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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. fax	Calvert Foundation; RE: phone number [partial] (1 page)	n.d.	P6/b(6)

COLLECTION:

Clinton Presidential Records
Policy Development
Lisa Green
OA/Box Number: 20589

FOLDER TITLE:

[Communications] [1]

2012-0043-S
ms210

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
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P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
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Calvert
COMMUNITY
INVESTMENTS
Calvert Foundation

Communities

INCOMING FAX

TO: Lisa Green, National Economic Council
202/456-2223

FROM: Dianne Saenz
Social Products & Policy Manager

TELEPHONE: 301/657-7082 or 1/800-368-2750, selection 1

FACSIMILE: 301/654-7820

DATE: July 1, 1999

TOTAL PAGES, INCLUDING COVER: 4

RE: Calvert Foundation Helps Investors Find New Markets

July 5-8 Clinton Administration tour of low income communities highlights need for private sector investment and proposed tax credit legislation

Interview opportunity: Individuals who are involved in community investment and non-profit organizations/entrepreneurs who benefit from the below market interest rate loans.

4550 Montgomery Avenue
Bethesda, MD 20814-9814
1-800-248-0337

Calvert
COMMUNITY
INVESTMENTS
Calvert Foundation

For Immediate Release

Contacts: Dianne Saenz
301/657-7082

Amy George
301/951-4800, ext. 232

MEDIA ADVISORY FOR JULY 5-8, 1999

President Clinton, Members of Congress and Corporate CEOS Travel to Six Low Income Communities to Highlight Need for Private Sector Investment in America and "New Markets Initiative"Tax Credit Legislation

Calvert Foundation Acts as Bridge to Investment in New Markets

The Calvert Social Investment Foundation provides capital to low income communities to build affordable housing and create jobs. It acts as a bridge between capital markets and disadvantaged communities, directing capital toward community development, housing, small businesses and microenterprises.

Individual and institutional investors can purchase Calvert Community Investment Notes*, a flexible security that allows investors to channel capital directly to non-profits serving local communities. Investors benefit from security enhancements, diversification, rigorous due diligence and close monitoring of portfolios.

Launched in 1995, the Calvert Foundation community investment program administers more than $20 million placed in 80 community partners throughout the United States and abroad. Many of these community partners serve the regions that President Clinton is scheduled to visit. The leaders of these community groups are willing to talk with members of the press about how community investments are making a difference in their region.

Please go to our website, www.calvertgroup.com/foundation , for more information and individual community partner profiles.

* This community investment program is not a mutual fund and should not be confused with any Calvert Group-sponsored investment product.

What: President Clinton's Trip to America's "New Markets"

When: Monday, July 5 - Thursday, July 8

- more -

Where: **Monday, July 5 - First stop: Kentucky Highlands, Appalachia**

Calvert Foundation Investment Partner:
Federation of Appalachian Housing Enterprises, aka "Appal Banc"
David L. Lollis, President and Executive Director
Telephone: 606/986-2321

Expertise: Financing and building quality affordable housing for low income families in Kentucky, Tennessee, Virginia and West Virginia.

Second stop: Clarksdale, Mississippi
Calvert Foundation Investment Partner:
Enterprise Corporation of the Delta
William J. Bynum, President & CEO
Telephone: 601/944-1100

Expertise: Providing financial and technical assistance to entrepreneurs and small businesses in the Mississippi River Delta region of Arkansas, Louisiana, and Mississippi

Tuesday, July 6 - First stop: East St. Louis, Illinois
(Former industrial center, empowerment zone)
Calvert Foundation Investment Partner:
Illinois Facilities Fund
Trinita Logue, President
Telephone: 312/629-0060

Expertise: Provides below-market real estate loans and consulting services to non-profits serving low income individuals and communities throughout Illinois

Second stop: Pine Ridge Native American Reservation, South Dakota (former site of Battle at Wounded Knee)
Calvert Foundation Investment Partner:
Northeast South Dakota Economic Corporation
Bob Hull, Executive Director
Telephone: 605/698-7654

Expertise: Small business development

- more -

Calvert
COMMUNITY
INVESTMENTS
Calvert Foundation

Shari Berenbach
Executive Director
Calvert Foundation

Shari Berenbach's 20 year financial services background includes experience ranging from micro-credit lending to international finance. She joined the Calvert Foundation in 1997.

Shari Berenbach, Executive Director of the Calvert Social Investment Foundation, has over 20 years experience with microcredit and innovative approaches to finance.

Prior to joining the Calvert Foundation, she worked with the International Finance Corporation - the private sector side of the World Bank; Partnership for Productivity, a U.S. based non-governmental organization which was one of the pioneers in the microcredit field; the National Cooperative Bank.

She also held positions in the private sector with then Citibank and Salomon Brothers. Shari earned an MBA in Finance from Colombia University and a Masters in Latin American Studies from University of California at Los Angeles.

For more information about the Foundation and its numerous community partners, please go to www.calvertgroup.com/foundation.

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Calvert Foundation/Page 3 [001]

Where:

Wednesday, July 7 - First stop: South Phoenix, Arizona
(Large Hispanic population, Enterprise community)
Calvert Foundation Investment Partner:
Micro Industry Credit Rural Organization (MICRO) - Arizona
Frank Ballesteros, Executive Director
Telephone: 520/806-9513

Expertise: Microenterprise and small business development

Second stop: Watts neighborhood, Los Angeles, CA
Calvert Foundation Investment Partner:
Community Financial Resource Center
Forescee Hogan-Rowles, Executive Director
Telephone: 323/233-1900

Expertise: Provides financial services to businesses and individuals in low and moderate income areas in south Los Angeles.

Thursday, July 8 - Final stop: Anaheim, CA
CEO conference to encourage private sector investment, creating opportunities for disadvantaged youth

Available for interviews:
Shari Berenbach, Executive Director, Calvert Foundation.
Ms. Berenbach directs Calvert Community Investments, is responsible for investor relationships, note placement and foundation administration. She was formerly Investment Officer of the International Finance Corporation and Program Director for Partnership for Productivity International, Inc.

Contact: Dianne Saenz, 301/657-7082 o P6/(b)(6)
Amy George 301/951-4800, ext. 232

###

DRAFT

NEW MARKETS INITIATIVE
COMMUNITY DEVELOPMENT SUCCESS STORIES

June 17, 1999

The President's New Markets tour will help direct the flow of opportunity and investment into some of the most stubborn pockets of poverty in the nation. The President will expand on the innovative approach to community empowerment he and the Vice President pioneered nearly seven years ago to utilize the entrepreneurial spirit of the private sector to bring new capital and jobs to communities that prosperity has passed by.

I. PRIVATE SECTOR EFFORTS

COMMUNITY PRIDE FOOD STORES
Richmond, VA

- ✓ *Community Pride Food Stores*, the largest minority-owned supermarket chain in the country, acquires underperforming stores in Richmond's inner-city areas and transforms them into high quality supermarkets.

- ✓ Sixty-six percent of the company's 500 employees were previously on public assistance, and 70 percent live in the inner city. These employees now receive generous benefits through the company's compensation package.

- ✓ Over the past five years, *Community Pride*'s sales have increased 420 percent to over \$100 million and the amount of customers has gone up 150 percent.

PFIZER
Brooklyn, New York

- ✓ Located in a manufacturing site across the river from Manhattan, *Pfizer's* plant in Brooklyn has been a major economic contributor to the community.

- ✓ *Pfizer* has invested money to improve schools, the local subway station, and to develop an urban renewal plan alongside city and local community groups.

- ✓ The Brooklyn plant has provided 700 jobs, creating an annual payroll of more than \$20 million.

SAFEWAY
Pleasanton, California

- ✓ *Safeway*, one of the largest supermarket chains in the country, has opened and renovated stores in inner cities across America – investing more than $165 million in building new stores and remodeling outdated facilities in urban and underserved neighborhoods.

- ✓ The company's Dominick's division opened the first new supermarket to be constructed in 40 years in the inner city of Chicago. Safeway has also opened stores in the inner city areas of Baltimore, San Francisco, Los Angeles, Oakland, San Jose, Phoenix, and Seattle.

- ✓ *Safeway*'s investments in inner city neighborhoods have created thousands of jobs for area residents and have proved to be a great investment for the company.

RITE AID
Headquartered in Camp Hill, Pennsylvania

- ✓ *Rite Aid*, one of the nation's largest drugstore chains, with approximately 4,000 stores across the country, has committed itself to aiding inner city areas.

- ✓ When building its store in Philadelphia, the company partnered with a community development group to ensure that all subcontractors, architects, engineers, and other construction workers were hired from the local area.

- ✓ *Rite Aid* has agreed to invest $55 million in Los Angeles over the next year. It will open two new stores in the City of Compton. *Rite Aid* also plans to open a new 16,000 square foot store in the Hilltop, a struggling neighborhood in Tacoma, Washington.

- ✓ *Rite Aid*'s stores in underserved urban areas have been among the company's most successful locations.

AMR CORPORATION
New York, Chicago, California, Dallas, Miami and other locations nationwide

- ✓ *American Airlines* and its parent company, the *AMR Corporation*, launched a program in 1993 to train and hire inner-city workers across the country, providing healthy wages, health care, and long-term retirement benefits.

- ✓ *American* has trained inner-city foster children in New York for careers in the travel industry, helped welfare recipients in Chicago gain job opportunities; developed a travel industry curriculum for low income students in California; helped to create opportunities for unemployed Hispanics; and has assisted economically disadvantaged Floridians find jobs in the airline industry.

- ✓ Since 1996, *AMR* has hired over 1,200 welfare recipients for careers in its airports and reservations centers. For example, in its new Dallas office, *AMR* will use its annual payroll of $5 million to employ approximately 350 people. Ninety-five percent of those initially hired were from the local community.

BANK ONE *Headquartered in Chicago, Illinois*

- ✓ *Bank One* – one of the nations leading financial services firms with branches across the country – has been involved in a number of programs designated to stimulate Appalacia's economy.

- ✓ The company is working with the Appalachia Ohio Development Fund to provide equity financing and technical assistance to small businesses in Southern Ohio.

- ✓ *Bank One* will also be finalizing a $600,000 credit facility to Enterprise Development Corporation, a microlender based in Athens County.

- ✓ *Bank One* is the lead investor in the first SBIC in the nation to focus on women-owned firms.

- ✓ *Bank One* is getting ready to close on a $5 million investment in *DCC Growth Fund*, a large national fund holding two SBICs that will have a regional presence in Ohio.

BANKERS TRUST *New York City*

- ✓ *Bankers Trust*, part of *Deutsche Bank*, is a leading financial services firm with a long history of philanthropic activities.

- ✓ The bank invested nearly $3 million in the *Kentucky Highlands Investment Corporation* through an innovative tax program. It also established a program to contract with vendors that are principally owned and/or operated by minorities or women.

- ✓ The company's efforts in Kentucky have helped to sustain and expand local business in Appalachia. Its work with minorities and women has resulted in increased business with those vendor groups, in both absolute dollars and as a relative share of total spending.

BELL SOUTH
Atlanta, Georgia

- ✓ *Bell South* is an international communications company that has long been committed to helping those in underserved rural areas. Approximately 40 percent of the 24 million lines the company serves are rural-residential and business customers.

- ✓ *Bell South*'s invested more than $19 billion in rural markets. It created a high-speed network to transport voice, video and data for Jackson, Mississippi's public schools.

- ✓ This network allows the school system to engage in distance learning and increase the quality of education for all students.

- ✓ **Benefits Needed**

GRID PROPERTIES
Philadelphia, Pennsylvania; Harlem, New York

- ✓ Grid Properties is building inner-city malls in urban regions across the country. *Harlem USA*, its $66 million site located in Harlem, opens this fall. The company is also building *Jump Street USA*, a similar site in Philadelphia.

- ✓ Popular retail companies involved in *Harlem USA*, including Starbucks and the Body Shop, are expected to be involved in *Jump Street USA* as well. These retailers will create jobs and introduce a new line of vendors to inner-city consumers.

- ✓ This fall, *Harlem USA* will create 500 jobs for Harlem residents.

MARIANNA APPAREL
Marianna, Arkansas

- ✓ *Marianna Apparel* is a subsidiary of *Terry Manufacturing*, a 30 year-old garment business that produces uniforms for military and corporate clients. Among other clients, *Marianna* manufactures uniforms for *McDonald's* restaurants nationwide.

- ✓ The *Marianna* plant opened as a result of ECDI's $5,000,000 investment.

- ✓ The *Marianna* plant has a production staff of 50 and projects growth to 80 by the end of 1999. The plant manager estimates that at least 20 percent of the employees are former welfare recipients.

SHAW'S SUPERMARKET
New Haven, Connecticut; Boston, Massachusetts and other areas throughout the country

- ✓ Shaw's is a 127-store grocery chain that is targeting New Haven, Boston and other inner-city neighborhoods to create jobs and boost sales growth.

- ✓ It has led the trend of returning to city neighborhoods that have been left unserved for years. After grocery retailers fled the inner city beginning in the 1970s, market studies showed that $125 million a year in food dollars was leaving New Haven alone.

- ✓ Shaw's New Haven supermarket, along with other smaller retailers in the same plaza, has created 200 jobs, many of them at the much-needed entry-level position.

MAGIC JOHNSON THEATERS
Headquartered in Los Angeles, California

- ✓ Magic Johnson Theatres is a chain founded by the former basketball star to spark new investment in inner-city neighborhoods and minority suburban neighborhoods.

- ✓ The chain opened its first theatre in Los Angeles in 1995 and its second in Atlanta in 1996. Merchants in the mall where the theatre was located reported sales increases of 20 percent after its opening.

- ✓ It also opened a theater in Northline Mall in Houston, Texas – and reversed the mall's two-decade steep decline. It has resulted in improved business for many of the mall stores and precipitated many new stores – such as Blockbuster Video, Sonic Drive-in, and Pappas Bar-B-Q – to open in the mall. The theatre also sparked development in the area around the mall, including construction of a new strip center across the street.

- ✓ Its other sites are in Chicago, Detroit, New York, New Orleans, Cleveland, San Diego, Washington, D.C., and Baltimore.

STARBUCKS
Headquartered in Seattle, Washington

- ✓ Starbucks is one of the largest coffee chains in the country with over 2,200 stores.

- ✓ Starbucks recently teamed with basketball legend Earvin "Magic" Johnson's Johnson Development Corporation to open 12 new stores in inner-city and urban locations throughout the country.

- ✓ Starbucks and Johnson opened one location in Los Angeles last year, one in Harlem in May, and another in the South Seattle community of Columbia City in June. The joint venture plans to open at least six more stores in 1999, including two sites in Atlanta, one in Detroit, one in San Francisco, and two more in Los Angeles.
- ✓ The partnership plans to open 12 locations by the end of 2000.
- ✓ **Benefits Needed**

II. INITIATIVES IN EMPOWERMENT ZONES

SIYEZA *Minneapolis, Minnesota*

- ✓ *General Mills, Glory Foods and First Bank* partnered with *Stairstep*, a nonprofit organization committed to African-American development, to develop a large-scale African American-owned manufacturing plant in Minneapolis.
- ✓ The minority-owned business has generated jobs and wealth for an inner city Minneapolis neighborhood and empowerment zone.
- ✓ The plant currently employs 36 people and expects to expand to accommodate 150-175 employees in the next five years.

AT&T *Headquartered in New York City*

- ✓ *AT&T*, one of the world's largest communication companies, actively works with governmental and other agencies to improve inner city areas.
- ✓ *AT&T* has contributed over $3 million to various empowerment zones including those in Chicago, Oakland, Kansas, Detroit, Baltimore, Los Angeles and New York.
- ✓ In cooperation with the LA County Office of Education, it also gave a $750,000 grant to the Greenlining Institute, a minority-run business that promotes corporate investment in minority communities.
- ✓ The AT&T Foundation is working with the NAACP and the Urban League to create centers in empowerment zones where parents and children can go in order to learn about the Internet.
- ✓ **Benefits Needed**

THE BOYS AND GIRLS CLUB OF LAGUNA MADRE *Rio Grande Valley, Texas*

- ✓ The *Boys' and Girls' Club* in the Rio Grande Valley has sought to provide young people with valuable social experiences and activities.
- ✓ The club offers programs such as the Coast Guard Explorer Program, which helped participants gain skills in leadership, discipline and teamwork.

- ✓ Since its opening in the Laguna Madre empowerment zone, the *Boys and Girls Club's* budget has increased $130,000 while the number of young people served has grown from 800 to more than 950.

PATHMARK STORES *Carteret, New Jersey*

- ✓ *Pathmark Stores* operates 132 stores in New Jersey, the Philadelphia metropolitan area, and New York, including stores in Bedford-Stuyvestant, downtown Brooklyn, Newark and Camden.

- ✓ In April, *Pathmark Stores* opened a $16 million, 50,000 square foot store in – the first major corporate investment in Harlem in over a generation. Construction of the store generated 150 jobs (seventy-five percent of the store's current 250 employees reside in the Harlem area).

- ✓ Pathmark also designated seven community-based non-profit organizations as the recipients of a customer checkout donation program. The company matched each day's contribution of up to $1,000 per day.

III. COMMUNITY DEVELOPMENT CORPORATIONS

COASTAL ENTERPRISES, INC (CEI). *Wiscasset, Maine*

- ✓ Based in the seacoast town of Wiscasset, *CEI* is a private non-profit community development corporation committed to the needs of Maine's coastal communities.

- ✓ *CEI* has participated in over $200 million of economic development financing, benefiting 1,000 businesses, social services and housing projects. It works with firms including *New England 800*, a custom inbound call center, to create good jobs with benefits.

- ✓ Sustaining 10,000 jobs while counseling over 8,000 businesses, *CEI* has also established *Coastal Ventures Limited Partnership (CVLP)*, a socially responsible venture capital fund seeking to connect investors' capital with socially beneficial products and services. In 1993, *CEI* raised $2 million in grants and loans from *KeyBank Corporation*, underwriting a revolving loan fund that has helped to provide approximately 600 jobs.

NEW YORK EMPOWERMENT ZONE (NYEZ) *New York, New York*

- ✓ NYEZ is an economic development initiative that uses public funds and tax incentives to encourage private investments. It was created to revitalize Upper Manhattan and the South Bronx.

- ✓ The NYEZ provides funding, technical assistance, and support for site location, procurement, and workforce development. Its funding provides incentives for business owners to create jobs and enhance economic activity in parts of New York City. These incentives include wage tax credits, special deductions and bond financing.

- ✓ **With a public investment pool of $300 million and $145.1million leveraged from private support, the NYEZ has created 13,003 jobs, spending a total of $72.4 million.**

EATON NAVY CONTROLS DIVISION
Milwaukee, WI

- ✓ *Eaton Navy Controls Division*, a Fortune 500 defense contractor, partnered with the *Northwest Side Community Development Corporation* to invest in its facility and the surrounding neighborhood.

