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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	From Broderick Johnson To Lisa Green (1 page)	05/24/1999	P5

COLLECTION:

Clinton Presidential Records
Policy Development
Lisa Green
OA/Box Number: 20587

FOLDER TITLE:

Prime [2]

2012-0043-S
ms442

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]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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MONDAY TUESDAY WEDNESDAY THURSDAY FRIDAY

MAY 25, 1999

Deal Struck In Senate On Medical Records Privacy Bill

HEALTH

MEMBERS OF THE SENATE Health, Education, Labor and Pensions Committee late Monday reached preliminary agreement on language regulating the use of medical records for privately funded research. The new language will be added to the medical records privacy bill that the committee will mark up today. While **HELP ranking member Edward Kennedy**, D-Mass., is expected to offer amendments on a range of subjects, Kennedy has agreed to the new private research provision, aides said. The overall bill attempts to set federal rules for protecting the confidentiality of patients' medical records — including new rules for insurers and doctors about what patient information they can share.

But the disclosure of individually identifiable medical records for use by private researchers had been the largest issue not resolved when the committee last week released the latest draft of the bill. The federal government already regulates the use of medical records for federally funded research or private research for drugs that must win FDA approval. Those regulations are collectively called the Common Rule. But there are no such privacy laws or regulations for the rest of privately funded research not subject to the Common Rule.

Sen. Bill Frist, R-Tenn., led the drafting of the new provision that will be added today to the core medical records privacy bill authored by **Chairman Jef-** *continued on page 9*

Baucus Targets Dems On Superfund

ENVIRONMENT

SENATE **Environment and Public Works ranking member Max Baucus**, D-Mont., late Monday introduced a streamlined Superfund bill that threatens to block Republican efforts to persuade moderate Democrats to support the more comprehensive — and controversial — GOP reform bill.

Baucus' move came as **Environment and Public Works Chairman Chafee** today begins hearings on a Superfund reform bill he introduced last week with **Superfund, Waste Control and Risk Assessment Subcommittee Chairman Robert Smith**, R-N.H.

The bill was introduced by Baucus and cosponsored by **Minority Leader Daschle**, and **Sens. Frank Lautenberg**, D-N.J., and **Blanche Lincoln**, D-Ark.

According to a summary of the measure obtained by *CongressDaily*, the bill includes popular items from the Chafee-Smith bill — which are broadly supported by Senate Democrats this year and were accepted by the Clinton administration last year — while excluding the more contentious items.

The Democratic bill would provide Superfund liability relief for small businesses, municipal waste providers and recyclers — including *de micromis* and *de minimis* relief for companies — and would allocate about $200 million a year for so-called orphan share cleanups, so long as Congress fully funds the waste cleanup program at $1.5 billion per year.

It includes a provision supported last year by **Majority Leader Lott** and **Minority Leader Daschle** that would limit liability for generators and transporters of recycled material.

The bill also includes a brownfields provision that would provide about $100 million per year to assess and clean up abandoned industrial sites and limit liability for some parties.

The plan would be funded through $1.5 billion in annual appropriations and would reimpose Superfund taxes for most of the cleanup costs — with $250 million a year coming from general revenues.

"We think these are the consensus issues that can be *continued on page 11*

TODAY'S HIGHLIGHTS

Floor Schedule

Senate

Convenes at 9:30 a.m. to consider the defense authorization bill. Votes are expected on at least three amendments at 2:15 p.m.

House

Convenes at 9 a.m. to consider three bills under suspension of the rules: the Missing, Exploited and Runaway Children Protection Act, legislation regarding drug-free borders and Cyber porn, and legislation regarding the 10th anniversary of the Tiananmen Square Massacre. The House also will consider the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, under an open rule.

(Committee schedules begin on page 12.)

Inside Stories

Charlie Cook's *Off To The Races*

■ Older Americans' concerns are a big pain for Congress, page 5.

Leticia Sierra
05/24/99 04:36:30 PM

Record Type: Record

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

cc:
Subject: FYI -- additional info on CDFI hearing and mark-up

In addition to **HR413**, the Banking Ctee will be marking up **HR629**, which would authorize the CDFI Fund for fiscal years 2000-2003. You should already have the text of **HR413**. Below are the text and introductory remarks for **HR629** (including a **section-by-section analysis**.)

