** The Administration is committed to ensuring the success of the initiatives contained in the President's 1993 Economic Plan to encourage investments in specialized small business companies (SSBICs). The Administration would work with Congressman Jefferson and Congressional tax-writing staffs to enhance the effectiveness of these provisions through proposed modifications. These proposed modifications would cost on the order of $50 million over five years.