- ✓ Since 1994, *Eaton*'s sales have grown 170 percent to $80 million and the workforce has expanded by 50 percent. The neighborhood now offers stronger opportunities for small businesses and a better environment for families.

- ✓ In an effort to attract a quality workforce, the company supports a community-based crime prevention program to enhance the neighborhood's image; intervenes with at-risk youth in a school; pioneered a welfare-to-work practice in conjunction with a local college; and uses local businesses as suppliers.

ENTERPRISE CORPORATION OF THE DELTA (ECD)
Jackson, Mississippi

- ✓ A private tax-exempt business development organization, *ECD* has strengthened the economy of a tri-state region including Mississippi, Arkansas and Louisiana.

- ✓ The company provides financial and technical assistance to 633 companies, many of them female and minority owned, ranging from furniture manufacturers to retirement communities.

- ✓ The organization has created 5,252 jobs with an annual sales impact of $201 million. *ECD* has also established *ECD Investments* to attract more venture capital from individual and institutional investors.

HOUSTON ECONOMIC OPPORTUNITY FUND
Houston, Texas

- ✓ The *Houston Economic Opportunity Fund* has developed a premier for-profit community investment vehicle providing values for investors, community partners, and local entrepreneurs in Houston's inner city.

- ✓ The fund, along with its partners, provides investments in minority- and women-owned businesses in areas where over half of households earn 80 percent or less than the area median income. *Houston Economic Opportunity Fund* has invested in *Community Call Centers*, *MFR Group* and *International Commerce*.

✓ By fostering small business growth, the *Opportunity Fund* has maintained strong investment performance – exemplified by its $2.7 million dollar investment in *Community Call Centers*. That investment created approximately 400 jobs with duplication potential in other communities.

SMITH WHILEY & COMPANY
Headquartered in Hartford, Connecticut

✓ *Smith Whiley & Company* is an investment group that targets urban niche markets and minority-owned firms. Its nationwide investments range from *Evangelical Lutheran Good Samariantan Hospital* to *Cineplex Odeon* to *BET Holdings*.

✓ The fund has invested and managed more than $400 million and has realized growth of $592.8 million. Over the next four years, the company will make roughly 40 investments, ranging up to $15 million.

✓ *Smith Whiley & Company* has circulated capital within its target communities across the country, producing jobs and needed services for workers while attracting vital businesses to the area.

KENTUCKY HIGHLANDS INVESTMENT CORPORATION
London, Kentucky

✓ The Kentucky corporation invests in start-up and expanding non-retail businesses, serving among the poorest counties in Appalachia.

✓ With a multi-million dollar capital pool, *KHIC* provides a variety of services to businesses in its region, including subordinated debt, equity, real estate construction, and consulting services.

✓ In 1994, *KHIC* was appointed the leader of $40 million dollar endowment to a three-county rural empowerment zone.

✓ **Benefits Needed**

COMMUNITY DEVELOPMENT VENTURES, INC. (CDV)
Baltimore, Maryland

✓ The non-profit company seeks to fuel economic development in businesses in and around Baltimore's empowerment and enterprise zones through venture capital, management and technical assistance, training and entrepreneurial development.

- ✓ *CDV* has raised $8 million from a variety of sources including *The Ford Foundation, Prudential Insurance Company* and the *US Department of Treasury*. These funds are used to strengthen the economic base of stressed communities through business development.

- ✓ **Benefits Needed**

NORTHEAST VENTURES (NEV)
Duluth, Minnesota

- ✓ *NEV* was established as a for-profit community development venture capital fund to help spur economic growth in Northeastern Minnesota.

- ✓ The company aims to diversify the region's economic base and spur entrepreneurship with its assets of $11 million. In addition to providing capital and technical assistance, *NEV* makes its companies aware of government placement services that can make it easier for them to hire low-income workers.

- ✓ *NEV's* investments to date exceed $8 million and these investments have led to recreating 695 jobs since 1989.

NEW YORK COMMUNITY INVESTMENT COMPANY
New York, New York

- ✓ A for-profit limited liability corporation, *NYCIC* was created by a consortium of New York commercial banks to provide financing solutions to New York's small business community.

- ✓ Focusing on women- and minority-owned businesses, the corporation uses its $10 million assets to aid companies with sales from $1 to $10 million that are located in the five boroughs of New York City.

- ✓ **Benefits Needed**

METROHARTFORD MILLENNIUM PROJECT
Hartford, Connecticut

- ✓ *MetroHartford Millennium Project* – a coalition of businesses, community groups, non-profit organizations, civic groups, state and local government, hospitals, educational institutions, labor, and the media – aims to revitalize the central city of Hartford.

- ✓ The group implemented an urban strategy for redeveloping the area and worked to bring together business and educational institutions to train people specifically for available positions.

- ✓ Of the first 100 students to graduate from the *Project*-sponsored training program, 99 were employed immediately and the second class of more than 80 students yielded similar results.

Communications Plan
New Markets
June 18 – July 8

The purpose of this document is to spell out the communications strategy around the New Markets legislation announcement on June 30, the tour of July 5-9, and the key tasks that must be completed before and during these events. Its important that we portray the legislation and tour as a package – to demonstrate that the President has a comprehensive plan to bring new investments and economic growth to all corners of the nation.

GENERAL MESSAGE (more detailed message points to follow):

- Today, America is enjoying a time of remarkable economic expansion. Because this expansion has been so strong and so sustained, the benefits of economic growth are beginning to flow into communities once choked off from the economic mainstream.

- But, there are still too many communities in America where unemployment is far too high and opportunity far too scarce. The President believes that all Americans should share in the prosperity and experience first-hand the American dream.

- The President is proposing targeted tax incentives and innovative financial tools to encourage investment in these communities.

- And, on a four-day tour through America with CEO's, Members of Congress and community leaders, the President is shining a spotlight on the potential of these new markets in creating new jobs and new hope.

Saturday, June 19:

- Once decision is made on sites and notification calls are complete, provide tour cities to national and regional press for weekend stories. (done)

Tuesday, June 22 or Wednesday, June 23:

- Podesta outreach with key reporters to lay out President's domestic agenda – include Untapped Markets legislation and tour.
- Gene outreach to key reporters on New Markets genesis & background.

Week of June 28 – July 2:

Monday, June 28:

Patrick to ~~[illegible]~~ Lisa   Fred Duvall

- Op-Eds submitted by CEO's , economist-types, big city mayors and other validators to national newspapers and magazines to gain credibility as an important, common sense market-based initiative rather than a government give-away. **(List of validators from NEC).**
- Possible columns in *Fortune, Businessweek*, and other financial magazines. Patrick
- Explore offering news magazine/network exclusives for trip. Fortune Jake/Gene Dorton
- Pitch to CBS Sunday Morning for July 11th "book-end" piece on President's tour across the nation. Mark – Patrick to talk

Tuesday, June 29: (note: Medicare announcement tentatively scheduled for today)

- Give details of legislation to national reporter. **(~~Julia~~** Jen)
- Sperling, Echaveste, Podesta Calls To 15 Key columnists – E.J. Dionne, Walter Shapiro, Mort Kondracke, Bob Herbert, Mary McGrory, Gerry Seib or Al Hunt, William Raspberry, Robert Samuelson – other New Democrat columnists & and more liberal writers K Oliphant / Ellen Goodman, Make Jake
- Calls to other pundits, tv talking heads
- Pitch The Newshour for Wednesday night appearance by White House/cabinet official. Mark Nescis

Wednesday, June 30:

- Unveil New Markets legislation at White House event with CEOs, Cabinet, Capitol Hill leadership, big city mayor to demonstrate the President's leadership in bringing the nation together to ensure that all Americans share in the prosperity of the last 6 ½ years.
- Reporters briefing by Sperling, ~~other Cabinet.~~ [illegible] Echaveste, Podesta
- Book Administration officials and CEOs on business-oriented t.v. shows – CNN, CNBC, Fox **(Neschis)** Mark / talk to Mark Patrick to Make list
- Sperling, Echaveste, Podesta conference calls to editorial boards and writers at *New York Times, Washington Post, L.A. Times, USA Today* Patrick ~~talk~~ Jake
- Work specialty press and reporters, columnists and editorial writers in tour cities for big picture story on legislation and tour. Elizabeth Newman
- Editorial Board mailing to regional markets across the nation. Elizabeth New
- Cabinet to call beat reporters. Ann Maguire / Monday
- Send package to Capitol Hill for July 4th recess press in districts. Janell Ericson
- ~~Outreach briefing to stakeholder groups.~~

Thursday, July 1:

- Sperling & Cabinet member Call to regional columnists/political reporters in Monday site/site state media markets to create day before story. Patrick

- Thurs – Topic for 'Talkers' Call segment

Friday, July 2:

- Continue booking validators.
- Possible advance story in local paper in 1st city stop. Elizabeth Newman / – Stephanie
- Book "validators" on morning T.V. and drive-time radio in 1st tour-site media market. Names & Numbers –
- Book "validators" on evening T.V. in 2nd tour-site media market for advancer story the night before the event.
- Give map of President and cabinet tour across the nation to *USA Today*. USA Today

Local Validator Patrick / NEC / Carl Hawke

WEEK OF JULY 5 – 11

Monday, July 5:

- 1 city event – Appalachia/Kentucky Highlands (T). (Locations TBD)
- Book Sperling, Cabinet, CEOs and others on Morning Shows – GMA, Today, CBS This Morning (Neschis) Mark Neschis – Patrick will do
- Cabinet roll-out on "New Market" tour in various media markets across country.
- Sperling & Cabinet calls to regional columnists/political reporters in Tuesday site media markets. Patrick
- Book local morning T.V. and radio with "validators" for Tuesday sites and evening shows for Wednesday sites.

Tuesday, July 6:

- Mississippi Delta event/Midwest event (T).
- Calls to local editorial board, columnists, and reporters.
- Continue Cabinet roll-out on "New Market" tour.
- Sperling & Cabinet calls to regional columnists/political reporters in Wednesday site media markets.
- Book local morning T.V. and radio with "validators" for Wednesday sites and evening local TV for Thursday sites.

Wednesday, July 7:

- Pine Ridge, S.D./ Phoenix, AZ (T)
- Calls to local editorial board, columnists, and reporters.
- Continue Cabinet roll-out on "New Market" tour.
- Sperling & Cabinet member Call to regional columnists/political reporters in Thursday site media markets.
- Book local morning T.V. and radio with "validators" for Thursday sites.

Thursday, July 8:

- Los Angeles/Anaheim (T)
- Calls to local editorial board, columnists, and reporters.
- Continue Cabinet roll-out on "New Market" tour.

Sunday, July 11:

- Possible CBS Sunday Morning story.

Mark Neshis - Talk Shows

PAPER:

- **Cover Fact Sheet**: Summarize economic accomplishments over last 6 ½ years, the problem of "untapped markets", and the legislation and tour sites. (NEC)
- **Site Fact Sheets**: Detail local economic need for "New Markets" plan, what President is doing there, and deliverable. (NEC)
- **Background on New Markets:** Detail need for new markets legislation and tour. (NEC)
- **Fact Sheet on Legislation** (NEC)
- Fact Sheet on Clinton record on economic development/fighting poverty (NEC)
- **Talking Points:** distribute to cabinet and validators (Communications)

(Prepare for Background: 1 Page on poverty sites where President has visited and statistics on increase in overseas trade over last 7 years)

Communications Plan
New Markets
June 18 – July 8

The purpose of this document is to spell out the communications strategy around the New Markets legislation announcement on June 30, the tour of July 5-9, and the key tasks that must be completed before and during these events. It's important that we portray the legislation and tour as a package – to demonstrate that the President has a comprehensive plan to bring new investments and economic growth to all corners of the nation.

GENERAL MESSAGE (more detailed message points to follow):

- Today, America is enjoying a time of remarkable economic expansion. Because this expansion has been so strong and so sustained, the benefits of economic growth are beginning to flow into communities once choked off from the economic mainstream.

- But, there are still too many communities in America where unemployment is far too high and opportunity far too scarce. The President believes that all Americans should share in the prosperity and experience first-hand the American dream.

- The President is proposing targeted tax incentives and innovative financial tools to encourage investment in these communities.

- And, on a four-day tour through America with CEO's, Members of Congress and community leaders, the President is shining a spotlight on the potential of these new markets in creating new jobs and new hope.

Saturday, June 19:

- Once decision is made on sites and notification calls are complete, provide tour cities to national and regional press.

Monday, June 21, Tuesday, June 22 or Wednesday, June 23:

- **Podesta** outreach with key reporters to lay out President's domestic agenda – include New Markets legislation and tour.
- **Sperling** one-on-ones w/key reporters on background and genesis of New Markets ideas and tour – Jeanne Cummings (WSJ), Susan Page (USAT), John Broder (NYT), Ron Brownstein (LAT)
- **Ask CEOs** to draft op-ed -- Franklin Raines, Sandy Weill, John McCoy, Hugh McColl, Dick Grasso, Dick Huber. **Jay Dunn will handle w/paper from NEC.**

Thursday, June 24

- **Sperling** Roundtable Briefing w/ Sam Fulwood (LAT), Randy Mikkelsen (Reuters), Rick Dunham (Businessweek), an AP reporter, Chuck Babbington (Washington Post), Claire Shipman, and other interested reporters.

Week of June 28 – July 2:

Monday, June 28:

- **Networks** -- Explore offering network exclusives for trip. **Mark Neschis to handle.**
- **CBS Sunday Morning** -- Pitch to CBS Sunday Morning for July 11th "book-end" piece on President's tour across the nation. **Mark Neschis to handle.**
- Give map of President and cabinet tour across the nation to *USA Today.*
- NewsMagazine Reporter Calls:
  Time – Mike Hirsch
  Newsweek – Adam Zagorin
  U.S. News & World Report – Jodie Allen

Tuesday, June 29: (note: Medicare announcement tentatively scheduled for today)

- **Op-Eds Submitted** by Franklin Raines, Sandy Weill/John McCoy, Hugh McColl, Dick Grasso, Dick Huber, ~~Possible columns in *Fortune, Businessweek*, and other financial magazines.~~ **Patrick Dorton at NEC and Jay Dunn can coordinate.**
- ~~Give details of legislation to national reporter. **Jake/Julia to handle.**~~
- Calls To Key Columnists:
  John Podesta -- Walter Shapiro, Mort Kondracke, Tom Oliphant
  Gene Sperling – E.J. Dionne, Al Hunt, Ron Brownstein
  Maria Echaveste -- Bob Herbert, Mary McGrory, William Raspberry, Mark Shields
- Pitch The Newshour for Wednesday night appearance by White House/cabinet official. **Mark Neschis to handle.**

Wednesday, June 30:

- Unveil New Markets legislation at White House event with Cabinet, Capitol Hill leadership, ~~big city mayor to build momentum for legislation.~~ Reporters briefing by **Sperling, Echaveste,Podesta.**
- Book Administration officials and CEOs on business-oriented t.v. shows – CNN, CNBC, Fox **Mark Neschis will handle.**
- Calls To Major Editorial Boards:
  Sperling -- *New York Times* – Mike Weinstein, Steve Weitzman
  Echaveste – *USA Today* – Duane Freese, Sid Hurlburt; *Wash. Post* – Peter Milius
  Podesta -- *L.A. Times* – Gail Pollard

- Work specialty press and reporters, columnists and editorial writers in tour cities for big picture story on legislation and tour.
- Editorial Board mailing to regional markets across the nation. **NEC staff/Press**
- Cabinet to call beat reporters. **Ann McGuire will handle**
- Send package to Capitol Hill for July 4th recess press in districts. **NEC staff/Press**

Thursday, July 1:

- Sperling & Cabinet Conference Calls to regional columnists/political reporters in site/site state media markets to create day (s) before story.

Kentucky –
Mississippi –
Missouri --
S. Dakota –
Arizona –
California --

- Thurs – Topic for 'Talkers' Call segment – **Loretta/Communications**

Friday, July 2:

- Continue booking validators.
- Possible advance story in local paper in 1st city stop.
- Book "validators" on morning T.V. and drive-time radio in 1st tour-site media market.
- Book "validators" on evening T.V. in 2nd tour-site media market for advancer story the night before the event.

WEEK OF JULY 5 – 11

Monday, July 5:

- 1 city event – Appalachia/Kentucky Highlands (T). (Locations TBD)
- Book Sperling, Cabinet, CEOs, Cabinet on Morning Shows – GMA, Today, CBS This Morning **(Neschis)**
- Cabinet roll-out on "New Market" tour in various media markets across country.
- Book local morning T.V. and radio with "validators" for Tuesday sites and evening shows for Wednesday sites.

Tuesday, July 6:

- Mississippi Delta event/East St. Louis event (T).
- Calls to local editorial board, columnists, and reporters.

- Continue Cabinet roll-out on "New Market" tour.
- Sperling & Cabinet calls to regional columnists/political reporters in Wednesday site media markets.
- Book local morning T.V. and radio with "validators" for Wednesday sites and evening local TV for Thursday sites.

Wednesday, July 7:

- Pine Ridge, S.D./ Phoenix, AZ (T)
- Calls to local editorial board, columnists, and reporters.
- Continue Cabinet roll-out on "New Market" tour.
- Book local morning T.V. and radio with "validators" for Thursday sites.

Thursday, July 8:

- Los Angeles/Anaheim (T)
- Calls to local editorial board, columnists, and reporters.
- Continue Cabinet roll-out on "New Market" tour. **Ann McGuire will handle.**

Sunday, July 11:
- Possible CBS Sunday Morning story. **Mark Neschis will handle.**

PAPER:

- **Cover Fact Sheet**: Summarize economic accomplishments over last 6 ½ years, the problem of "untapped markets", and the legislation and tour sites. **(NEC)**
- **Site Fact Sheets**: Detail local economic need for "New Markets" plan, what President is doing there, and deliverable. **(NEC)**
- **Background on New Markets:** Detail need for new markets legislation and tour. **(NEC)**
- **Fact Sheet on Legislation (NEC)**
- **Fact Sheet** on Clinton record on economic development/fighting poverty **(NEC)**
- **Talking Points:** distribute to cabinet and validators **(Communications)**

(Prepare for Background: 1 Page on poverty sites where President has visited and statistics on increase in overseas trade over last 7 years) NEC

Broderick Johnson
06/22/99 05:56:23 PM

Record Type: Record

To: Lisa Green/OPD/EOP@EOP

cc:
Subject: Re: New Market Calls For Gene

Aside from the letters to the six leaders (which as I recall invited them to go on the trip), Gene should not commit that any of the others can fly with the President on any of the trip, although he should indicate that's a possibility (for all or part of the trip).