We just received **Treasury's testimony** for this hearing and will be circulating it for your review. Thanks, in advance.

---------------------- Forwarded by Leticia Sierra/OMB/EOP on 05/24/99 12:31 PM ---------------------------

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COMMUNITY DEVELOPMENT BILLS **Full Committee Hearing and Markup**
From CQ Schedules (Action Date: 05/26/99; Approx. 103 words)
Received: Sat, 05/22/1999, 01:33 am ET
CQ SCHEDULES

House Banking and Financial Services Committee

May 26, 1999

COMMUNITY DEVELOPMENT BILLS Full Committee Hearing and Markup
House Banking and Financial Services Committee (Chairman Leach, R-Iowa) will hold a hearing on and mark up pending legislation.
Where and When: **May 26 10:00 am 2128 Rayburn Bldg.**
Agenda:

HR629 - A bill to amend the Community Development Banking and Financial Institutions Act of 1994 to reauthorize the Community Development Financial Institutions Fund and to more efficiently and effectively promote economic revitalization, community development, and community development financial institutions, and for other purposes.

HR413 - A bill to authorize qualified organizations to provide technical assistance and capacity building services to microenterprise development organizations and programs and to disadvantaged entrepreneurs using funds from the Community Development Financial Institutions Fund, and for other purposes.

Information verified as of 11:36pm 05/21/99

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INTRODUCTION OF THE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND AMENDMENTS ACT OF 1999 -- HON. BRUCE F. VENTO (Extension of Remarks - February 08, 1999)

[Page: E153]

HON. BRUCE F. VENTO

in the House of Representatives

MONDAY, FEBRUARY 8, 1999

Mr. VENTO. Mr. Speaker, today I am introducing legislation to reauthorize the programs at the Community Development Financial Institutions Fund. A section-by-section analysis of the bill follows this statement.

The activities at the CDFI Fund--the CDFI and the Bank Enterprise Act (BEA) programs--have received high praise over the years as well as intense scrutiny. This legislation, basically a product of our Subcommittee's work from last year, with input from the Oversight Subcommittee of the Banking Committee, draws upon both praise and scrutiny to further the program for the future. The Fund has made numerous Administrative improvements already. With the measures included in this proposed legislation, many of those would be solidified so that problems do not occur in the future and so that everyone can focus on the positive impacts the CDFI programs have had in our communities.

As a strong supporter of local efforts of community development financial groups and financial institutions that focus on undeserved communities, I know that the CDFI programs and related programs that promote microenterprise activities and housing activities are critical to rebuilding and strengthening neighborhoods and their residents. The CDFI intermediaries and institutions that received BEA funds can be the foundation and the building blocks of economic opportunity and employment. They can serve as instigators of change and partners in business, housing and community initiatives.

Mr. Speaker, I am pleased to introduce this reauthorization legislation with the Gentlewoman from New Jersey, Mrs. Roukema, with whom I worked to draft this bill over the course of last year. I hope that we will be able to move this bill early in this session so that we can ultimately enact these improvements into law this year.

Sec. 2 -- This section changes the purpose section of the Community Development Banking and Financial Institutions Act of 1994 (the Act) to add language that clarifies that the purpose of the Act is to promote economic revitalization and community

development not only through investment in and assistance to community development financial institutions (CDFIs) but also
through enhancing the liquidity of community development financial institutions, and through incentives to insured depository
institutions that increase lending and other assistance and investment in both economically distressed communities and CDFIs.

This section also changes the Act to reflect the intent of appropriations provisions that made the CDFI Fund a wholly-owned
government corporation within the Treasury Department. Technical amendments to the Act eliminate the concept of a
Presidentially appointed Administrator of the Fund, and, as with other Treasury programs, vest all the duties and responsibilitiesof the CDFI Fund in the Secretary of the Treasury (subject to existing statutory delegation authority). The Secretary mayappoint all officers and employees of the CDFI Fund, including a Director.

This section makes technical changes to clarify that the Inspector General of the Treasury Department is the Inspector Generalof the CDFI Fund.