Joel
agree

As far as mentioning "legislative issues", I think Gene should indicate to those we're looking to sponsor or move the legislation that the President will be forwarding the bills to the Congress before the trip and looks forward to their sponsorship or support.

As I noted in the e-mail to Sara (which I cc'ed you on as well), the Velazquez PRIME issue is sufficiently touchy for us to be extra cautious about what Gene should say and what the joint letter should say. So, Gene's call to her should hold pending more intelligence on her disposition concerning PRIME.

I haven't spoken with any of those Members on Janelle's list and I doubt that anyone else from leg affairs has also. I think they've received calls about where POTUS is going but Janelle knows whether that's the case

Appalachia: Kentucky Highlands

June 23, 1999

APPALACHIA IS MARKED BY POCKETS OF GREAT POVERTY. Despite the considerable mineral wealth located in its great mountains, Appalachia is one of the poorest areas in the country. In the 1960s, with John F. Kennedy's tour of the West Virginian Appalachian region during his campaign, and later with President Johnson's historic visit to Kentucky, national attention was drawn to the conditions in the region. This area has pockets of historically low educational levels, high unemployment and extreme poverty.

Appalachia's economy has evolved over the last 33 years from one dependent on heavy industry, agriculture, and mining to one that's more diversified and increasingly reliant on service sector employment. With a total population of 22.2 million, the region includes 406 counties, comprising all of West Virginia and parts of 12 other states extending more than a thousand miles from the southern tier of New York to northeast Mississippi.

Key Statistics:

- In FY99, 108 counties (27%) of the Appalachian Region's are designated as **distressed** because they have poverty and unemployment rates that are 1 ½ times the national rate, and have only 2/3 the national per capita market income. This compares with a national rate of 13% (excluding the ARC counties). (Appalachian Regional Commission)

- 71 counties lost population between 1990 and 1997, an increase over 1996 when only 58 counties registered population declines since 1990. (ARC)

- Partly because the region's population is aging at a rate greater than the nation as a whole, Appalachia's regional domestic product is projected to grow by an average of only 1.5% after adjusting for inflation. (ARC)

- The service and retail sectors have accounted for 85% of the 1.5 million new jobs added to Appalachian economy since 1988. (ARC)

- 80% of Appalachian counties have an average per capita income that is 80% or less than the national average. At this time of incredible growth, average per capita income in the region has slipped from a peak rate of 83.5% in 1994 to 82.6% in 1996.

- Aggregate figures tend to hide the many and extreme pockets of poverty. For example, the region's overall unemployment rate in 1997 was 5.5%. 224 counties (of the 406 counties) face unemployment rates 125% or more than the national average.

KENTUCKY HIGHLANDS:

Kentucky Highlands is a rural Empowerment Zone consisting of Clinton, Jackson, and Wayne Counties; the poverty rate for each county exceeds 30% as compared to an overall poverty rate of 20% for the State of Kentucky. Wayne and Jackson Counties are the state's poorest, and have populations that are 98.7% white. The lead EZ entity is the Kentucky Highlands Investment Corporation (KHIC), one of the premier community development venture capital funds in the nation.

1997 STATISTICS

- ✓ Poverty rate: 37.7%
- ✓ Unemployment rate: Clinton, 8.8%; Jackson, 9%; Wayne, 7.9%
- ✓ Median Family income: $12,700 to $16,400

(Kentucky Highlands Empowerment Zone February 1999 newsletter)

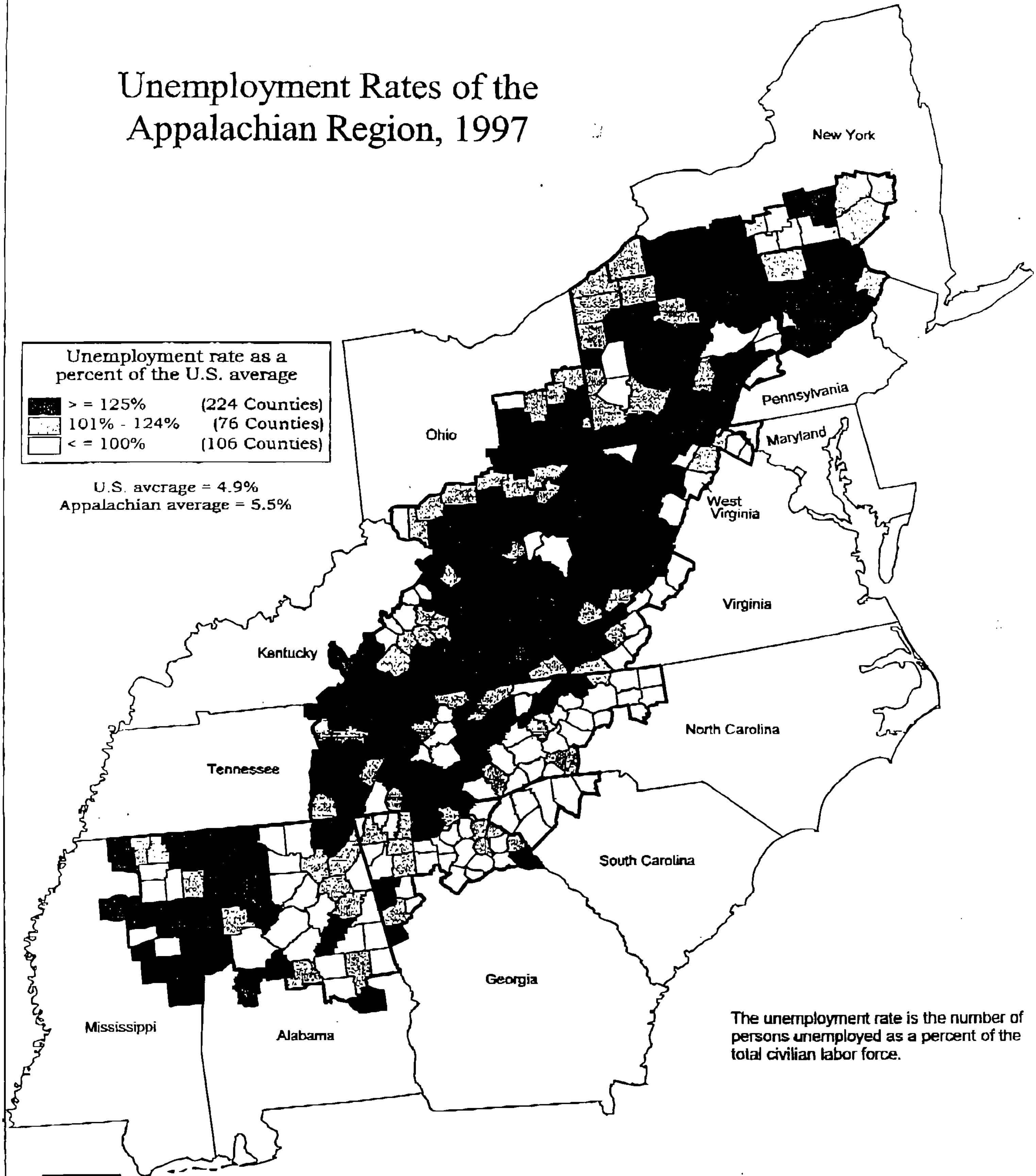
COMMUNITY SUCCESS STORIES:

- The empowerment zone received investment commitments of more than $115 million through 1998. This included $56 million in public and foundation funds and $60 million in private funds.
- More than 2,800 jobs were added in the three counties of the zone since it was created.
- Of the many companies in the zone, one that has succeeded is the *Fantasy Custom Yacht* company owned by John Sturgill. It has prospered with the help of the *Kentucky Highlands Investment Corporation* growing to over 75 employees.
- We would potentially visit one or more business in the Kentucky Highlands EZ that have benefited from financing from KHIC such as Mid-South Electric, a small company which has grown to 800 employees and is now completing a $5 million expansion that will add 100-150 additional employees.

DELIVERABLES:

Focus is CDFI announcements. We will be announcing and highlighting investments all over the country by corporations/organizations like BancOne, Chase Bank, Bank of America, Ms. Foundation.

Unemployment Rates of the Appalachian Region, 1997



The unemployment rate is the number of persons unemployed as a percent of the total civilian labor force.

Data Source: U.S. Department of Labor, Bureau of Labor Statistics, 1998

The Mississippi Delta -- Clarksdale
June 23, 1999

THE DELTA:

Prior to the Civil War, the dangers of annual floods left the rich cotton-producing lands of the Mississippi Delta largely undeveloped. However, once its flooding was controlled with the creation of the Levee system, the Delta began to produce the richest plantations in the Cotton Belt. Thus, the region became the capital of the sharecropping system. The Delta's current economic woes can be attributed to its isolation, which was caused by a lack of accessibility, and to the mechanization of farming that eliminated thousands of jobs.

GEOGRAPHY OF THE DELTA:

The land that lies between the Mississippi and Yazoo Rivers is what constitutes the Delta. This region is comprised of parts of Arkansas, Tennessee, Mississippi, and Louisiana (although some do not consider it part of the Delta).

The Mississippi Delta is approximately two hundred miles long and seventy miles across at its widest point. The area of the Delta is approximately 7,110 square miles.

- 27.9% live below the poverty level vs. 13.1% nationally (1990, Enterprise Corp. of the Delta)

- 44.3% of people age 25 and up had no high school degree vs. 24.8% nationally (1990, Enterprise Corp. of the Delta)

CLARKSDALE, MS:

Clarksdale is in Coahoma County -- close to the Arkansas border. The County's population is estimated to be 31,089 with no noticable change in the last 10 years. In 1990, 65.6 % of the population was minority. Key county statistics include:

- **The unemployment rate** in 1998 was 10.4% down somewhat from 11.5% in 1990.

- **The homeownership** rate from the in 1990 was 56.7%, compared to 73 percent for all non-metro-areas (HUD).

- **The poverty rate** of the county was 37.4 % in 1990, with half of all children under 18 living in poverty. (HUD)

- **The median income in 1995** was $18,812, less than half of the national median for that year. (HUD)

- Almost 20 percent of the housing did not have a **public sewer** in 1990 (SBA)

- Almost 15 percent of the housing did not have **telephone** in 1990 (SBA)

- Whereas overall, for rural counties in Arkansas, Louisiana, and Mississippi there is a **supermarket** every 153.5 miles, in the Delta there is only one supermarket every 190.5 miles. *(Rural Development Perspectives -- 1990).*

COMMUNITY SUCCESS STORIES:

There are economic success stories in Clarksdale, as a result of financing provided by the Enterprise Corporation of Delta (EDC), a CDFI headed by an African-American that we hope to highlight on our visit to the Delta as a successful example of New Markets economic activity. Information on businesses that we might visit is contained in the attached appendix. Coahoma County is not located in the Mid-Delta Empowerment Zone.

Computers, Inc. is a computer servicing and retail business that serves 15 counties of the Delta region. The company employs six people full time and has revenues of $1 million. They are an authorized Apple Computer Dealer and also provide sales and services to a number of schools and academies in the area, which we might visit. The owners, Nita Brooks, is a graduate of the FastTrac entrepreneurial training course, sponsored by ECD and administered locally by Delta State University.

Waterfield, Inc. is a Tennessee corporation doing businesses in Clarksdale. The company produces cabinets and employs 200 full-time employees many of whom have moved from welfare to work.

Delta Laundry is based in Clarksdale and provides commercial laundry and linen service to hospitals, restaurants, and casinos. The company employs 25 people, 15 of whom moved from welfare to work.

DELIVERABLES:

Focus is new investment in the local CDFI. Private investment in Enterprise Corporation of the Delta by local, regional, and large banks. Working with companies like Ford, Fedex, Chase Manhattan.

ARKANSAS
LOUISIANA
MISSISSIPPI

About

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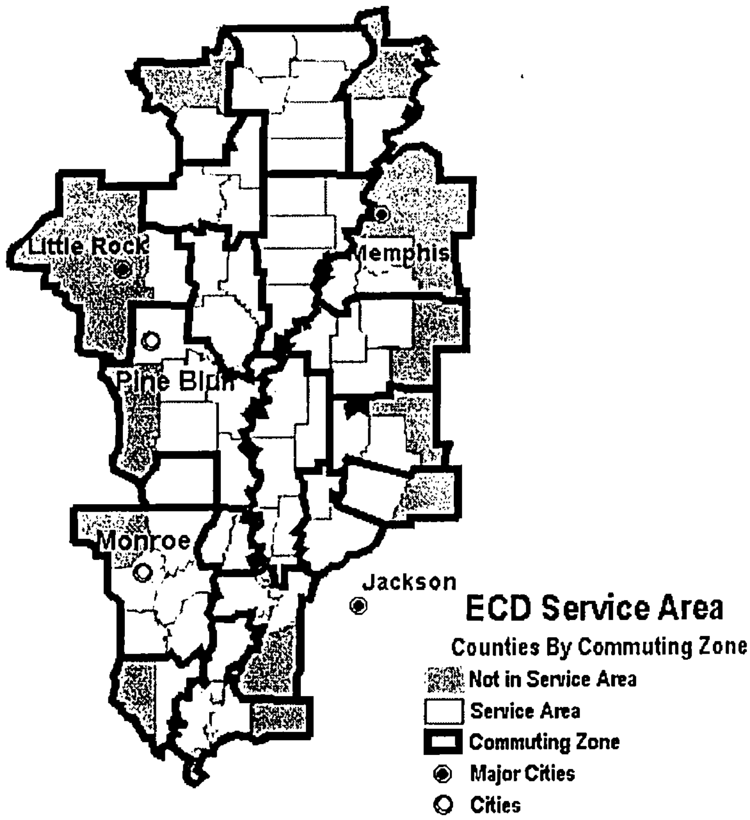
The Enterprise Corporation of the Delta works in the 58 county Delta territory of Arkansas, Louisiana and Mississippi.



The Delta is one of the most economically distressed regions in the United States. Arkansas, Louisiana and Mississippi consistently rank lowest among the states on most socioeconomic indicators, and the Delta generally ranks at the bottom of such indicators within each state.

Low education levels, out-migration, scarcity of resources and racial disparities are major barriers to business development in the Delta. Heavily influenced by the historical dominance of plantation agriculture, low wages, limited training opportunities and inequalities persist and limit the social and economic development of the Region and its approximately 1.6 million residents.

The lack of key resources limits opportunities to alleviate this distress through the job creation and the asset development required to start, grow and manage viable companies. Empirical and anecdotal evidence underscores the need for increased access to capital and technical expertise in the Region.

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Send mail to web@ecd.org with questions or comments about this web site.
Last modified: April 09, 1999

East St. Louis

June 24, 1999

INNER CITIES:

- One out of 6 inner cities (17 percent) had an unemployment rate 50 percent or more above the national rate in 1998 (4.5 percent). Some inner cities with high unemployment rates include: East St. Louis, IL – 9.6%; North Chicago, IL – 10.3%; Flint,MI – 9.8%; Atlantic City, NJ – 13.7%; Yuma, AZ – 18.8%; Brownsville, TX – 14.4%; Miami, FL – 9.6%.
- One in 5 cities suffered a decline in population of 5 percent or more during 1980-96. (HUD-*Now is the Time*)
- Nearly one-in-three inner cities, 170 cities total, had poverty rates of 20 percent or more in 1995 – 50 percent higher than the national rates. (HUD-*Now is the Time*).
- A joint study with ICIC and the Boston Consulting Group found that inner cities possess more than $85 billion in annual retail spending power—that amounts to nearly 7% of total U.S. retail spending.
- The same study estimates that approximately 25 % of inner city retail demand is unmet by retailers in the inner city and that closing the gap would represent over 250,000 jobs.

EAST ST. LOUIS:

East St. Louis is an extremely economically distressed community and part of an Urban EZ with unemployment rates in excess of 20%, a poverty rate of 42%, and a 98% African-American population. 49% of the residents of the EZ lack a high school diploma.

- **The East St. Louis population** has steadily declined by 45% in the last 25 years, from 69,947 in 1970 to 38,595 in 1996. This has happened while the populations of the surrounding suburbs have steadily increased 24%. In 1990, the population was 98.6% minority. (HUD)

- **The city's unemployment rate** for 1998 was 9.6 %, more than twice the national average, and the rate for the areas surrounding suburbs is less than half that rate at 3.5%. (HUD)

- **In 1995, the city's poverty rate** was 44.3%, compared to 7.8% in the suburbs and 29.5% in neighboring St. Louis. (HUD)

- **Homeownership** in the city in 1990 was 50.5 %. The vacancy rate was 16.3 %, three times the rate in the city's suburbs (5.4%). The total stock of housing units decreased 39% between 1970 and 1990, while the stock in the suburbs increased by 47%.(HUD)

COMMUNITY SUCCESS STORIES:

- Jackee Joyner Kersee Community Center -- financed in part by the private sector -- which is currently under construction in a neighborhood that was formerly an Enterprise Community and is now part of the EZ. A number of corporations have contributed to the center, including

Enterprise Rent-A-Car, May Department stores, and NationsBank. Twenty jobs will be created.

- Walgreens will locate an anchor store in the largest shopping center to be built in the area since 1950. The $3 million store is part of a planned $10 million shopping center to be located in a very poor community.

DELIVERABLES:

The focus will be on local investments in the city. Bank of America is also prepared to make a significant announcement in East St. Louis about a national program related to your New Markets Initiative. This could be done at a local neighborhood branch. Also, potential announcement of the execution of new leases for State Farm and Hollywood Video at the site of the planned shopping center.

PINE RIDGE INDIAN RESERVATION

June 23, 1999

NATIVE AMERICAN PROFILE IN THE UNITED STATES:

- Of the 1.43 million Indians living on or near reservations, nearly 500,000 (29 percent) are under of the age of 15. (Indian Health Service)
- Indian deaths under age 25 are 13 percent compared to 4 percent for all races in the U.S. (Indian Health Service)
- 38 percent of Indians aged 6 to 11 live below the poverty level, more than twice the number for all races in the U.S. (18 percent). (Indian Health Service)
- The alcoholism death rate for Indians 15 to 24 years of age is over 17 times the comparable rate for all races in the U.S. (Indian Health Service)
- 29 percent of Indians are homeless, and 59 percent are in substandard housing. (Indian Health Service)
- Less than two-thirds of Native Americans are high school graduates compared with 75 percent of the rest of the population. (Bureau of Indian Affairs)

PINE RIDGE, SOUTH DAKOTA:

THE OGLALA SIOUX TRIBE EMPOWERMENT ZONE is located in the Pine Ridge Indian Reservation along the southwestern border of South Dakota. The reservation was established by an Act of Congress in 1889 and is the homeland of the Oglala Lakota Tribe, the largest of the seven bands that make up the Teton Lakota Nation. The zone includes the most densely populated areas of the Reservation, covering approximately 1,000 of the Reservation's 7,000 square miles.

Shannon County covers more than 2/3 of the reservation and is consistently ranked the poorest of the nations 3,143 counties.

- The county's population in 1998 was 12,183.
- In 1996, the median household income was $18,070 compared to $35,492 for all households (U.S. Census Bureau)
- With 46.7 % of the people of all ages in poverty compared to 13.7% for all people (U.S. Census Bureau)
- 57.1 percent of the people under 18 are in poverty, compared to 20.5 percent for U.S. (U.S. Census Bureau)
- In 1998, the unemployment rate was 12.1 percent, but has improved from 15.3 percent in 1996.
- 90% of Oglala Indians who attend college off the reservation drop out (HUD)
- The Ogala Lakota have the lowest life expectancy, 45 years, of any group in the U.S. (HUD)

COMMUNITY SUCCESS STORIES:

- INDIAN COUNTRY TODAY was founded by Lakota Time Giago in 1981 to provide news to the people of the Pine Ridge Reservation. By 1986, it was distributed to all the reservations in South Dakota, North Dakota, Nebraska and Montana. Today, many of the national media, including the Associated Press and Knight Ridder, use the paper for topical news. The paper is distributed in all 50 states and in 17 foreign countries.

- THE PORCUPINE CLINIC is the only independent Indian community-controlled health clinic in the US. It was built by a group of committed Lakota community leaders with grants from private foundations. Since its opening in 1992, it has had more than 12,500 visits from 3,200 patients and has provided over $400,000 in free health care to people who would not otherwise have had treatment.

- GONZAGA COLLEGE'S MIKE KELLEHER made it his personal mission to have the Red Cloud Indian School participate in the Gonzaga DC Classic basketball tournament after he visited the Pine Ridge Reservation. Under his initiative, students from Red Cloud Indian School on the reservation paid an unprecedented visit to the Capital, the White House and various national monuments. They were greeted by the National Indian Business Association as an example of what they were capable of achieving.

- A HABITAT FOR HUMANITY BRANCH was created in Pine Ridge to provide housing to families like that of Helena White Eyes who could not afford traditional commercial financing.

- NET DAY SCHOOLS picked four schools on the Pine Ridge reservation to participate in a project aimed to increase the technological awareness of Lakota students. The project developed a plan for the integration of the new technology and the Internet into their curriculum.

- KILI (KEE-LEE) RADIO is the largest Indian-owned and operated public radio station in America. It broadcasts in English and in Lakota 22 hours per day to homes on the three reservations in the Black Hills. The station is in many ways a lifeline to the reservations: It covers every tribal, state and federal election with live debates and in-depth reviews. In the past, decisions were made in Washington DC and delivered to the reservation by an "Indian Agent," with little or no participation from the people on the reservation itself.

DELIVERABLES:

Most of the possible deliverables are related to housing. Working w/Companies like Fannie Mae, Norwest mortgage, Bank of America. In addition, possibly some deliverables related to e-commerce and telecom infrastructure.

PHOENIX – ENTERPRISE COMMUNITY
June 24, 1999

INNER CITIES:

- One out of 6 inner cities (17 percent) had an unemployment rate 50 percent or more above the national rate in 1998 (4.5 percent). Some inner cities with high unemployment rates include: East St. Louis, Il – 9.6%; North Chicago, IL – 10.3%; Flint,MI – 9.8%; Atlantic City, NJ – 13.7%; Yuma, AZ – 18.8%; Brownsville, TX – 14.4%; Miami, FL – 9.6%.
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- Nearly one-in-three inner cities, 170 cities total, had poverty rates of 20 percent or more in 1995 – 50 percent higher than the national rates. (HUD-*Now is the Time*).
- A joint study with ICIC and the Boston Consulting Group found that inner cities possess more than $85 billion in annual retail spending power—that amounts to nearly 7% of total U.S. retail spending.
- The same study estimates that approximately 25 % of inner city retail demand is unmet by retailers in the inner city and that closing the gap would represent over 250,000 jobs.

PHOENIX:

Phoenix views itself as a national model for successful urban revitalization. It's not a city burdened by a legacy of past failures, aging infrastructure, erosion of the tax base, or out-migration. No city in American history has experienced greater sustained growth than the city of Phoenix during the twentieth century. In 1950, there were 107,000. Nearly 50 years later, the population of the city was approximately 1.06 million of the Greater Phoenix Metropolitan area is approximately 2.5 million. Despite the prosperous image of the city, in some areas, crime, unemployment and poverty are pervasive.

By the 1980s, Phoenix was suffering from urban problems such as: the transportation system was straining to accommodate the population, much of the growth was occurring at the periphery while the downtown area was becoming an abandoned shell; and many older and historic neighborhoods were spiraling downward. Phoenix has also failed to develop major art, music, theater, and other cultural amenities. (Phoenix Enterprise Community Strategic Plan Summary)

STATISTICS: PHOENIX AS A WHOLE

- In 1995, the population was 1,061,660. (Phoenix Enterprise Zone Consolidated Plan)
- It is the largest city in Arizona and the ninth largest in the United States. (http://www.historychannel.com/perl/print_book.pl?ID=25505)
- Approximately 66,901 of the 85,858 low-income houses in Phoenix have one or more housing problems (defined as having a physical defect, overcrowding, and/or cost burden). (Phoenix Enterprise Community Performance Report 1995-1996)
- Of those in the 0-30% income group, 79.3 percent live in overcrowded conditions. (Phoenix Enterprise Community Performance Report 1995-1996)
- According to a Phoenix Police Count, there are approximately 300 homeless people on the street every night. (Phoenix Enterprise Community Performance Report 1995-1996)

THE SOUTH PHOENIX EMPOWERMENT ZONE:

- The Enterprise Community is a 20-square mile area that encompasses part of the area known as South Phoenix and part of downtown. (Phoenix Enterprise Community Strategic Plan Summary)
- The 1990 population was 70,465 (approximately 10 percent of Phoenix's entire population). The 1980 population was 75,192, demonstrating a 10-year decline of 4,727 residents or approximately 6 percent.
- The unemployment rate was 14.8 percent (in 1990). In 1980, the area had an unemployment rate of 12.2 percent.
- The area had a net loss of 2,1888 jobs between 1980 (24,736) and 1990 (22,548).
- The median average household income is approximately $12,600 compared to a citywide median income of $34,200.
- Approximately 60 percent of the adult population have no high school diploma. .
- Approximately 48 percent of the population are below the poverty level.
- Approximately 17 percent of all households are on public assistance.
- Approximately 17 percent of all households are headed by a single female.
- Approximately 60 percent of the single-family dwelling units are renter occupied.
- Average home value of $40,1000 compared with citywide average of $83,000.
- 67 percent of the population in the EC is Hispanic, 13 percent African American, 17 percent White, 2 percent Native American, and less than 1 percent is Asian American. (Information provided by the City of Phoenix)

ENTERPRISE COMMUNITY SUCCESS STORIES:

- It has significant arts presence, including the Phoenix History Museum, the Mueso Chicano, and the Arizona Museum of Science and Technology. (These are in the downtown part of the EC). (Phoenix Enterprise Community Strategic Plan Summary)
- The EC also includes the Phoenix Civic Plaza and Symphony Hall, the Herberger Theater Center, the Orpheum Theater, and the American West Arena. (Phoenix Enterprise Community Strategic Plan Summary)
- Also, within the EC are the industrial park adjacent to Phoenix Sky Harbor International Airport, historic neighborhoods, Weed & Seed target areas, and Rio Salado habitat restoration. (Information provided by the City of Phoenix)
- Project America:
  - Brighton Place is a crumbling, trash-strewn, low-income apartment complex with a history of violence in South Phoenix. Many point to it as a failure of a government program designed to build affordable housing.Former state legislator Armando Ruiz, his brother Fernando, and the neighbors had been complaining about the property for six years. Now the Ruiz brothers and their neighbors formed a non-profit company called Project America. They are negotiating with the owners of Brighton Place to buy the property with the help of Bank One, the state department of Commerce and LISC, a non-profit organization that helps find funding for affordable housing projects. Project America plans to fix up the complex and provide safe, clean, affordable housing. Brighton Place is located at 222 E. Cody Drive. (*Arizona Republic*, May 3, 1999, Page B3)

DELIVERABLES:

The focus is innovative programs that help attract human capital or equity capital to distressed Hispanic communities. In addition, we may highlight the Arizona Multibank which will likely be the first LMI SBIC in the country.

Los Angeles/Anaheim

June 24, 1999

INNER CITIES:

- One out of 6 inner cities (17 percent) had an unemployment rate 50 percent or more above the national rate in 1998 (4.5 percent). Some inner cities with high unemployment rates include: East St. Louis, IL – 9.6%; North Chicago, IL – 10.3%; Flint, MI – 9.8%; Atlantic City, NJ – 13.7%; Yuma, AZ – 18.8%; Brownsville, TX – 14.4%; Miami, FL – 9.6%.
- One in 5 cities suffered a decline in population of 5 percent or more during 1980-96. (HUD-*Now is the Time*)
- Nearly one-in-three inner cities, 170 cities total, had poverty rates of 20 percent or more in 1995 – 50 percent higher than the national rates. (HUD-*Now is the Time*).
- A joint study with ICIC and the Boston Consulting Group found that inner cities possess more than $85 billion in annual retail spending power—that amounts to nearly 7% of total U.S. retail spending.
- The same study estimates that approximately 25 % of inner city retail demand is unmet by retailers in the inner city and that closing the gap would represent over 250,000 jobs.

LOS ANGELES:

Within hours after civil unrest began in Los Angeles in 1992, a series of less publicized events took place. Groups of organizations throughout the area came together to plan and organize relief efforts. Since that time, hundreds of community-based organizations, residents and business owners have come together to develop neighborhood visions and formulate action plans.

Key Statistics:

- The unemployment rate in LA County dropped to 6.5 % in 1998 from 9.8 % in 1993.
- The poverty rate in LA County was 22.7 % in 1995, compared to 16.7 % for California and 13.8 % for the nation. (Census)
- For those under age 18 in LA County, the poverty rate was 33.7 percent (Census) compared to 20.8% for the nation.

WATTS, LOS ANGELES, CA:

Rich in history and a bustling, thriving community throughout the early to mid-1900s, Watts suffered significant decline with the departure of several major corporations.

- The unemployment rate in 1990 was 24 percent. (HUD)
- According to the 1990 Census, the poverty rate in 1990 was 33 percent.

- According to the 1990 Census, welfare recipients comprised 28% of the area's population. According to the 1990 Census, over 50 percent of the population of South Central did not have a high school diploma. (Census)
- Contains 28% of the L.A.'s large public housing projects

DELIVERABLES:

The focus is on youth opportunities:

- Several corporate CEOs, including Shell Oil, Northrup Grumman, and McDonnell Douglass; a number of celebrities such as Denzel Washington, Shaquille O'Neal, Lauryn Hill, and Sidney Poitier; and the LA Chamber of Commerce will join together to announce programs hiring inner city youth. One site is a center where former gang members, single parents and other out-of-school youth are learning basic computing skills.
- Sandy Weill, Chairman and CEO of Citigroup, will be meeting in Anaheim with over 200 business leaders and others to highlight the efforts of the National Academy Foundation (NAF), a non-profit organization supporting intern sponsorships that help to prepare high school students for work. NAF and Weill have announced formal partnerships with the Departments of Treasury and Commerce.

President Clinton's Challenge To Invest In America's New Markets

***America is enjoying a time of remarkable economic expansion.** Because this expansion has been so strong and so sustained, the benefits of economic growth have flowed to millions of people once cut off from the economic mainstream. Wages are rising and welfare rolls are shrinking.

***Too many communities in America where unemployment is far too high and opportunity is far too scarce.** In our inner cities, small- and medium-sized towns, rural areas, and Indian reservations, there is a consumer market that is grossly underdeveloped. There will never be a better time for America to develop this market.

***Attracting New Investments:** Later this month, the President will announce legislation that – through new tax incentives and investment tools -- will make it more attractive for corporate America to search for opportunities in places where they have rarely, if ever, looked before. These underserved areas or New Markets include economically devastated communities throughout the country.

Shining a Spotlight: Beginning July 5th, the President will lead a bipartisan delegation of corporate CEOs, Members of Congress and Cabinet Secretaries on a tour of communities in great need of outside capital and support. This four-day tour through America will shine a spotlight on the great potential of these untapped markets.

The President will be traveling to the following communities across the nation:

Kentucky Highlands
Clarksdale, Mississippi
East St. Louis
Pine Ridge Indian Reservation, S. Dakota
Phoenix, AZ
Los Angeles, CA/Anaheim, CA

During his four-day tour, the President will:

- Join corporate CEOs in announcements about new private-sector investments in our untapped domestic markets.
- Highlight for the nation that these investments represent wise business decisions -- especially at this time of rapid economic growth, when firms are eagerly searching for new workers and new markets.
- Bring attention to economic success stories in New Markets.

***The President's New Markets tour will help focus attention on investment into some of the most stubborn pockets of poverty in our nation.** The President will expand on the innovative approach to community empowerment he and the Vice President have pioneered for nearly seven years.

The President's Trip to America's New Markets

Below is a short profile on each of the communities the President will visit. These communities represent a broad range of communities that reflect the cultural and geographic diversity of the country. Each community allows the President to call attention to the need for access to capital in economically distressed areas, as well as identify the economic potential for investment in these under-served markets.

Kentucky Highlands: The President is traveling to the Kentucky Highlands to call attention to the lack of investment in Appalachia and new market opportunities in these rural areas.

Clarksdale, Mississippi: The President is traveling to Clarksdale – a rural community in the Mississippi Delta – to focus on investment in rural new markets.

East St. Louis: East St. Louis is an empowerment zone community. The President is traveling to Chicago/East St. Louis to call attention to the economic problems in former industrial centers and new market opportunities in urban enterprise zone communities.

Pine Ridge Indian Reservation, South Dakota: According to HUD, no sitting President since Taft has visited a reservation. President Clinton will travel to Pine Ridge to call attention to the lack of private sector investment in Native American communities. Pine Ridge is the first Enterprise Zone on a reservation.

South Phoenix, AZ: . South Phoenix is historically one of the poorest neighborhoods in the city. The President is traveling to South Phoenix – an Enterprise Community with a large Hispanic population – to call attention to the need for access to capital in Hispanic communities.

Los Angeles (Watts)/Anaheim, CA: The President is traveling to Watts to call attention to the need to provide job training to disadvantaged youth, and the new market potential in tapping a new, productive workforce. The President will travel to Anaheim to encourage private sector workforce investments in disadvantaged youth.

BACKGROUND ON THE CLINTON-GORE ADMINISTRATION'S NEW MARKETS INITIATIVE

BUILDING ON SIX YEARS OF WORK TO EXPAND ECONOMIC DEVELOPMENT. The Clinton-Gore Administration has made community development a priority since taking office. The recently-announced efforts build upon a number of critical economic development initiatives to help communities that need it most. These initiatives include the Community Reinvestment Act, Community Development Financial Institutions, Micro-Enterprise Programs, the Economic Development Initiative and Section 108 Loan Guarantee Program, Empowerment Zones and Enterprise Communities, and the Brownfields Tax Incentive.

PROPOSING NEW INITIATIVES TO ENCOURAGE PRIVATE SECTOR INVESTMENT: President Clinton's New Markets Initiative will build upon these existing initiatives and help create conditions for economically successful investment in underserved inner city and rural areas. The New Markets Initiative is designed to prompt approximately $15 billion in new investment. Elements of the plan that require new legislation include:

- **The New Markets Tax Credit.** President Clinton and Vice President Gore have proposed a tax credit worth 25 percent for investments in a wide range of vehicles to help spur $6 billion in equity capital for investment in America's new markets. Eligible investment companies include community development financial institutions, community development venture capital funds, and new types of investment companies created by this initiative.
- **America's Private Investment Companies (APICs).** This new program will provide equity capital for large-scale businesses in inner cities and rural areas. Just as America's support for the Overseas Private Investment Corporation helps promote growth in emerging markets abroad, APIC will encourage private investment in this country's untapped markets. APICs will be eligible for up to $200 million in government guaranteed debt for every $100 million in private equity invested.
- **New Markets Venture Capital (NMVC) Firms.** SBA will select ten to twenty NMVC firms whose management has successful records in community-based venture capital investment. The equity funds of private investors will be matched with government debt guarantees. Each firm will also be required to match technical assistance grants from SBA with private funds.

In addition to these new programs, the New Markets Initiative includes the expansion of several existing programs:

- **SBIC's Targeted to New Markets.** For over 40 years, SBA's Small Business Investment Company (SBIC) program has provided roughly $20 billion in equity and debt financing, helping companies them grow from small businesses to household names, like AOL and Staples. SBA will now offer more flexibility and new financing terms for SBICs that invest in underserved areas.
- **New Markets Lending Companies (NMLC).** SBA will approve approximately 10 new non-bank lenders --- firms authorized to originate loans under SBA's largest loan program – the 7(a) General Business Loan Guaranty program. Firms must have a strategy to target lending in underserved areas.
- **Community Development Financial Institutions (CDFI) Fund.** The Presidents FY 2000 budget proposes a $30 million increase in funding for the CDFI Fund to $125 million. This Fund increases the availability of credit, investment capital, and financial services, in distressed communities.
- **BusinessLINC.** The President's FY 2000 budget includes seed money to expand BusinessLINC -- an innovative public-private partnership launched by Vice President Gore -- for new markets in economically distressed communities. BusinessLINC (Learning, Information, Networking and Collaboration) is designed to encourage large businesses to mentor and work collaboratively with small business owners and entrepreneurs.

PRESIDENT CLINTON'S CHALLENGE TO INVEST IN AMERICA'S NEW MARKETS

May 11, 1999

"We must do more to bring the spark of private enterprise to every corner of America -- to build a bridge from Wall Street to Appalachia to the Mississippi Delta, to our Native American communities...Our greatest untapped markets are not overseas -- they are right here at home."

-- President Clinton, State of the Union Address,1999

JOINING WITH CORPORATE AMERICA TO MOBILIZE INVESTMENT IN UNTAPPED MARKETS. Today, President Clinton and Vice President Gore held a roundtable with 17 Chief Executive Officers from major American corporations and investment firms to discuss ways to best mobilize new private investment in America's most economically underserved communities --- America's new markets.

ANNOUNCING A PRESIDENTIAL TRIP THE WEEK OF JULY 5 TO UNDERSERVED URBAN ABD RURAL AREAS ACROSS THE COUNTRY. President Clinton announced today that in July he will take a bipartisan delegation of CEOs and Members of Congress to untapped markets throughout America, touring economically distressed communities and highlighting new opportunities being created in these communities across the nation.