This section also gives the Secretary the authority to prescribe the necessary regulations and procedures.

Sec. 3 -- This section makes minor changes to the CDFI Awards Program administered by the CDFI Fund. The amendments providethat, for the training and technical assistance programs already authorized by the Act, the Fund may enter into cooperativeagreements in addition to the other methods described.

This section amends the Bank Enterprise Act (BEA) Awards Program for insured depository institutions. The subsection
provides technical amendments and clarifies that the Fund may provide assessment credits to insured depository institutions forincreases in loans and other assistance provided to CDFIs. The provisions clarify the manner in which the Fund may takeaccount of forms of assistance provided by insured depository institutions. In addition, the provisions permit the Fund to usealternative eligibility requirements to determine the definition of a `qualified distressed community.' Current criteria are difficult tointerpret and may exclude some insured depository institutions, particularly those serving rural areas, from participation in theBEA Program.

Sec. 4 -- This section authorizes appropriations for fiscal years 2000, 2001, 2002, and 2003 for $95 million, $100 million, $105 millionand $110 million, respectively.

Sec. 5 -- This section removes statutory barriers that currently block the CDFI Fund from administering the SBCE Program. The SBCEprogram would encourage states to implement small business `capital access programs' with the participation of certaindepository institutions. These `capital access programs' expand access to small business loans by creating a loan loss reserve,funded by the depository institution, the borrower, and the state. This reserve fund allows banks to make more difficult smallbusiness loans. The Fund, under the SBCE Program, could reimburse participating states for a portion of funds contributed tothese loan loss reserve accounts.

This section allows CDIFs to participate in the SBCE Program. It removes the requirement that the SBCE Program receive a
threshold appropriation before beginning operations. And, this section will allow the CDIF fund (if the SBCE Program is
operating) to reimburse participating states according to criteria established by the CDFI Fund in an amount up to 50% of the

amount of contributions by the states, until funds made available for this purpose are expended. This permits the Fund to targetreimbursements to states that have not yet established these programs or that have insufficient funds for effective programs.

Sec. 6 -- This section adds the requirement that the Fund use a scoring system as one of the tools to evaluate the merits of applications. Italso requires the use of a multi-person review panel consisting of at least three persons, to apply the scoring system in order toreduce discretion and provide a mix of perspectives in the application review process. At least 1/3 of the members of the panelshall not be officers or employees of any government.

This section adds reporting requirements by the Fund to the Congress in their annual report. The CDFI Fund must include in
their annual report its use of outside consultants, including the services provided by the consultants and the fees paid for thoseservices. The report must detail the Fund's compliance with the Federal Manager's Financial Integrity Act (FMFIA). The
FMFIA requires Federal programs to have controls in place to ensure that assets are safeguarded from waste, fraud, and
abuse. The CDFI fund must also report any material internal control weaknesses identified in its most recent external audit
along with corrective actions that will be taken to address such weaknesses. This section requires that the Fund report on theimplementation of the objective scoring system in its first annual report following enactment of this legislation.

This section requires the GAO to submit to Congress, within 18-months of enactment, a study evaluating the structure,
governance and performance of the CDFI Fund.

This section also requires the CDFI Fund to notify Congress in advance of hiring a contractor under the SBA's Section 8(a)
contracting program.

END

HR 629 IH

106th CONGRESS

1st Session

H. R. 629

To amend the Community Development Banking and Financial Institutions Act of 1994 to reauthorize the Community
Development Financial Institutions Fund and to more efficiently and effectively promote economic revitalization, community
development, and community development financial institutions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

February 8, 1999

Mr. VENTO (for himself and Mrs. ROUKEMA) introduced the following bill; which was referred to the Committee on
Banking and Financial Services

A BILL

To amend the Community Development Banking and Financial Institutions Act of 1994 to reauthorize the Community
Development Financial Institutions Fund and to more efficiently and effectively promote economic revitalization, community
development, and community development financial institutions, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress
assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE- This Act may be cited as the `Community Development Financial Institutions Fund Amendments
Act of 1999'.

(b) TABLE OF CONTENTS- The table of contents for this Act is as follows:

Sec. 6. Additional safeguards.