- The trip will be modeled after the type of trade missions that Cabinet Secretaries and CEOs often take overseas to identify markets, which – through trade and commercial agreements – can help to create jobs and expand economic development.
- As part of the trip, President Clinton will announce new commitments and innovative programs developed by companies, community leaders, non-profit organizations and investment firms around the country.

PROMOTING EFFORTS TO ATTRACT CAPITAL TO UNDERSERVED AREAS. As part of a bipartisan focus on underserved urban and rural areas, President Clinton is seeking ways to expand current efforts. President Clinton's New Markets Initiative will build upon these existing programs and help create the conditions for economically successful investment in underserved inner city and rural areas. Included among the elements of the plan are:

- **The New Markets Tax Credit.** To help spur $6 billion in equity capital for investment in America's new markets, President Clinton and Vice President Gore have proposed a tax credit worth 25 percent for investments in a wide range of vehicles. Eligible investment companies include community development banks, venture funds and corporations, and the new investment company programs created by this initiative.
- **America's Private Investment Companies (APICs).** Just as America's support for the Overseas Private Investment Corporation helps promote growth in emerging markets abroad, APIC will encourage private investment in this country's untapped markets. HUD and SBA will guarantee loans up to $200 million, creating investment funds as large as $300 million to invest in new development projects and larger businesses that are expanding or relocating in inner city and rural areas. Under the financing structure, the private investors' funds are at risk ahead of the government
- **New Markets Venture Capital (NMVC) Firms.** NMVC firms will make both capital and expert guidance available to small business entrepreneurs in inner-city and rural areas. Ten to twenty NMVC firms are planned. SBA will match the equity and technical assistance of private investors.

BUILDING ON SIX YEARS OF WORK TO EXPAND ECONOMIC DEVELOPMENT. The Clinton-Gore Administration has made community development a priority since taking office. The efforts announced today build on a number of critical initiatives that have helped to expand economic development to communities across the country that need it most. These efforts include the Community Reinvestment Act, Community Development Financial Institutions, Micro-Enterprise Programs, the Economic Development Initiative and Section 108 Loan Guarantee Program, the Empowerment Zones and Enterprise Communities, and the Brownfields Tax Incentive.

BACKGROUND ON THE CLINTON-GORE ADMINISTRATION'S COMMUNITY DEVELOPMENT AGENDA

May 11, 1999

TODAY'S ANNOUNCEMENT BUILDS ON PRESIDENT CLINTON'S AND VICE PRESIDENT GORE'S SIX-YEAR RECORD OF PROMOTING GROWTH AND OPPORTUNITY IN AMERICA'S COMMUNITIES

Since 1993, President Clinton and Vice President Gore have been committed to tapping the potential of America's urban and rural communities. They have a demonstrated record of creating new initiatives and expanding existing initiatives to promote community and economic development. The Clinton-Gore Administration has worked with the private sector, states, and localities to help revitalize America's communities by bringing capital, jobs, and opportunity to distressed areas and cleaning up the urban environment. President Clinton and Vice President Gore have created or expanded the following initiatives over the last six years:

Helping to Bring Private Enterprise and Capital to Distressed Areas. The Clinton-Gore Administration has renewed the commitment of the Federal government to help bring private enterprise into underserved communities and improve access to capital for low-income households, minorities, and traditionally underserved borrowers.

- *125 Empowerment Zones and Enterprise Communities.* The Clinton Administration has announced 105 EZs and ECs across the country. This effort was proposed by President Clinton and passed by Congress in 1993. The EZ/EC effort has generated more than $2 billion of new private sector investment in community development activities. The President has also signed into law a second round of EZs -- 15 new urban and 5 new rural zones -- which will include tax incentives, small business expensing, and private activity bonds. In FY 1999, President Clinton and Congress provided first-year funding of $55 million for the new EZs, and $5 million in first-year funding for 20 new rural Enterprise Communities announced in January.

- *Strengthened and Simplified the Community Reinvestment Act (CRA).* In April 1995, the Clinton Administration reformed the CRA regulations to emphasize performance. According to the National Community Reinvestment Coalition (NCRC), the private sector has pledged more than $1 trillion going forward in loans to distressed communities – and more than 95 percent of these financial commitments have been made since 1992. Banks made $18.6 billion in community development loans in 1997 alone. Lending to minority and low-income borrowers is also on the rise.

- *Created the Community Development Financial Institutions Fund (CDFI).* Proposed and signed into law by the President in 1994, the CDFI Fund, through grants, loans, and equity investments, is helping to create a network of community development financial institutions in distressed areas across the United States. The CDFI fund was established in 1994. In FY99, funding was increased 19 percent to $95 million from $80 million.

- *The Economic Development Initiative and Section 108 Loan Guarantee.* EDI grants are used to infuse capital into community development projects, enhancing the debt financing provided by the Section 108 loan guarantee program. Together, the programs support critical economic development in distressed communities. Estimated jobs supported by EDI and the Section 108 loan guarantee have grown by 300,000 from 1994 to 1998. During this time period EDI and the Section 108 loan guarantee program have funded $3.5 billion for more than 650 separate project commitments.

Helping to Bring Jobs and Opportunity to Distressed Areas. A cornerstone of the Administration's community empowerment agenda is helping to bring jobs and opportunity back to distressed areas:

- *$3 Billion Welfare-to-Work Jobs Initiative.* The Clinton Administration fought for a $3 billion welfare-to-work jobs initiative, as part of the Balanced Budget Agreement. The Administration is implementing these welfare-to-work grants directly to both cities and states for allocating additional resources to help long-term, hard-to-serve welfare recipients find and keep jobs.

- *Welfare-to-Work Tax Credit and Work Opportunity Tax Credit.* The Welfare-to-Work Tax Credit, enacted in the 1997 Balanced Budget Agreement, provides a credit equal to 35 percent of the first $10,000 in wages in the first year of employment, and 50 percent of the first $10,000 in wages in the second year, to encourage the hiring and retention of long-term welfare recipients. This credit complements the Work Opportunity Tax Credit (WOTC), which expands eligible businesses to include those who hire young adults living in Empowerment Zones and Enterprise Communities. In FY 1999, the President requested and Congress accepted extending the credit through June 30, 1999.

- *Community Development Block Grant (CDBG) Expansion.* President Clinton's FY 2000 budget included an expansion of CDBG. The final budget increases funding for CDBG from $4.750 billion in FY 1999 to $4.775 billion in FY 2000, a $25 million expansion this year.

Cleaning Up the Urban Environment. The Clinton Administration has launched a landmark effort, including the Brownfields Tax Incentive, to clean up and redevelop Brownfields sites. In total, the Brownfields action agenda has marshaled funds to clean up and redevelop up to 5,000 properties, leveraging between $5 billion and $28 billion in private investment and creating and supporting 196,000 jobs.

PRESIDENT CLINTON AND VICE PRESIDENT GORE ARE BUILDING ON THEIR PAST ACHEIVEMENTS THROUGH A NUMBER OF NEW INITIATIVES THIS YEAR.
While Americans are enjoying the fruits of our strong economy, we still need to do more to improve conditions in underserved urban and rural communities. To address this need, President Clinton and Vice President Gore are working on several fronts:

The New Markets Initiative. President Clinton's FY 2000 balanced budget provides a new initiative designed to create the conditions for economic success by prompting approximately $15 billion in new investment in urban and rural areas through:

- *The New Markets Tax Credit.* To help spur $6 billion in new equity capital, this tax credit is worth up to 25 percent for investments in a wide range of vehicles serving these communities, including community development banks, venture funds, and the new investment company programs created by this initiative (see below). A wide-range of businesses could be financed by these investment funds, including small technology firms, inner-city shopping centers, manufacturers with hundreds of employees, and retail stores.

- *America's Private Investment Companies (APICs).* Just as America's support for the Overseas Private Investment Corporation helps promote growth in emerging markets abroad, APICs will encourage private investment in this country's untapped markets, by leveraging up to $1.5 bilion in investment in new development projects and larger businesses that are expanding or relocating in inner city and rural areas.

- *SBIC's Targeted to New Markets.* For over 40 years, SBA's Small Business Investment Company (SBIC) program has provided roughly $20 billion in equity and debt financing to more than 85,000 different companies, helping them to grow from small businesses to household names, like AOL and Staples. However, too little of the capital invested has benefited our cities and rural distressed communities. SBA now will be offering more flexibility and new financing terms for Small Business Investment Companies (SBICs) that invest in underserved areas.

- *New Markets Venture Capital (NMVC) Firms.* NMVC firms will make both capital and expert guidance available to small business entrepreneurs in inner-city and rural areas. Ten to twenty NMVC firms are planned. SBA will match the equity and technical assistance of private investors.

- *New Markets Lending Companies (NMLC).* For the first time in many years, SBA will approve approximately 10 new non-bank lenders --- firms authorized to originate loans under SBA's largest loan program – the 7(a) General Business Loan Guaranty program. Under the 7(a) program, SBA guarantees up to 80% of a loan made by a lender to a creditworthy small businesses that cannot otherwise secure financing on reasonable terms. Firms must have a strategy to target lending to underserved areas.

- *Microenterprise Lending and Technical Assistance.* Microenterprise initiatives in the FY 2000 budget include the proposed PRIME Act, under which the CDFI Fund will provide microenterprise technical assistance through competitive grants to microenterprise development organizations that focus on low-income entrepreneurs. President Clinton's and Vice President Gore's proposal also includes a doubling of support for technical assistance in SBA's Microloan Program and a doubling of support for SBA lending to leverage over $75 million in new microlending. The microenterprise strategy will also involve new funding for Individual Development Accounts (IDAs) and for SBA's One-Stop Capital Shops.

- *Regional Connections.* Regional Connections will provide competitive funding to States and partnerships of local governments to develop and implement new, locally driven "smarter growth" strategies that create more livable communities by addressing economic and community development needs across jurisdictional lines. Regional Connections, as part of the Administrations' Livability Agenda, will complement existing federal programs that respond to growth and investment patterns. The budget proposes funding at $50 million in FY 2000.

- *The Economic Development Initiative and Section 108 Loan Guarantee Program.* This program supports critical economic development in distressed communities in conjunction with the Section 108 loan guarantee program to help bring economic development to residents. In FY 2000 many projects will be eligible to participate in the Community Empowerment Fund Trust, a pilot program, which will enable the pooling of loans and the creation of a private sector secondary market for economic development loans. The CEF specifically targets Welfare-to-Work and City-Suburb Business Connections, building upon the success of HUD's EDI and Section 108 loan guarantee program.

- *Empowerment Zones and Enterprise Communities.* The 2000 Budget proposes mandatory funding for ten years: $150 million a year for urban EZs and Strategic Planning Communities; $10 million a year for rural EZs; and $5 million a year for rural ECs.

- *Community Development Financial Institutions (CDFI) Fund.* The budget proposes to expand funding for the CDFI Fund to $125 million--a $30 million increase from 1999. The Fund increases the availability of credit, investment capital, financial services, and other development services in distressed communities.

- *BusinessLINC*. The President's FY 2000 budget includes seed money to expand Business LINC --- an innovative public-private partnership launched by Vice President Gore --- for new markets in economically distressed communities. BusinessLINC (Learning, Information, Networking and Collaboration) is designed to encourage large businesses to work with small business owners and entrepreneurs.

- *Low-Income Housing Tax Credit.* Since its creation in 1986, the Low-Income Housing Tax Credit (LIHTC) has given states tax credits of $1.25 per capita to allocate to developers of affordable housing. While building costs have increased 40 percent in the last decade, the amount of the credit has not been adjusted for inflation. Therefore, President Clinton and Vice President Gore propose to increase the cap on the LIHTC from $1.25 per capita to $1.75 per capita -- restoring the value of the credit to its 1986 level and helping to an create additional 150,000-180,000 new low-income rental housing units over the next five years.

- *Play-by-the-Rules.* This program will allow renters with solid payment track records to own a home. The 2000 Budget proposes a second round of $15 million for this initiative.

- *Helping America's Communities Redevelop Abandoned Buildings.* Redevelopment of Abandoned Buildings, as part of the Administrations' "Livability Agenda," would attack one of the primary causes of blight in urban neighborhoods: abandoned apartment buildings, single-family homes, warehouses, office buildings, and commercial centers. Under the proposal, HUD will provide $50 million in competitive grant funds in FY2000 to local governments to support the demolition or deconstruction of blighted, abandoned buildings.

INVESTING IN AMERICA'S NEW MARKETS

JOINING WITH CORPORATE AMERICA AND COMMUNITY LEADERS TO MOBILIZE INVESTMENT IN UNTAPPED MARKETS. This May, President Clinton announced that he will take a bipartisan delegation of CEOs, Members of Congress , Cabinet Secretaries and Community Leaders to untapped markets throughout America during the week of July 5, touring economically distressed communities and highlighting new opportunities that are being created in these communities.

- **A Trade Mission to America's New Markets the Week of July 5.** The trip will be modeled after the trade missions that Cabinet Secretaries and CEOs often take overseas to identify markets, which -- through trade and commercial agreements – help to create jobs and expand economic development.

- **Announcing New Private Sector Commitments.** As part of the 3-4 day trip, President Clinton will announce new commitments and innovative initiatives developed by companies, community leaders, non-profit organizations and investment firms in some of the most economically distressed areas of this country -- America's new markets.

ENCOURAGING PRIVATE SECTOR EFFORTS TO ATTRACT CAPITAL TO UNDERSERVED AREAS. President Clinton and Vice President Gore have already met with Chief Executive Officers from a number of major American corporations and investment firms to discuss ways to mobilize new private investment in America's underserved communities. On the July trip, the President hopes to focus on new and expanded efforts that companies are undertaking in these undeserved areas.

The types of efforts that the President will highlight include:

- New investment efforts in underserved areas or in disadvantaged businesses
- Location or relocation of plants and business offices operated by large companies in low- and moderate-income communities
- Technical assistance provided by large businesses to new, small companies
- New investment commitments in Empowerment Zones, Community Development Financial Institutions, and Small Business Investment Companies (SBICs) targeted to low- and moderate-income communities
- New Community Reinvestment Act commitments that banks may be making
- New workforce, mentoring and training programs focused on economic development

RESPONDING TO THE CHALLENGE. Many non-profit organizations are working with companies that are creating or expanding efforts in these areas. If you have other ideas or are working in other ways to expand economic development in our nation's underserved urban and rural areas, *please let us know* – we would be very interested in making you a part of our announcements. Already several companies and non-profit organizations have expressed interest in participating in the President's July trip. But we need more of your ideas and assistance to make this trip a success.

Please feel free to contact Jay Dunn, Special Assistant to the President for Business Liaison, at 456-2682 or Lisa Green, Senior Advisor to the National Economic Council, at 456-2803.

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BACKGROUND ON THE CLINTON-GORE ADMINISTRATION'S NEW MARKETS INITIATIVE

BUILDING ON SIX YEARS OF WORK TO EXPAND ECONOMIC DEVELOPMENT. The Clinton-Gore Administration has made community development a priority since taking office. The recently-announced efforts build upon a number of critical economic development initiatives to help communities that need it most. These initiatives include the Community Reinvestment Act, Community Development Financial Institutions, Micro-Enterprise Programs, the Economic Development Initiative and Section 108 Loan Guarantee Program, Empowerment Zones and Enterprise Communities, and the Brownfields Tax Incentive.

PROPOSING NEW INITIATIVES TO ENCOURAGE PRIVATE SECTOR INVESTMENT: President Clinton's New Markets Initiative will build upon these existing initiatives and help create conditions for economically successful investment in underserved inner city and rural areas. The New Markets Initiative is designed to prompt approximately $15 billion in new investment. Elements of the plan that require new legislation include:

- **The New Markets Tax Credit.** President Clinton and Vice President Gore have proposed a tax credit worth 25 percent for investments in a wide range of vehicles to help spur $6 billion in equity capital for investment in America's new markets. Eligible investment companies include community development financial institutions, community development venture capital funds, and new types of investment companies created by this initiative.
- **America's Private Investment Companies (APICs).** This new program will provide equity capital for large-scale businesses in inner cities and rural areas. Just as America's support for the Overseas Private Investment Corporation helps promote growth in emerging markets abroad, APIC will encourage private investment in this country's untapped markets. APICs will be eligible for up to $200 million in government guaranteed debt for every $100 million in private equity invested.
- **New Markets Venture Capital (NMVC) Firms.** SBA will select ten to twenty NMVC firms whose management has successful records in community-based venture capital investment. The equity funds of private investors will be matched with government debt guarantees. Each firm will also be required to match technical assistance grants from SBA with private funds.

In addition to these new programs, the New Markets Initiative includes the expansion of several existing programs:

- **SBIC's Targeted to New Markets.** For over 40 years, SBA's Small Business Investment Company (SBIC) program has provided roughly $20 billion in equity and debt financing, helping companies them grow from small businesses to household names, like AOL and Staples. SBA will now offer more flexibility and new financing terms for SBICs that invest in underserved areas.
- **New Markets Lending Companies (NMLC).** SBA will approve approximately 10 new non-bank lenders --- firms authorized to originate loans under SBA's largest loan program – the 7(a) General Business Loan Guaranty program. Firms must have a strategy to target lending in underserved areas.
- **Community Development Financial Institutions (CDFI) Fund.** The Presidents FY 2000 budget proposes a $30 million increase in funding for the CDFI Fund to $125 million. This Fund increases the availability of credit, investment capital, and financial services, in distressed communities.
- **BusinessLINC.** The President's FY 2000 budget includes seed money to expand BusinessLINC -- an innovative public-private partnership launched by Vice President Gore -- for new markets in economically distressed communities. BusinessLINC (Learning, Information, Networking and Collaboration) is designed to encourage large businesses to mentor and work collaboratively with small business owners and entrepreneurs.

PRESIDENT CLINTON'S CHALLENGE TO INVEST IN AMERICA'S NEW MARKETS

May 11, 1999

"We must do more to bring the spark of private enterprise to every corner of America -- to build a bridge from Wall Street to Appalachia to the Mississippi Delta, to our Native American communities...Our greatest untapped markets are not overseas -- they are right here at home."

-- President Clinton, State of the Union Address,1999

JOINING WITH CORPORATE AMERICA TO MOBILIZE INVESTMENT IN UNTAPPED MARKETS. Today, President Clinton and Vice President Gore held a roundtable with 17 Chief Executive Officers from major American corporations and investment firms to discuss ways to best mobilize new private investment in America's most economically underserved communities --- America's new markets.

ANNOUNCING A PRESIDENTIAL TRIP THE WEEK OF JULY 5 TO UNDERSERVED URBAN ABD RURAL AREAS ACROSS THE COUNTRY. President Clinton announced today that in July he will take a bipartisan delegation of CEOs and Members of Congress to untapped markets throughout America, touring economically distressed communities and highlighting new opportunities being created in these communities across the nation.

- The trip will be modeled after the type of trade missions that Cabinet Secretaries and CEOs often take overseas to identify markets, which – through trade and commercial agreements – can help to create jobs and expand economic development.
- As part of the trip, President Clinton will announce new commitments and innovative programs developed by companies, community leaders, non-profit organizations and investment firms around the country.

PROMOTING EFFORTS TO ATTRACT CAPITAL TO UNDERSERVED AREAS. As part of a bipartisan focus on underserved urban and rural areas, President Clinton is seeking ways to expand current efforts. President Clinton's New Markets Initiative will build upon these existing programs and help create the conditions for economically successful investment in underserved inner city and rural areas. Included among the elements of the plan are:

- **The New Markets Tax Credit.** To help spur $6 billion in equity capital for investment in America's new markets, President Clinton and Vice President Gore have proposed a tax credit worth 25 percent for investments in a wide range of vehicles. Eligible investment companies include community development banks, venture funds and corporations, and the new investment company programs created by this initiative.
- **America's Private Investment Companies (APICs).** Just as America's support for the Overseas Private Investment Corporation helps promote growth in emerging markets abroad, APIC will encourage private investment in this country's untapped markets. HUD and SBA will guarantee loans up to $200 million, creating investment funds as large as $300 million to invest in new development projects and larger businesses that are expanding or relocating in inner city and rural areas. Under the financing structure, the private investors' funds are at risk ahead of the government
- **New Markets Venture Capital (NMVC) Firms.** NMVC firms will make both capital and expert guidance available to small business entrepreneurs in inner-city and rural areas. Ten to twenty NMVC firms are planned. SBA will match the equity and technical assistance of private investors.

BUILDING ON SIX YEARS OF WORK TO EXPAND ECONOMIC DEVELOPMENT. The Clinton-Gore Administration has made community development a priority since taking office. The efforts announced today build on a number of critical initiatives that have helped to expand economic development to communities across the country that need it most. These efforts include the Community Reinvestment Act, Community Development Financial Institutions, Micro-Enterprise Programs, the Economic Development Initiative and Section 108 Loan Guarantee Program, the Empowerment Zones and Enterprise Communities, and the Brownfields Tax Incentive.

BACKGROUND ON THE CLINTON-GORE ADMINISTRATION'S COMMUNITY DEVELOPMENT AGENDA

May 11, 1999

TODAY'S ANNOUNCEMENT BUILDS ON PRESIDENT CLINTON'S AND VICE PRESIDENT GORE'S SIX-YEAR RECORD OF PROMOTING GROWTH AND OPPORTUNITY IN AMERICA'S COMMUNITIES

Since 1993, President Clinton and Vice President Gore have been committed to tapping the potential of America's urban and rural communities. They have a demonstrated record of creating new initiatives and expanding existing initiatives to promote community and economic development. The Clinton-Gore Administration has worked with the private sector, states, and localities to help revitalize America's communities by bringing capital, jobs, and opportunity to distressed areas and cleaning up the urban environment. President Clinton and Vice President Gore have created or expanded the following initiatives over the last six years:

Helping to Bring Private Enterprise and Capital to Distressed Areas. The Clinton-Gore Administration has renewed the commitment of the Federal government to help bring private enterprise into underserved communities and improve access to capital for low-income households, minorities, and traditionally underserved borrowers.

- *125 Empowerment Zones and Enterprise Communities.* The Clinton Administration has announced 105 EZs and ECs across the country. This effort was proposed by President Clinton and passed by Congress in 1993. The EZ/EC effort has generated more than $2 billion of new private sector investment in community development activities. The President has also signed into law a second round of EZs -- 15 new urban and 5 new rural zones -- which will include tax incentives, small business expensing, and private activity bonds. In FY 1999, President Clinton and Congress provided first-year funding of $55 million for the new EZs, and $5 million in first-year funding for 20 new rural Enterprise Communities announced in January.

- *Strengthened and Simplified the Community Reinvestment Act (CRA).* In April 1995, the Clinton Administration reformed the CRA regulations to emphasize performance. According to the National Community Reinvestment Coalition (NCRC), the private sector has pledged more than $1 trillion going forward in loans to distressed communities – and more than 95 percent of these financial commitments have been made since 1992. Banks made $18.6 billion in community development loans in 1997 alone. Lending to minority and low-income borrowers is also on the rise.

- *Created the Community Development Financial Institutions Fund (CDFI).* Proposed and signed into law by the President in 1994, the CDFI Fund, through grants, loans, and equity investments, is helping to create a network of community development financial institutions in distressed areas across the United States. The CDFI fund was established in 1994. In FY99, funding was increased 19 percent to $95 million from $80 million.

- *The Economic Development Initiative and Section 108 Loan Guarantee.* EDI grants are used to infuse capital into community development projects, enhancing the debt financing provided by the Section 108 loan guarantee program. Together, the programs support critical economic development in distressed communities. Estimated jobs supported by EDI and the Section 108 loan guarantee have grown by 300,000 from 1994 to 1998. During this time period EDI and the Section 108 loan guarantee program have funded $3.5 billion for more than 650 separate project commitments.

Helping to Bring Jobs and Opportunity to Distressed Areas. A cornerstone of the Administration's community empowerment agenda is helping to bring jobs and opportunity back to distressed areas:

- *$3 Billion Welfare-to-Work Jobs Initiative.* The Clinton Administration fought for a $3 billion welfare-to-work jobs initiative, as part of the Balanced Budget Agreement. The Administration is implementing these welfare-to-work grants directly to both cities and states for allocating additional resources to help long-term, hard-to-serve welfare recipients find and keep jobs.

- *Welfare-to-Work Tax Credit and Work Opportunity Tax Credit.* The Welfare-to-Work Tax Credit, enacted in the 1997 Balanced Budget Agreement, provides a credit equal to 35 percent of the first $10,000 in wages in the first year of employment, and 50 percent of the first $10,000 in wages in the second year, to encourage the hiring and retention of long-term welfare recipients. This credit complements the Work Opportunity Tax Credit (WOTC), which expands eligible businesses to include those who hire young adults living in Empowerment Zones and Enterprise Communities. In FY 1999, the President requested and Congress accepted extending the credit through June 30, 1999.

- *Community Development Block Grant (CDBG) Expansion.* President Clinton's FY 2000 budget included an expansion of CDBG. The final budget increases funding for CDBG from $4.750 billion in FY 1999 to $4.775 billion in FY 2000, a $25 million expansion this year.

Cleaning Up the Urban Environment. The Clinton Administration has launched a landmark effort, including the Brownfields Tax Incentive, to clean up and redevelop Brownfields sites. In total, the Brownfields action agenda has marshaled funds to clean up and redevelop up to 5,000 properties, leveraging between $5 billion and $28 billion in private investment and creating and supporting 196,000 jobs.

PRESIDENT CLINTON AND VICE PRESIDENT GORE ARE BUILDING ON THEIR PAST ACHEIVEMENTS THROUGH A NUMBER OF NEW INITIATIVES THIS YEAR.
While Americans are enjoying the fruits of our strong economy, we still need to do more to improve conditions in underserved urban and rural communities. To address this need, President Clinton and Vice President Gore are working on several fronts:

The New Markets Initiative. President Clinton's FY 2000 balanced budget provides a new initiative designed to create the conditions for economic success by prompting approximately $15 billion in new investment in urban and rural areas through:

- *The New Markets Tax Credit.* To help spur $6 billion in new equity capital, this tax credit is worth up to 25 percent for investments in a wide range of vehicles serving these communities, including community development banks, venture funds, and the new investment company programs created by this initiative (see below). A wide-range of businesses could be financed by these investment funds, including small technology firms, inner-city shopping centers, manufacturers with hundreds of employees, and retail stores.

- *America's Private Investment Companies (APICs).* Just as America's support for the Overseas Private Investment Corporation helps promote growth in emerging markets abroad, APICs will encourage private investment in this country's untapped markets, by leveraging up to $1.5 bilion in investment in new development projects and larger businesses that are expanding or relocating in inner city and rural areas.

- *SBIC's Targeted to New Markets.* For over 40 years, SBA's Small Business Investment Company (SBIC) program has provided roughly $20 billion in equity and debt financing to more than 85,000 different companies, helping them to grow from small businesses to household names, like AOL and Staples. However, too little of the capital invested has benefited our cities and rural distressed communities. SBA now will be offering more flexibility and new financing terms for Small Business Investment Companies (SBICs) that invest in underserved areas.

- *New Markets Venture Capital (NMVC) Firms.* NMVC firms will make both capital and expert guidance available to small business entrepreneurs in inner-city and rural areas. Ten to twenty NMVC firms are planned. SBA will match the equity and technical assistance of private investors.

- *New Markets Lending Companies (NMLC).* For the first time in many years, SBA will approve approximately 10 new non-bank lenders --- firms authorized to originate loans under SBA's largest loan program – the 7(a) General Business Loan Guaranty program. Under the 7(a) program, SBA guarantees up to 80% of a loan made by a lender to a creditworthy small businesses that cannot otherwise secure financing on reasonable terms. Firms must have a strategy to target lending to underserved areas.

- *Microenterprise Lending and Technical Assistance.* Microenterprise initiatives in the FY 2000 budget include the proposed PRIME Act, under which the CDFI Fund will provide microenterprise technical assistance through competitive grants to microenterprise development organizations that focus on low-income entrepreneurs. President Clinton's and Vice President Gore's proposal also includes a doubling of support for technical assistance in SBA's Microloan Program and a doubling of support for SBA lending to leverage over $75 million in new microlending. The microenterprise strategy will also involve new funding for Individual Development Accounts (IDAs) and for SBA's One-Stop Capital Shops.

- *Regional Connections.* Regional Connections will provide competitive funding to States and partnerships of local governments to develop and implement new, locally driven "smarter growth" strategies that create more livable communities by addressing economic and community development needs across jurisdictional lines. Regional Connections, as part of the Administrations' Livability Agenda, will complement existing federal programs that respond to growth and investment patterns. The budget proposes funding at $50 million in FY 2000.

- *The Economic Development Initiative and Section 108 Loan Guarantee Program.* This program supports critical economic development in distressed communities in conjunction with the Section 108 loan guarantee program to help bring economic development to residents. In FY 2000 many projects will be eligible to participate in the Community Empowerment Fund Trust, a pilot program, which will enable the pooling of loans and the creation of a private sector secondary market for economic development loans. The CEF specifically targets Welfare-to-Work and City-Suburb Business Connections, building upon the success of HUD's EDI and Section 108 loan guarantee program.

- *Empowerment Zones and Enterprise Communities.* The 2000 Budget proposes mandatory funding for ten years: $150 million a year for urban EZs and Strategic Planning Communities; $10 million a year for rural EZs; and $5 million a year for rural ECs.

- *Community Development Financial Institutions (CDFI) Fund.* The budget proposes to expand funding for the CDFI Fund to $125 million--a $30 million increase from 1999. The Fund increases the availability of credit, investment capital, financial services, and other development services in distressed communities.

- *BusinessLINC*. The President's FY 2000 budget includes seed money to expand Business LINC --- an innovative public-private partnership launched by Vice President Gore --- for new markets in economically distressed communities. BusinessLINC (Learning, Information, Networking and Collaboration) is designed to encourage large businesses to work with small business owners and entrepreneurs.

- *Low-Income Housing Tax Credit.* Since its creation in 1986, the Low-Income Housing Tax Credit (LIHTC) has given states tax credits of $1.25 per capita to allocate to developers of affordable housing. While building costs have increased 40 percent in the last decade, the amount of the credit has not been adjusted for inflation. Therefore, President Clinton and Vice President Gore propose to increase the cap on the LIHTC from $1.25 per capita to $1.75 per capita -- restoring the value of the credit to its 1986 level and helping to an create additional 150,000-180,000 new low-income rental housing units over the next five years.

- *Play-by-the-Rules.* This program will allow renters with solid payment track records to own a home. The 2000 Budget proposes a second round of $15 million for this initiative.

- *Helping America's Communities Redevelop Abandoned Buildings.* Redevelopment of Abandoned Buildings, as part of the Administrations' "Livability Agenda," would attack one of the primary causes of blight in urban neighborhoods: abandoned apartment buildings, single-family homes, warehouses, office buildings, and commercial centers. Under the proposal, HUD will provide $50 million in competitive grant funds in FY2000 to local governments to support the demolition or deconstruction of blighted, abandoned buildings.

INVESTING IN AMERICA'S NEW MARKETS

JOINING WITH CORPORATE AMERICA AND COMMUNITY LEADERS TO MOBILIZE INVESTMENT IN UNTAPPED MARKETS. This May, President Clinton announced that he will take a bipartisan delegation of CEOs, Members of Congress , Cabinet Secretaries and Community Leaders to untapped markets throughout America during the week of July 5, touring economically distressed communities and highlighting new opportunities that are being created in these communities.

- **A Trade Mission to America's New Markets the Week of July 5.** The trip will be modeled after the trade missions that Cabinet Secretaries and CEOs often take overseas to identify markets, which -- through trade and commercial agreements – help to create jobs and expand economic development.

- **Announcing New Private Sector Commitments.** As part of the 3-4 day trip, President Clinton will announce new commitments and innovative initiatives developed by companies, community leaders, non-profit organizations and investment firms in some of the most economically distressed areas of this country -- America's new markets.

ENCOURAGING PRIVATE SECTOR EFFORTS TO ATTRACT CAPITAL TO UNDERSERVED AREAS. President Clinton and Vice President Gore have already met with Chief Executive Officers from a number of major American corporations and investment firms to discuss ways to mobilize new private investment in America's underserved communities. On the July trip, the President hopes to focus on new and expanded efforts that companies are undertaking in these undeserved areas.

The types of efforts that the President will highlight include:

- New investment efforts in underserved areas or in disadvantaged businesses
- Location or relocation of plants and business offices operated by large companies in low- and moderate-income communities
- Technical assistance provided by large businesses to new, small companies
- New investment commitments in Empowerment Zones, Community Development Financial Institutions, and Small Business Investment Companies (SBICs) targeted to low- and moderate-income communities
- New Community Reinvestment Act commitments that banks may be making
- New workforce, mentoring and training programs focused on economic development

RESPONDING TO THE CHALLENGE. Many non-profit organizations are working with companies that are creating or expanding efforts in these areas. If you have other ideas or are working in other ways to expand economic development in our nation's underserved urban and rural areas, *please let us know* – we would be very interested in making you a part of our announcements. Already several companies and non-profit organizations have expressed interest in participating in the President's July trip. But we need more of your ideas and assistance to make this trip a success.

Please feel free to contact Jay Dunn, Special Assistant to the President for Business Liaison, at 456-2682 or Lisa Green, Senior Advisor to the National Economic Council, at 456-2803.

Paper Comments

Lowell A. Weiss
06/29/99 03:40:02 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: talking points on new markets

Draft 6/29/99 1:30 p.m.
Weiss/ Shesol

PRESIDENT WILLIAM J. CLINTON
TALKING POINTS FOR BUSINESS WEEK INTERVIEW ON NEW MARKETS
THE WHITE HOUSE
June 29, 1999

I. WIDENING THE CIRCLE OF PROSPERITY

Today, America is enjoying a time of remarkable economic expansion. Because this expansion has been so strong and so sustained, the benefits of economic growth have flowed to millions of people once cut off from the economic mainstream. African-American and Hispanic unemployment are the lowest on record. Paychecks are growing. Welfare rolls are shrinking. In the past six years, more than a million children have been lifted out of poverty.

Still, there are too many communities in America where unemployment is too high and opportunity is too scarce. Now is the time to build on six years of progress and greatly increase the flow of commerce into these communities. If we can't do it now, when in the wide world will we get around to it? That is why I am about to lead a bipartisan delegation of corporate and political leaders through communities in great need of outside capital and support.

In our inner cities alone there is an $85 billion consumer market that is grossly underdeveloped. On Tuesday I will be in East St. Louis, where the gap between purchasing power and retail sales is nearly 40%. In Los Angeles, the gap is 35%. In some of our rural areas, the gaps are just as large.

II. INVESTING IN COMMUNITIES THE RIGHT WAY – THE THIRD WAY

We are meeting the new markets challenge with the momentum of the last six years and the lessons of the past. In the 1960s we learned that the government did not have all the answers. In the 1980s, we saw that the market didn't either; our economy moved forward, but more and more Americans were left behind.

On our New Markets Tour, you will see that we are approaching this challenge in a new way – a third way – in which government and business work together to inject new capital, new investment, and new opportunity into hard-pressed communities. This is the approach that has worked – through Empowerment Zones and Enterprise Communities, CDFIs, and a stronger CRA.

III. MOBILIZING THE PRIVATE SECTOR

On this tour, we will mobilize the largest and broadest array of private-sector investments in our untapped domestic markets ever announced. I will highlight for the nation that these investments represent wise business decisions – especially at this time of rapid economic growth, when firms are eagerly searching for new workers and new markets. I will rally support for New Markets legislation, which includes tax incentives and loan guarantees for entrepreneurs to invest in these areas – the same kind of incentives we give companies to invest in emerging economies abroad.

I will challenge every business to take advantage of these new markets and invest in America's future. Businesses that seize these enormous opportunities are already seeing the benefits to their bottom line. *Retail example*: Starbucks CEO Howard Schultz can't figure out why it took his company so long to discover untapped inner-city markets. His stores in inner-city Los Angeles, Harlem, and Seattle are thriving. *Finance example*: Since 1993, home-mortgage lenders have found a profitable market in underserved areas. Loans to families in these areas have increased by 45% over the past five years – compared to a national average of 33%.

Message Sent To:____

Communications

Lisa Green
06/25/99 02:33:21 PM

Record Type: Record

To: Richard L. Siewart, Thomas D. Janenda/WHO/EOP, Elizabeth R. Newman/WHO/EOP

cc: Patrick M. Dorton/OPD/EOP, Melissa G. Green/OPD/EOP, Jonathan A. Kaplan/OPD/EOP
Subject: "Local Heroes" for New Markets Trip - Kentuck and Delta Stops

PLEASE USE THIS LIST WITH CAUTION -- WE HAVE NOT YET REACHED OUT TO THESE INDIVIDUALS DIRECTLY OR THROUGH THE AGENCIES.

ALSO THESE BUSINESSES AND INDIVIDUALS HAVE **NOT YET BEEN VETTED YET**.

By way of this e-mail I am asking Tom Janenda to handle vetting this list and Jay Dunn to prepare appropriate corporate representatives. NEC and the agencies will handle everyone else on the list and should have reached everyone by COB. I assume you will want to have the Press wait on contacting anyone before we know they've been prepped by someone appropriately at the White House.