SEC. 2. CHANGE OF STATUS OF THE FUND; MISCELLANEOUS TECHNICAL CORRECTIONS.

(a) PURPOSE- Section 102(b) of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701(b)) is amended to read as follows:

`(b) PURPOSE- The purpose of this subtitle is to create a Community Development Financial Institutions Fund to promote economic revitalization and community development through investment in and assistance to community development financial institutions, including enhancing the liquidity of community development financial institutions, and through incentives to insured depository institutions that increase lending and other assistance and investment in both economically distressed communities and community development financial institutions.'.

(b) DEFINITIONS-

(1) Section 103 of the Community Development Banking and Financial Institutions Act of 1994 is amended--

(A) by striking paragraph (1);

(B) by redesignating paragraphs (2) through (17) as paragraphs (1) through (16), respectively; and

(C) by inserting after paragraph (16), as so redesignated, the following new paragraph:

`(17) SECRETARY- Except in the case of section 104(d)(2), the term `Secretary' means the Secretary of the Treasury.'.

(2) The Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701 et seq.) is amended (other than in section 118) by striking `Administrator' each place such term appears and inserting `Secretary'.

(c) ESTABLISHMENT OF FUND WITHIN THE DEPARTMENT OF THE TREASURY-

(1) IN GENERAL- Section 104(a) of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4703(a)) is amended to read as follows:

`(a) ESTABLISHMENT-

`(1) IN GENERAL- There is established in the Department of the Treasury a Community Development Financial Institutions Fund that shall have the functions specified by this subtitle and subtitle B of Title II. The offices of the

Fund shall be in Washington, D.C. The Fund shall not be affiliated with any other agency or department of the Federal Government.

`(2) WHOLLY OWNED GOVERNMENT CORPORATION- The Fund shall be a wholly owned government corporation within the Department of the Treasury and shall be treated in all respects as an agency of the United States, except as otherwise provided in this subtitle.'.

(2) AUTHORITY OF THE SECRETARY OF THE TREASURY- Section 104(b) of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4703(b)) is amended to read as follows:

`(b) MANAGEMENT OF FUND-

`(1) AUTHORITY OF SECRETARY OF THE TREASURY- All functions of the Fund shall be performed by or under the supervision of the Secretary.

`(2) APPOINTMENT OF OFFICERS AND EMPLOYEES- The Secretary may appoint such officers and employees of the Fund, including

a Director, as the Secretary deems necessary or appropriate.'.

(3) INSPECTOR GENERAL-

(A) IN GENERAL- Section 118 of the Community Development Banking and Financial Institutions Act of 1994 is amended to read as follows:

`SEC. 118. INSPECTOR GENERAL.

`The Inspector General of the Department of the Treasury shall be the Inspector General of the Fund.'.

(B) TECHNICAL AND CONFORMING AMENDMENT- Section 11 of the Inspector General Act of 1978 (5 U.S.C. App. 3) is amended--

(i) in paragraph (1), by striking `; the Administrator of the Community Development Financial Institutions Fund;'; and

(ii) in paragraph (2), by striking `the Community Development Financial Institutions Fund,'.

(4) TECHNICAL CORRECTION TO RULEMAKING AUTHORITY- Section 119(a)(1) of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4717(a)(1)) is amended to read as follows:

`(1) IN GENERAL- The Secretary may prescribe such regulations and procedures as may be necessary to carry out this subtitle.'.

SEC. 3. AMENDMENTS TO PROGRAMS ADMINISTERED BY THE FUND AND THE BANK ENTERPRISE ACT OF 1991.

(a) AMENDMENTS TO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS PROGRAM-

(1) FORM OF ASSISTANCE PROVIDED- Section 108(a)(1)(B)(iii) of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4707(a)(1)(B)(iii)) is amended by inserting `through cooperative agreements or' before `by contracting'.

(2) TRAINING PROGRAMS- Section 109(d) of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4708(d)) is amended to read as follows:

`(d) FORM OF TRAINING- The Fund may offer the training program described in this section--

`(1) directly; or

`(2) through grants, contracts, or cooperative agreements with other organizations that possess special expertise in community development, without regard to whether the organizations receive or are eligible to receive assistance under this subtitle.'.