Kentucky

Community/Non Profit People

Ray Montcreef
Kentucky Highlands Investment Corporation (KHIC)
London, Kentucky (located in
Phone #

- KHIC is a Community Development Financial Institution that makes venture capital investments in small businesses throughout Appalachian Kentucky.
- They are also involved as consultants in the formation of a new fund called the Appalachia Ohio Development Fund (which will be headquartered in Southern Ohio where LBJ began his tour).
- I have met Ray and he is very personable. He also feels passionately about the New Markets Initiative and the work that KHIC does.
- KHIC is also the lead entity in the Kentucky Highlands Rural Empowerment Zone.

Karen Mocker Patton
Enterprise Development Corporation
Plains, Ohio/Athens, Ohio (considered part of Appalachia)
614-797-9646

- EDC was founded 19 years ago to promote enterprise development in a 30-county largerly rural region of Appalachia Ohio.
- The group is a Community Development Financial Institution that provides loans to emerging businesses owned by lower income, women and minority residents.

Frank DeGiovanni

Ford Foundation
New York City
Phone #

The Ford Foundation invested $2.25 million in KHIC to encourage private investment in this Community Development Financial Institution.

Business Leaders/Owners

Jerry Weaver, Owner
Mid South Industries, Inc.
McKee, KY
Phone #

- Weaver is a native of Jackson County and Mid South is a tool and die company which manufactures various "printed circuit boards" injection molded parts and elctro-mechanical parts for Fortune 500 customers.
- Weaver's company has grown to 800 employees and is currently completing a $5 million expansion which will add 100-150 employees this year.
- The expansion of the new modern plant was accomplished through SBIC funding fro equipment and a USDA guarantee.
- KHIC helps to finance Mid-South.
- Weaver is also very involved in JRC industries which is a training program that operates out a 24,000 job training facility operated by private employers in Jackson County with 103 employees. The program provides employment training fro the disabled, individuals transitioning from welfare-to-work, youth and invididauls reerntering the work force after substance abuse programs or incarceration.

John Sturgill, Owner
Fantasy Cusom Yachts
Jackson County

- Fantasy Custom Yachts is a very succesful houseboat manufacturer located in the Empowerment Zone.
- He credits KHIC with assisting him in a succesful startup

CEOs/Corporate Leaders

Frank Newman, CEO or designee from Jay Dunn
Bankers Trust
New York, NY

- Bankers Trust has invested in KHIC.
- They aslo have a number of programs that focus on community development investments including investments in Community Development Financial Institutions.

John McCoy, CEO or designee from Jay Dunn
Bank One/First Chicago
Columbus, OH (need to confirm location)

- Bank One will be one of the lead investors in a new fund in Ohio that will focus on Appalachia **(WE DO NOT WANT NEW ANNOUNCEMENTS RELEASED TO PRESS BEFORE THE TRIP)**
- They are also a large investor in the Arizona Multibank Community Development Corporation that we

will probably highlight in the Phoei

Elizabeth R. Newman
06/30/99 07:50:02 PM

Record Type: Record

To: Patrick M. Dorton/OPD/EOP@EOP, Lisa Green/OPD/EOP@EOP, Anne E. McGuire/WHO/EOP@EOP, Stephanie A. Cutter/WHO/EOP@EOP

cc: Julia M. Payne/WHO/EOP@EOP, Sarah E. Gegenheimer/WHO/EOP@EOP, Richard L. Siewert/WHO/EOP@EOP, Jennifer M. Palmieri/WHO/EOP@EOP

Subject: real people and deliverables

Two requests from the press office:

1. Can we get a comprehensive list of the deliverables for this entire trip including private and public (ie cabinet) announcements. We need to start thinking about the press involving these deliverables - giving stuff out ahead of time, saving things for the President, letting the cabinet go out a couple days ahead, etc. We will need this well before tomorrow's conference call at 1:00 with Cabinet Press Secretaries.

2. Can we get a more firm list of people and numbers to turn reporters to in ALL of the communities, not just the first couple of days. This means: 1. A local elected official contact ie: the mayor, someone in the governor's office helping us out, etc. 2. The head (or anyone else appropriate) of whatever investment corporation(s) is helping out in the distressed area (ie KHIC in KY which we already have). 3. The name of the head (or other appropriate person) of a company that we are visiting and that has received local investment (ie: Mid-South Electric in KY which we already have). 3. Another local name - a worker or another business owner who has benefitted from new growth in the community.

We will need this for every place - by tomorrow AM at the latest. National reporters are already in these places and we need to help them and make this OUR story.

Thanks

Press / Communications

From the Desk of... Jacquie Lawing

U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Room 10226
Washington, DC 20410
(202) 708-2236 Phone
(203) 708-4087 Fax

Fax

To: Lisa Green

Fax: 456-2223 Pages: 5

Phone: Date: 6/23/99

Re:

♦ Urgent ♦ For Review ♦ Please Comment ♦ Please Reply ♦ Please Recycle

*** Comments:

East St. Lou
Suburban Journals: #1 in Weekday Read
ALORTON • CENTREVILLE • EAST
VOLUME 21, NUMBER 24 WEDNESDAY

202-619-8257

Educator aims for 'positive attitude'

District to get help with planning

By Jason White
Staff writer

A veteran educator will help the East St. Louis school district set its agenda for the future.

EAST ST. LOUIS SCHOOLS

Retired educator Dorothy Magett of Creve Coeur, Mo., will work as an assistant to the Illinois State Board of Education until Oct. 31. She will present a report Oct. 1 that analyzes the district's academic and financial status and recommends strategies to boost student achievement.

The Illinois State Board of Education introduced Magett to parents, school board members and staff when it met Wednesday in East St. Louis.

"What I'll be doing is to work for the state superintendent to assist that district in doing some strategic planning for the improvement of instruction," Magett said. "It's difficult to anticipate all of the directions that will take."

Since Magett retired as associate Illinois state superintendent in 1992, she has worked as a consultant for troubled school districts. She also worked with former Illinois Governor Jim Edgar to craft the legislation that launched reform of Chicago's public schools.

In her 46-year career, she worked as a superintendent in Tucson, Ariz., assistant superintendent for curriculum and instruction in Seattle, associate professor of education at Roosevelt University in Chicago and as a teacher, counselor and administrator with secondary schools in Arkansas, Delaware, Illinois and Pennsylvania.

See EDUCATOR, Page 2A

Teiara
FYI

Contract prompts picketing

Firm targets new Walgreen's store

By Jason White
Staff writer

Picketing at the new Walgreen's in East St. Louis will continue until company officials agree to discuss the store's security contract with a local business, the business' owner said Friday.

EAST ST. LOUIS

Herman Atkins, a former St. Louis police commissioner and the owner of Professional Security Inc., said he has been treated unfairly by Walgreen's and developer Jim Koman.

Atkins and Southern Illinois Contractors Association President Guy Gettis have called on black customers to boycott the store on Mondays in protest. They passed out flyers declaring weekly "White Mondays" at the store's grand opening June 7.

"We will picket until we have enough citizens to wrap around that Walgreen's and choke it unless they negotiate with me,"

See PICKETS, Page 2A

Tricia Enright

Tricia FYI

WS

Pickets target new Walgreen's store

Continued from Page 1A

Atkins said. "We simply want what's coming to local vendors in East St. Louis."

On Friday, Atkins produced copies of letters he faxed on March 9 to Walgreen's District Manager Ed Catani and on April 15 to Koman Properties Inc. President Jim Koman.

Atkins, the affirmative action advisor for the city of East St. Louis, also sent a letter asking for information for an affirmative action report on the project. The letter asks about the number and types of jobs, the kinds of goods sold and the number of contracts available.

Atkins said he never received a written response to any of his inquiries. "They have not complied with any affirmative action rules since that thing was built," Atkins said.

Atkins and Gettis met with a Walgreen's representative on May 25 at the store, he said. The meeting did not go well because the Walgreen's representative was "arrogant and disrespectful," Atkins said.

Later, a local police officer who works as a security officer at the Schnuck's across the street told him Walgreen's gave the contract to Yale Enforcement Services of Belleville, which has contracts at other Walgreen's stores.

Atkins said he is simply asking for his rights under the city's affirmative action ordinance.

"I have not been able to get one city official, let's say the city manager, to call Walgreen's to the table to review that contract," Atkins said. "We're simply talking about bringing Walgreen's to the table to consider me.

"How can he close his eyes to this?" Atkins asked, referring to City Manager Curtis Galloway.

Walgreen's District Manager Ed Catani said his company did not choose Atkins' business because Atkins never produced a contract.

"The only reason we went with the other firm is because we have a long-standing relationship with them," Catani said. "If he (Atkins) wants to come back and tell us what he'll charge and give us more information about his business, that's fine," Catani said.

Atkins said the affirmative action movement in East St. Louis is gaining momentum. "We're using Walgreen's as a beginning," he said.

"The people are beginning to rise. We are going to walk on every project in this city."

FAX to: Icilia Chery FYI from Fannie.

Belleville News-Democrat

REGIONAL

Wednesday, June 23, 1999 Page 3B

President will visit East St. Louis soon

Part of Clinton's cross-country tour

By Rod Hafemeister

Belleville News-Democrat

President Bill Clinton is coming to East St. Louis in two weeks as part of a three-day cross-country effort to promote economic development in poor communities.

Clinton

City leaders said Tuesday he's more than welcome, even though the White House didn't tell them he was coming.

City Manager Curtis Galloway said he learned about the July 6 visit from news reports Tuesday morning.

"I had heard rumors that he might be coming because of our Enterprise Community and Empowerment Zone designations," Galloway said. "But I haven't received any details."

Clinton probably will visit the Jackie Joyner-Kersee Youth Center under construction near 25th Street and Interstate 64, he said.

Galloway said Percy Harris, the Enterprise Community coordinator, would be contacting people during the next few days to get the details.

No rush. The White House press office admitted Tuesday afternoon that they still don't have all the details worked out.

"We don't have the advisory yet," a spokesman said. "That will probably be the beginning of next week."

The White House had a press release about the trip posted Saturday on its Internet site, but when the spokesman tried to find it Tuesday, it had been removed.

The White House spokesman said that, contrary to initial press reports, Vice President Al Gore will not be accompanying the president.

Besides East St. Louis, Clinton is expected to visit the Kentucky Highlands, rural Mississippi, a South Dakota Indian reservation, a Hispanic community outside Phoenix, Ariz., and the Watts neighborhood in Los Angeles.

Galloway said he'll recommend the president fly in and out of the city by helicopter, as Gov. George Ryan did last week, to avoid highway construction and traffic.

"Maybe he'll land at MidAmerica Airport," he said. "I think I'll recommend that. It would be good for the airport."

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*** ACTIVITY REPORT ***
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ST. TIME	CONNECTION TEL/ID	SENDER NAME	NO.	MODE		PGS.	RESULT	
06/23 13:28	703 532 0690		7566	AUTO RX	ECM	1	OK	00'35
06/23 13:49	CHAOS 2027205042		7567	AUTO RX	ECM	2	OK	00'27
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06/23 15:15	202 336 7421		7572	AUTO RX	ECM	2	OK	00'47
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Lexington HERALD-LEADER

Published Thursday, July 1, 1999, in the Herald-Leader

Hazard prepares for Clinton's visit to talk economy

By Bill Estep
HERALD-LEADER STAFF WRITER

HAZARD -- When President Clinton visits Kentucky next week to promote investment in areas lagging behind the booming national economy, he'll stop in an Appalachian town that's doing better than many in the region.

Hazard Mayor Bill Gorman confirmed yesterday that Clinton will speak Monday afternoon near the Perry County Courthouse in downtown Hazard.

''It's got the whole town buzzing. It's got the whole area buzzing," an excited Gorman said.

Air Force One is expected to land at Blue Grass Airport in Lexington, Clinton will then travel by helicopter, stopping in Jackson County before coming to Hazard, Gorman said.

The White House, however, continued to say yesterday that Clinton's itinerary in Kentucky had not been set.

Gorman said he is anticipating that 20,000 to 30,000 people will pack downtown Hazard for the event.

This is not good to estimate !!

Local officials were working with the president's advance team yesterday to prepare for the visit.

City workers were getting ready to clean the streets, trim the grass and prepare the area around the courthouse for the speech, said Charlie Hammonds, a special assistant to

Gorman.

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- Archives available back to 1983 NewsLibrary

"This is the greatest thing that has ever happened to us," said Hammonds.

Hammonds said part of downtown will be blocked off Monday afternoon and that buses will shuttle people from nearby parking lots to the site.

Meanwhile, Hazard Police Chief Ron Maggard was in Richmond yesterday to help line up more police officers for security during the visit.

Fred Stidham, superintendent of Hazard Independent schools, said the district will provide the buses and that the high school band was getting ready to play.

"It was a surprise, but everyone is really excited about it," Stidham said.

Hazard is a regional center for business, communications and medicine, but high unemployment exists in the area..

The estimated unemployment rate in Perry County in April was 7.3 percent -- nearly double the state average -- and the figure was even higher in a number of other Eastern Kentucky counties.

Local officials in Jackson County said they had not received confirmation Clinton would visit.

But that would be a logical stop for the president because it is part of the federal empowerment zone program, one of Clinton's key anti-poverty initiatives.

That program brought $40 million for the zone -- Jackson, Clinton and part of Wayne County -- for development aimed at rebuilding the economy and improving the quality of life.

The empowerment-zone program has been credited with creating hundreds of jobs in the area, but it's not clear what role the good national economy also played in the growth.

Jackson County is also home to Mid-South Electronics. The Annville company, which employs about 850 people, makes electronic parts for several large companies and could serve as an example of the kinds of investment Clinton would like to see.

Clinton is coming to Kentucky as part of a four-day tour to promote his "new markets" initiative.

He wants business to invest in areas such as Appalachia and the Mississippi Delta where poverty persists. He has proposed tax credits and expanded small-business loan programs to spur that investment.

Congress would have to approve much of the plan. A new anti-poverty proposal could be a tough sell before the Republican-controlled Congress with a presidential election looming.

Clinton's visit comes on the heels of a stop in Hazard last spring by Andrew Cuomo, secretary of the U.S. Department of Housing and Urban Development. Cuomo was on a tour of the places he says "the economy forgot."

Clinton's trip to Appalachian Kentucky will be the first presidential visit to focus on the region's economic troubles since President Lyndon Johnson kicked off the War on Poverty in Martin County in 1964.

■

Herald-Leader staff writers Peter Baniak, Gail Gibson and Lance Williams contributed to this report.

E-mail this story to a friend.

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APPALACHIAN REGIONAL COMMISSION | Proud Past, | New Vision

Office of the Federal Co-Chairman

FACSIMILE COVER SHEET

DATE: June 30, 1999

TO: Lisa Green

FAX NUMBER: 456-2223

FROM: Jesse White, Jr.

SENDER: Angelo Lyons

TOTAL NUMBER OF PAGES 11 INCLUDING COVER SHEET

IF YOU DO NOT RECEIVE ALL PAGES, PLEASE CALL 884-7660

FACSIMILE TELEPHONE NUMBER: 202/884-7693

MESSAGE:

Building Self Sufficiency in Rural America: The Importance of a Presidential Visit

by

Jesse L. White, Jr.
Federal Co-Chairman
Appalachian Regional Commission

June 30, 1999

Putting in place the building blocks of self-sufficiency--that is the strategy needed to create sustainable economic development in rural and small town America. And, that is why the President's visit next week to Appalachia, the Mississippi River Delta, and other under served areas is so important. His New Markets Initiative represents one of those essential building blocks.

What are the building blocks of self-sufficiency? They include investing in education and training, building long neglected infrastructure, wiring the communities for the information age, providing much needed health care, supporting leadership development, and strengthening at risk families. The *economic* building block must be a new model of development that promotes entrepreneurship and small business creation, and that is where the New Markets Initiative becomes so important.

Why? Let's think a moment about the history of rural America. For too long, the economic destiny of most rural and small town communities has been controlled from outside: absentee ownership of vast tracks of timber and coal mining lands, natural resources extracted with the value added outside the areas from which they are taken, and extensive branch plant economies where the decisions are made hundreds or thousands of miles away. It is time to move to a more internal model of economic development--one that builds on the ingenuity, hard work, and drive of rural people themselves.

It is time to move beyond the "buffalo hunt" of branch plant recruitment to a model of homegrown businesses. Homegrown businesses have greater staying power, tend to reinvest in the community, create local leadership, diversify the economic base, and create local wealth. Plus, the control is local. And, lest the nay sayers call this a pipe dream, one should remember that all the Fortune 500 companies probably started in a garage and small room somewhere. Why not in rural America?

So, we in the public sector need to ask ourselves a new set of questions. Not, as we have for so long, "how do we help our communities recruit a factory?" But, "what public policies are necessary to foster a spirit and set of supports for entrepreneurial development in our rural and small town communities?"

The Appalachian Regional Commission (ARC) has been developing this new model of economic development for several years and is currently in the midst of a three year, $15 million initiative on entrepreneurship. In this initiative, our thirteen states and 407 counties will be able to work on the five building blocks of an entrepreneurial economy. One is access to debt and equity financing throughout the early life cycle of small business creation and expansion.

Two is access to technical assistance for small business people. Three is technology transfer to the small business sector both to modernize existing small businesses and to start new ones through commercialization. Four is more entrepreneurial education and training in public education. And, five is the creation of networks of services to entrepreneurs.

We believe that our work on this economic building block of sustainable development could be a model for the Nation. That is why we are so excited about the President's New Markets Initiatives and his visit to Appalachia next week. His New Markets Initiative is aimed, in large part, at getting more of "Wall Street into Main Street", to use a phrase coined by the Rev. Jesse Jackson. That is another way of saying that the President's proposals are a sensible set of incentives to address market failures in the allocation of risk and venture capital in under served markets. And, capital is, of course, the essential lifeblood of small business creation, expansion, and success.

There is money to be made in these markets. There are also lives to be energized, communities to be salvaged, hope to be given, and rewards to be reaped for the entire Nation. It is in no one's interest to have vast sections of the country dependent and a drain on national wealth. We need all Americans and all of America's communities at the table of this new prosperity, contributing to the national wealth.

The twenty-two million people of Appalachia will welcome the President when he comes to Kentucky next week, as will the people of the Delta, the Indian reservations, the inner cities, and all of these great areas of our country where the potential is still to be fully developed. Our eyes will be on the prize: putting in place an economic building block of self-sufficiency, which will yield great dividends for all of us.

COMMISSION
ARC

MEMORANDUM

TO: Rev. Jesse Jackson
FROM: Jesse L. White, Jr.
SUBJECT: Delta Regional Commission
DATE: January 25, 1999

The purpose of this memorandum is to give you a brief history of our valiant (and somewhat bloody) but unsuccessful effort last year to create a Delta Regional Commission (DRC). I think it important that you understand this background because of the interest expressed in New York last week about a possible Delta Commission. It is still a great and much needed idea, but I think it would have to come from outside the ARC for reasons outlined below.