(b) AMENDMENTS TO THE BANK ENTERPRISE ACT AWARDS PROGRAM-

(1) AWARDS FOR ASSISTANCE TO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS- Paragraph (2) of section 233(a) of the Bank Enterprise Act (12 U.S.C. 1834a(a)) is amended--

(A) in that portion of such paragraph which precedes subparagraph (A), by striking `for for' and inserting `for';

(B) in subparagraph (A), by striking `for low- and moderate-income persons' and inserting `to community development financial institutions, low- and moderate-income persons'; and

(C) in subparagraph (B)--

(i) by inserting `of the increase' after `the amount'; and

(ii) by striking `financial' each place such term appears.

(2) INCREASE IN AWARD AMOUNTS FOR CERTAIN ACTIVITIES- Section 114(b)(2) of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4713(b)(2)) is amended by amending the substitute text used to apply section 233(a)(3) of the Bank Enterprise Act of 1991--

(A) in subparagraph (A), by inserting `or (2)(B)' after `paragraph (2)(A)';

(B) in subparagraph (A)(i), by inserting `each' before `such subparagraph'; and

(C) in subparagraph (A)(ii), by inserting `each' before `such subparagraph'.

(3) AWARDING CREDIT FOR ADDITIONAL QUALIFIED ACTIVITIES- Paragraph (4) of section 233(a) of the Bank Enterprise Act (12 U.S.C. 1834a(a)(4)) is amended--

(A) in the portion of such paragraph which precedes subparagraph (A), by inserting `and (2)(B)' after `paragraph (2)(A)'; and

(B) by adding at the end the following new subparagraph:

`(P) Other forms of assistance that the Board determines to be appropriate.

(4) EVALUATION OF TECHNICAL ASSISTANCE PROVIDED- Section 233(a)(7) of the Bank Enterprise Act (12 U.S.C. 1834a(a)(7)) is amended--

(A) by inserting `and other' after `technical'; and

(B) by striking `and (O)' and inserting instead `(O), and (P)'.

(5) ESTABLISHING ALTERNATIVE CRITERIA IN DEFINING CERTAIN DISTRESSED COMMUNITIES- Section 233(b)(4)(C) of the Bank Enterprise Act (12 U.S.C. 1834a(b)(4)(C)) is amended by inserting `or alternative' before `eligibility requirements'.

SEC. 4. EXTENSION OF AUTHORIZATION.

Paragraph (1) of section 121(a) of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4718(a)) is amended to read as follows:

`(1) IN GENERAL- To carry out this subtitle and subtitle B of title II, there are authorized to be appropriated to the Fund, to remain available until expended--

`(A) $95,000,000 for fiscal year 2000;

`(B) $100,000,000 for fiscal year 2001;

`(C) $105,000,000 for fiscal year 2002; and

`(D) $110,000,000 for fiscal year 2003.'.

SEC. 5. AMENDMENTS TO SMALL BUSINESS CAPITAL ENHANCEMENT PROGRAM.

(a) DEFINITION OF FINANCIAL INSTITUTION- Section 252(5) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4742(5)) is amended by inserting `any community development financial institution (as defined in section 103(5) of this Act) and,' before `any federally chartered'.

(b) ELIMINATION OF THRESHOLD APPROPRIATION- Section 253 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4743) is amended by striking subsection (d) and

redesignating
subsection (e) as subsection (d).

(c) CONFORMING AMENDMENT- Section 254(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4744(a)) is amended by inserting `(if any)' after `appropriate Federal banking agency'.

(d) AMENDMENTS TO REIMBURSEMENT AUTHORITY- Section 257(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4747(a)) is amended to read as follows--

`(a) REIMBURSEMENTS-

`(1) IN GENERAL- The Fund shall reimburse participating States according to criteria established by the Fund.

`(2) EXAMPLES OF CRITERIA- Criteria established under paragraph (1) may include whether a participating State is creating a new program, is expanding in scope or scale an existing State program, the need for Fund reimbursement, the availability of Fund resources, and other criteria established by the Fund.

`(3) TIMING AND AMOUNT OF REIMBURSEMENT- Not later than 30 calendar days after receiving a report filed in compliance with section 256, the Fund shall reimburse a participating State meeting such criteria in an amount equal to up to 50 percent of the amount of contributions by the participating State to the reserve funds that are subject to reimbursement by the Fund pursuant to section 256 and this section, until such sums made available by the Fund for this purpose are expended.'.

(e) CONFORMING AMENDMENT- Section 260 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4750) is hereby repealed.

SEC. 6. ADDITIONAL SAFEGUARDS.

(a) NEUTRAL REVIEW REQUIREMENTS- Section 107 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4706) is amended by adding at the end the following new subsections:

`(c) OBJECTIVE SCORING SYSTEM-

`(1) IN GENERAL- For purposes of making any evaluation under subsection (a) of any application, the Fund shall develop a scoring system which assigns a relative point value to each factor required to be considered under paragraphs (1) through (14) of subsection (a) in connection with the selection of applicants.

`(2) NOTICE OF SCORING SYSTEM- A description of the scoring system shall be included in any notice of funding availability issued by the Fund.

`(d) NEUTRAL MULTIPERSON REVIEW PANEL-

`(1) IN GENERAL- The Fund shall convene multiperson review panels to--

`(A) review all applications for selection, under subsection (a), on the basis of the factors required to be considered under paragraphs (1) through (14) of subsection (a) using the objective scoring system developed pursuant to subsection (c) before any selection is made by the Fund under subsection (a) with respect to such applications; and

`(B) make recommendations with regard to such selections to the Fund on the basis of such review.

`(2) COMPOSITION- The multiperson review panels shall each consist of such number of members as the Fund determines to be appropriate, but not less than 3, who shall be appointed from among individuals who, by virtue of their education, training,

or experience, are specially qualified to carry out the responsibilities of the panel and at least 1/3 of the members of each panel shall be appointed from among individuals with diverse experiences who are not officers or employees of any government.'.

(b) ADDITIONAL INFORMATION TO BE INCLUDED IN ANNUAL REPORTS- Section 117 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4716) is amended by adding at the end the following new subsections:

`(g) CONTRACT AND COMPLIANCE INFORMATION- The annual report submitted to the Congress by the Fund pursuant to subsection (a) shall contain the following information:

`(1) SERVICES OF CONTRACTORS- Information on the use of contractors to carry out any function of the Fund under this subtitle, including--

`(A) a description of the services provided by contractors under this subtitle during the period covered by the report;

`(B) a description of the procurement process utilized to obtain such services;

`(C) the basis of the authority of the Fund to contract for the services so obtained; and

`(D) the total amount obligated by the Fund for such contracts.

`(2) COMPLIANCE WITH OTHER REQUIREMENTS- An evaluation of the extent to which the Fund is

maintaining compliance, in connection with the activities of the Fund under this subtitle and subtitle B of title II,
with the requirements of, and regulations prescribed pursuant to subsections (b) and (d) of section 3512 of title
31, United States Code.

`(3) PLAN FOR ADDRESSING WEAKNESSES OF INTERNAL CONTROLS- A plan for addressing any
material weakness in internal controls identified in the most recent external audit pursuant to subsection (f).'.

(c) REPORT ON IMPLEMENTATION OF SCORING SYSTEM- The 1st annual report submitted by the Fund to
the Congress under section 117(a) of the Community Development Banking and Financial Institutions Act of 1994 after
the effective date of this Act shall include a complete description of the implementation of the scoring system required
under subsection (c) of the amendment made by subsection (a) of this section, including a description of the methodology
of the system.

(d) GAO REPORT- Before the end of the 18-month period beginning on the date of the enactment of this Act, the
Comptroller General of the United States shall submit a report to the Congress evaluating the structure, governance, and
performance of the Community Development Financial Institutions Fund.

(e) PRIOR NOTICE OF CONTRACTS- For the purpose of ensuring that the requirements of section 8(a) of the Small
Business Act are being met, and preventing evasions of such requirements, with regard to contracts involving the Fund
and contractors under such section, the Fund shall submit a notice of any such contract to the Congress at least 15 days
before any performance is due under such contract.