The President proposed $26 million in his FY99 budget to create a DRC under the umbrella of the ARC, but it was killed in the last Congress. Just getting this money in the budget was a big victory. Many people—myself included—have long felt the need for an ARC-type agency for the Delta. In my interviews for the job of Federal Co-Chairman, the White House asked my position on the matter, and I responded strongly in the affirmative. Indeed, it was one of the reasons I accepted the job with ARC. In 1994, former Governor William Winter of Mississippi and I met with Bob Nash at USDA, Carol Rascoe in the White House, Secretary Mike Espy at USDA, and others to advance the idea.

We developed a White Paper on the concept at the ARC, but it triggered great concern from the ARC governors (who share power with the Federal Co-Chairman). They were worried about diluting resources and stopped the concept from being adopted by the full ARC. At that point, I continued to push for its inclusion as a presidential initiative in the budget, submitting it several times. Finally, in November of 1997, OMB agreed to recommend it to the President.

The concept was to create a Delta Regional Commission modeled after the ARC (but without a highway program). We proposed using the 219 counties of the Lower Mississippi Delta Development Commission created by Congress in 1988 (and chaired by Gov. Clinton) as the boundaries. The ARC and DRC would sit separately (three states would overlap), but would share the same Federal Co-Chairman and staff (slightly enhanced). This approach was proposed to save overhead by not creating another entire staff and also to promote the interchange of ideas and initiatives. It would also link them politically and strengthen both commissions on the Hill.

We felt it important that the ARC/DRC continue to be an independent agency not subsumed in a Cabinet department for two reasons. One, it would be get lost in a huge bureaucracy. And, two, it would harder to kill. There were other regional commissions in the 1970s housed in the Commerce Department. President Reagan killed them all in his first term but was never able to kill the ARC because of its independence.

Almost immediately the ARC governors organized against the proposal, and their efforts were effective because of two unfortunate historical accidents. One, the States' Co-Chairman (chosen yearly by the governors on a rotating basis) was Kirk Fordice of Mississippi, one of the most reactionary governors in the U.S., and, even though Mississippi was the single biggest beneficiary, he openly opposed the plan. And, second, a new staff man at ARC headquarters representing the governors sent out an incendiary memo full of error to the governors before I had a chance to brief them personally. Gov. Fordice organized the thirteen ARC governors to write the President opposing the plan.

Despite our successful efforts to reassure the ARC congressional delegation and to garner support from the Delta congresspeople (like Benny Thompson and others), the opposition of the governors doomed the proposal. Fordice, in particular, put pressure on key Republicans, like Senator Thad Cochran and Congress Roger Wicker, who were otherwise in favor of the proposal.

In an effort to mollify the governors, we agreed that the ARC would "incubate" the DRC for a year, and then it would become independent. We, also, agreed to shift the funding request to a different subcommittee of Appropriations (ARC goes to Energy and Water; DRC would go to Agriculture and Rural Development). This resulted in a rearguard effort to snag the money for the one-man office in Memphis remaining from the original Delta Development Commission. The final, tepid compromise was to authorize the Secretary of Agriculture to devote existing money to Delta investments. Needless to say, nothing much came of this solution.

I still strongly believe in the need for a DRC with some type of relationship to the ARC…building those bridges across race and region that are so important and also building a political base in Congress to increase the odds of its survivability. But, I also think it is clear that the effort to get it enacted will have to come from outside ARC. I will be happy to work with you toward that end.

I am enclosing an excerpt from the FY1999 budget which explains the plan, as well as my "stump speech" of last year which makes the most compelling argument I know how to make about the need for the DRC! We also have the authorization legislation that was sent to the Hill last year and other documents available as needed.

Cc: David Wilhelm, Steve Cobble

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Clinton proposes anti-poverty agency

W297BB

By The Associated Press

TUNICA, Miss. — Fighting poverty along the lower Mississippi River may soon become easier if Congress approves a $26 million proposal that funds activities of a new Delta Regional Commission.

In his 1999 fiscal year budget request, President Clinton proposed spending the money to fund the agency's fight against poverty in 219 counties and parishes of Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri and Tennessee.

Jesse White, the head of the Appalachian Regional Commission, said Thursday that "if everything goes smoothly" the money could be handed out as early as next year.

Since 1965, the Appalachian Regional Commission has worked to fight poverty in all of West Virginia and portions of 12 other states. It spans 800 miles from northeastern Mississippi to western New York.

Marshall, Tippah and Benton counties in Mississippi are in Appalachian Regional Commission territory. They would be within the Delta Region as well, but White said they would not receive overlapping grants.

> "The money is very flexible."
> — Jesse White, head of Appalachian Regional Commission

"The money is very flexible," said White, a Mississippi native who heads the federally chartered ARC, a regional development agency. "There are very few strings attached.

"We would have a broad reach," he said. "If we follow the ARC model, it would be a broad range of possibilities."

The Delta Regional Commission would focus on such efforts as housing, rural health care, job training, entrepreneurial programs, industrial and business parks, water and sewer improvements and community leadership development.

White said during a meeting at a Tunica casino that states receiving grants through the agency would have to raise matching funds.

Congress still must approve the Clinton proposal, and some Republicans have characterized his budget as an example of big-government spending.

But White said that, under the best-case scenario, Congress will approve funding for the Delta Regional Commission beginning Oct. 1.

Clinton's plan calls for Delta Commission expenditures to be about the equivalent of investments made by Appalachian Regional Commission.

He also recommended that the new agency minimize administrative costs by having White chair both.

That idea has raised some concerns among Appalachian Regional Commission states.

West Virginia Gov. Cecil Underwood has questioned whether having Appalachian Regional Commission staff work with the Delta Commission might mean a diversion of funds from his state, which has received more than $250 million from the Appalachian Regional Commission.

Clinton administration officials have tried to assure him that will not happen. White said that, aside from sharing staff, the two agencies would operate separately.

DAILY REGISTER
HARRISBURG, IL
THURSDAY 7,400
FEB 5 1998
BURRELLE'S

Clinton pushes new Delta area commission

By JON MUSGRAVE
Staff Writer

HARRISBURG — The southernmost 16 counties of Illinois could benefit from a new federal agency proposed by President Bill Clinton Tuesday.

Ten years after Congress authorized a study of the economically-depressed Lower Mississippi Delta region, the president has included $26 million for a new seven-state Delta Regional Commission in his proposed budget.

The governors of Illinois, Missouri, Kentucky, Arkansas, Tennessee, Mississippi, Arkansas and Louisiana along with a chairman appointed by the president would form the commission mirrored after a similar regional approach credited with significantly improving conditions in Appalachia.

The federal-state partnership would jointly craft and administer economic development strategies for the region, make policy decisions and target resources.

The new agency would be designed after the Appalachian Regional Commission (ARC). A board made up of the seven governors of Illinois, Kentucky, Tennessee, Mississippi, Louisiana, Arkansas and Missouri, and a chairman appointed by the president would operate the commission.

Over half of the 219 counties in the Delta Region have experience poverty rates greater than 20 percent of the population for the last four decades. Historically, Alexander County has experienced the highest poverty rates in Illinois with around one-third of the population living in families with income below the poverty line.

The Delta Regional Commission would employ an "intensive care" model of economic development that has been successful in Appalachia, according to Duane J. DeBruyne, spokesman for the ARC's Washington office.

The funds for the Delta would require matching contributions from public and private sector sources. Clinton's proposal mandates local participation in the selection, development and evaluation of the projects.

DeBruyne said the matching share varied with the economic distress of county.

"Basically it's geared toward that ability of that area to pay. In some of the most economically distressed areas only a 20 percent match in required. In some better-off counties only a 50 percent match is needed," explained DeBruyne.

Economic development projects can include job training and entrepreneurship programs, infrastructure needs such as clean water, sewer service and access roads; industrial and business parks; rural health efforts; housing; community leadership projects and a flexible range of other activities.

"The Appalachian Regional Commission model is unique. We have very wide statutory latitude in how the moneys can be used," explained DeBruyne.

David Gillies, spokesman for U.S. Rep. Glenn Poshard, D-Marion, said while the Congressman had not received details about the proposal, it was a concept in general that Poshard could support.

"It is certainly an issue that we will take a look at," said Gillies.

The 16 Illinois counties are White, Hamilton, Franklin, Perry, Randolph, Jackson, Williamson, Saline, Gallatin, Hardin, Pope, Johnson, Union, Alexander, Pulaski and Massac.

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Clinton's Delta commission has some ARC officials worried

FRONT PAGE

By Marty Russell
Daily Journal

President Clinton is asking Congress for $26 million in his proposed 1999 budget to create a seven-state Delta Regional Commission that would include four counties in Northeast Mississippi.

Clinton proposes the new DRC be modeled after the Appalachian Regional Commission and share the ARC's federal co-chairman, Mississippi native Dr. Jesse White.

Like the ARC, the proposed DRC would use federal and state partnerships to build infrastructure in the Delta region to attract new jobs and industry.

While 1st District U.S. Rep. Roger Wicker, R-Miss., said he supports the concept of a federal commission similar to ARC to help the economy of the Delta region, the 13 governors of the states within the ARC have sent the president a letter opposing the proposed structure of the new commission.

"It should only be passed as a separate organization entirely distinct from ARC," said Nancy Knight, ARC director in Mississippi. "That's what the governors of the 13 states would like to see. ARC was carefully constructed taking into consideration the geography and economy of the region. It's been a great partnership that has produced impressive results."

Knight said there is still a question also about the layout of the two regions. Under Clinton's proposal, ARC's and DRC's regions would overlap in Northeast Mississippi putting four counties – Marshall,

Turn to **DRC** *on* **back page**

DRC

Continued from Page 1A

Tippah, Benton and Lafayette – in both regions.

"We really don't know what is going to happen," Knight said of that situation. "It could go any number of ways. They could be eligible for assistance from each commission."

Wicker said the four overlapping counties shouldn't be a deterrent and he supports the idea of a Delta commission similar to ARC.

"The issue of the overlapping counties can be worked out," Wicker said. "At first blush it sounds like a proposal that has merit. I think in the Delta region there has not been enough emphasis on infrastructure such as industrial parks and access roads that create jobs so I support that type of federal government assistance as long as it is in the framework of the balanced budget."

He said he understood the concerns of the ARC governors.

"I think the governors have an understandable concern that ARC may be diluted," Wicker said. "But I think the proposal to have the same federal co-chairman was designed to eliminate more bureaucracy at the Washington level and I think that's a good thing."

Under the president's proposal, an eight-member commission composed of the governors of the seven states in the DRC as well as the federal co-chairman would oversee the new agency.

Like the ARC, the DRC would require matching contributions from local and state sources to provide grants for job training, industrial parks, access roads, water and sewer systems, leadership projects and rural health initiatives.

The DRC proposal is an offshoot of the 1988 Lower Mississippi Delta Development Commission formed by then-President Bush and chaired by then-Gov. Bill Clinton of Arkansas. The states included in the DRC would be Mississippi, Arkansas, Tennessee, Illinois, Kentucky, Louisiana and Missouri.

Arkansas Democrat-Gazette
Little Rock, Arkansas
Tuesday, March 24, 1998, Page 4B

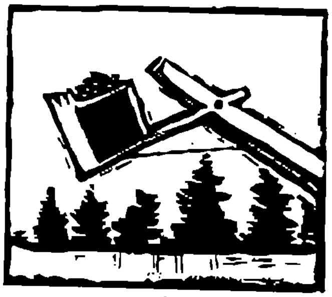
EDITORIALS

Help for the Delta?

The president has a plan

HERE'S A success story that's also an example for the rest of the country: Little Rock tried the team approach a few years back when it came time to revitalize its stagnant downtown. The taxpayers of Pulaski County committed their hard-earned dollars to an arena and expanded convention center. And the city's taxpayers dug even deeper and contributed more money to vastly improve the library, museum and a farmers' market. The state did its part with a $20 million contribution, and investors are now doing theirs by making the River Market a nice place to shop. Result: Just about everybody sounds optimistic about downtown's future.

In a way the Clinton administration is suggesting a similar approach for the long-depressed Delta, our own Third World. The president has requested $26 million a year for a Delta Regional Commission to invest in economic development. The investments could include anything from new water and sewer lines to industrial parks and better housing for the poor.



The administration hopes this new commission would repeat the success seen in the Appalachians, where a similar commission has been fighting poverty for 33 years—and the poverty rate has been halved.

That's why some more folks from Washington were in Little Rock the other day. Their message was a familiar, and dreaded, one: We're with the federal government and we're here to help you.

Uh oh. Remember the much-ballyhooed Lower Mississippi Delta Development Commission? That's the forgettable commission Bill Clinton chaired when he served as governor. Its jumble of recommendations still sits there on the shelf—like many another government report. Not that the commission's suggestions were all that enlightening to begin with. After all, it's no secret that the Delta is poor and needs developing. Its poverty rate of 22.8 percent is almost double the national average.

In the end, the economic development most markedly encouraged by the Lower Miss. D. D. Comm. was its own. The bureaucrats, economists, and grantwriters moved on after federal funds ran out, but the Delta remained mired in poverty. Little has changed except that the Delta is now a *much studied* example of poverty. Somehow that's not much of a comfort. Or an accomplishment.

It should be noted in fairness that a lot of grant money was spent on academicians and bureaucrats. Maybe that's what these studies mean by economic development, but it's not what most of us mean. There ought to be a better way to practice trickle-down economics than by starting with the economists.

As usual, the feds' turf tends to grow with every one of these studies. This new analysis credited the Delta region with having 219 counties, 42 of those in Arkansas. How strange: Not many of us think of Pulaski or Marion or Stone counties as part of the Delta. Trout fishing on the White River and hiking in the Ozarks may not come to mind when you envision the bottomlands. But expanding the Delta's boundaries appeals to the politicians. Never mind that the effect is to dilute the investment that the feds say the Delta needs. For not even $26 million a year may go very far if it's divided 219 ways among seven states.

HERE'S THE good news: When the folks with the Appalachian commission visited Little Rock, they stressed the need for local folks to get involved. The people on the scene will help decide where the money should go. So the feds' investment won't be pure pork. The idea is to use federal grants to attract more investment from local governments and the private sector.

In that case, why not invite bids for the federal matching funds directly from the Delta—the real Delta—rather than funnel it through a whole new commission complete with offices, perks, PR, and pay grades? Or would that be unspeakably practical? Not to say economical.

Yes, we welcome the feds (and tourists in general) to look over the Delta. It's poor but proud—and still promising. And it could develop as rapidly as Little Rock's downtown did if folks started working together. But whatever seed money Washington provides, it can't send down a shipment of local initiative and imagination. The feds can, however, encourage local and state projects. So here's hoping the Delta will soon be as rich in ideas as it is in soil and water. Because the federal government, too, helps those who help themselves.

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HEADLINE: OFFICIAL PITCHES CLINTON'S PLAN FOR DELTA

BYLINE: Bartholomew Sullivan, The Commercial Appeal

DATELINE: ROBINSONVILLE, Miss.

President Clinton's plan to use a proven model of economic development and social transformation on the 219 counties of the lower Mississippi Delta would provide the "special boost" the impoverished region needs.

That was the message Jesse L. White Jr., federal co-director of the Appalachian Regional Commission, brought to the Mid-South Thursday in a series of meetings and a speech here to the Mississippi Association of Planning and Development Districts touting a similar federal-state partnership for the Delta.

The President has proposed a Delta Regional Commission to disburse $26 million in federal money to disadvantaged counties in seven states. The commission, which awaits congressional approval, would be operated by the existing staff of the ARC, augmented to meet the new duties.

The ARC, created in 1965, has dramatically reduced poverty and increased economic development in the 13-state Appalachian region that includes parts of Tennessee and Mississippi, statistics show.

The Delta Regional Commission would fulfill goals set by the Lower Mississippi Delta Development Commission that Clinton chaired in the late 1980s as governor of Arkansas. It would include the same 219 counties the earlier commission studied when it found poverty rates 175 percent higher than the national average, an inadequate physical infrastructure and widespread illiteracy.

Of the four regions of pervasive, concentrated economic distress - Appalachia; the Colonias along the Mexican border in Texas and New Mexico; the Indian settlements near the Four Corners area of the far West, and the Delta - only the Delta has no focused regionwide effort to end endemic poverty, White said.

About 45 percent, or 99 of the 219 Delta counties, meet the ARC criteria for distressed economies, compared to just 13 percent of counties nationwide, he noted. Tennessee and Mississippi have participated in ARC economic development projects, and Tennessee Gov. Don Sundquist has endorsed the DRC initiative. Mississippi Gov. Kirk Fordice has expressed concern that the dual mission of a commission serving different constituencies could dilute its effectiveness.

White said the joint management of two commissions would provide efficiencies without diminishing their regional mandates.

White asked the county supervisors and development district officials meeting this week at the Grand Casino Convention Center to get word to Fordice that the additional Mississippi counties under the proposed DRC would help the entire state.

Mississippi already has 21 counties in the ARC. Under the proposal released Feb. 4, 45 Mississippi counties would be a part of a DRC, including four - Benton, Marshall, Tippah and Union - that would fall under both commissions' jurisdictions. With the largest number of counties in any state, White said, "Mississippi is the biggest winner."

The ARC often provides only a small percentage of the funding that, added to private, state or other federal matching money, provides the "glue" to make projects happen, White said.

As the federal co-director of the ARC, White has a vote equal to the 13 Appalachian state governors, one of whom acts as a the state co-director. The model assures cooperation and decision-making from the bottom up. The same decision-making formula would be proposed for the seven Delta state governors.

In a meeting with the editorial board of The Commercial Appeal Thursday, White said he hoped to see industrial and tourist-based entrepreneurial development in the Delta.

The native of Jackson, Miss., added: "If (years ago) you ever told me that gambling would be the economic linchpin, I'd have told you you were crazy."

Local officials reacted favorably to White's outline of the regional commission proposal.

Tunica County Supervisor James Dunn said Tunica itself is doing well with the gambling industry and related growth. But he said the entire Delta hasn't received the same benefit.

Call reporter Bartholomew Sullivan at 529-2317 or E-mail sullivan£gomemphis.com

GRAPHIC: photo : map ;
Jesse L. White Jr.;
CAPTION: Staff;
Focus on the Delta President Clinton has proposed a Delta Regional Commission, focusing on 219 counties in seven states. Modeled on the 33-year-old Appalachian Regional Commission, the delta version would coordinate private, local, state and federal resources on a broad range of economic development and social welfare projects in the Mississippi Delta.

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