(f) TECHNICAL AND CONFORMING AMENDMENT- That portion of section 107(a) of the Community
Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4706(a)) which appears before paragraph (1)
of such section is amended to read as follows:

`(a) SELECTION CRITERIA- Except as provided in section 113, the Fund shall, after considering the results of the
scoring system developed under subsection (c) and the recommendations of the multiperson review panels under
subsection (d), select community development financial institution applicants meeting the requirements of section 105 for
assistance based on--'.

END

Message Sent To:

Edward A. Brigham/OMB/EOP@EOP
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PRESIDENTIAL AWARDS FOR EXCELLENCE IN MICROENTERPRISE DEVELOPMENT

February 5, 1999

Today, President Clinton Presents The Presidential Awards for Excellence in Microenterprise Development. The Presidential Awards for Excellence in Microenterprise Development were created as one of the commitments made by the United States at the United Nations Fourth World Conference on Women, held in Beijing China in September 1995. The awards reflect an on-going commitment by President Clinton to advance the role that microenterprise development plays in enhancing economic opportunities of all Americans, especially those that lack access to traditional sources of credit such as women, low income people, and minorities. President Clinton directed the Treasury Department to establish the Presidential Awards (which are administered by the Community Development Financial Institutions (CDFI) Fund) to help bring wider public attention to the important role and successes of microenterprise development in the domestic economy. The first Presidential Awards were made in January 1997 and are made in different categories designed to embrace the diverse goals, purposes and activities of successful microenterprise organizations, and the challenges and opportunities they face.

This Year's Awardees (And Some of Their Clients' Stories) Are:

- **The Micro Industry Credit Rural Organization** (MICRO), a loan fund of the PPEP Microbusiness and Housing Development Corporation, of Tucson, Arizona. Established in 1987, MICRO is one of the oldest Hispanic development organizations and one of the oldest microenterprise loan funds in the nation. MICRO is recognized as a Presidential Awardee in the *Access to Capital* award category for its best practices as a high impact, credit-oriented model for promoting micro entrepreneurship in low income, rural Arizona communities.

    - ***Client Profile:*** Maria Jesus "Chuyita" Gaxiola was a migrant farm worker, widowed with two small daughters, barely surviving on her daughters' Social Security income and speaking no English when she first visited MICRO in 1993. She was nevertheless possessed of extraordinary drive and tenacity, and over the next several years participated in a series of programs at MICRO including ESL classes and training in basic business skills. From an initial microenterprise loan of $1,500, she was able to expand her cosmetics, jewelry and accessories business into a thriving entity which in 1998 brought in $60,000 with a net profit to Chuyita of $30,000.

- **The Detroit Entrepreneurship Institute, Inc.** (DEI) of Detroit, Michigan, provides a one-stop shop for aspiring microentrepreneurs. Created in 1990, DEI is recognized as a Presidential Awardee in the *Developing Entrepreneurial Skills* award category for providing a uniquely comprehensive range of training, technical assistance and business support services targeted to welfare recipients and low income individuals.

    - ***Client Profile:*** Jacqueline Tucker is a divorced mother of three children who started a small catering business after completing her training at DEI. Jacqueline, a divorced mother of three children who was on welfare for 10 years, was determined that there would be no second generation welfare recipients among her children. She was one of DEI's first graduates and borrowers in 1991, and repaid her first $2,000 loan six months before it was due. Jacqueline's three children have played an active role in her business, with the entire family often helping with food preparation and display, clean up, loading the van, and billing. In addition to learning how to manage a business, Jacqueline now feels more confident as a citizen, mother and woman. She states that, after participating in the DEI program, she began to grow as a person. Jacqueline has now been off welfare for more than five years.

- **The Northeast Entrepreneur Fund, Inc.** (NEF) of Virginia, Minnesota. Created in 1989, NEF is recognized as a Presidential Awardee in the *Developing Entrepreneurial Skills* award category for its strong commitment to developing and implementing impact measures for assessing the performance of training-based microenterprise programs, as well as providing an effective and flexible model for delivering skill development services to rural entrepreneurs.

  - ***Client Profile:*** Carol Willoughby first became a NEF client in 1991 when she was launching her sign making business, which she began by making wedding and church banners in her living room in order to supplement her family's income. Today, her business provides convention, sporting event, and special promotion signage for the Duluth area and the upper Midwest. Carol no longer paints signs; instead she creates her signs out of vinyl with the aid of two computer systems. During the years she has operated her business, Carol has received training, technical assistance and financing from NEF. Each year, Carol has established and achieved her business and financial goals. The company's sales in 1998 were 20 times what they were in 1991. For Carol, owning her own business "has been a dream come true," and she credits NEF for helping her to make it happen.

- **The Institute for Social and Economic Development** (ISED) of Iowa City, Iowa was founded in 1989 and has proven its long term staying power while maintaining a strong and aggressive commitment to serving its low income clientele. ISED is recognized as a Presidential Awardee in the *Poverty Alleviation* award category for its success in serving low income clients, its effective program design and its commitment to promote the evolution of the microenterprise field through impact measurement.

  - ***Client Profile:*** Dancing since she was six years old, Rhonda won local and regional dance competitions and always dreamed of owning her own dance studio. By 1990, Rhonda was the assistant gymnastics coach at the local YMCA, as well as a dance coordinator and aerobics instructor. That year, however Rhonda's life took a rough turn when her husband went to prison. Rhonda, with an infant son to support, found herself with no health insurance and insufficient income to make ends meet. She was forced to go on welfare. However, Rhonda was determined to get off of welfare and rebuild her life. Rhonda went through ISED's three-month training program and received technical assistance to obtain financing and get a business started. In June of 1994, ISED helped Rhonda get a $8,200 loan from a bank, and with it she opened the Showtime Dance School. "The early days and months were rough," said Rhonda. "But, ISED was there to help me get through. They were both my best friend and business consultant." By the following year, Rhonda had made enough money to get off of public assistance.

Today, Showtime has 260 enrollments and offers instruction in tap, ballet, jazz, point and lyrical dance for ages three and up. Rhonda paid off her bank loan in full in May 1998. In 1998, Rhonda's business had approximately $60,000 in gross income and $30,000 in net income.

- **The Corporation for Enterprise Development** (CFED) of Washington D.C. and San Francisco, CA. Founded in 1978, CFED has been one of the leading lights in the development of the U.S. microenterprise industry. CFED is recognized in the _Public or Private Support for Microenterprise Development_ award category for its steadfast and long-standing commitment to low income people and its vision, creativity and initiative in moving the microenterprise industry to new heights at every stage of its development.

    - ***Client Profile:*** CFED is a policy and research institute, and as such does not have its own microentrepreneur clients. However, its list of accomplishments is long. This Awardee carries out its mission by: conducting research and program evaluation; pioneering new credit and asset-building strategies tailored to the needs of low-income people; collecting and disseminating information to the field on best practices in microenterprise development; providing training and technical assistance to many leading organizations in the microenterprise field; and serving as a strong and effective voice for the industry. Among many other claims to fame, CFED helped launch several of the industry's leading microenterprise development organizations including four Presidential Award winners -- three 1998 winners, Detroit Entrepreneurship Institute, Inc., Institute for Social and Economic Development, and Northeast Entrepreneur Fund, Inc. and Women's Self Employment Program (a 1997 winner).

- **The Montana Microbusiness Finance Program** (MMFP) of Helena, Montana builds the capacity of local organizations to promote community asset-building and microbusiness ownership. Created in 1991, MMFP is recognized in the _Public or Private Support for Microenterprise Development_ award category as a state-sponsored model for creating and growing microenterprises in a rural state.

    - ***Client Profile:*** In 1994, Kevin and Heidi Snyder were seeking to purchase a racquetball club business. Kevin and Heidi had previously managed a health club while he was attending college and studying business management, yet no local bank would lend them the money. The Snyders approached the District VI Human Resource and Development Council, one of the microlenders supported by MMFP, for a loan. After purchasing a building for The Total Body Racquetball and Fitness Center with the loan, they expanded the weight training equipment, added a tanning bed and started a racquetball league. In 1995, Kevin and Heidi refinanced their first microloan, purchased equipment, and were able to add an aerobic exercise room with a second microloan. They have since added nutrition counseling and a pro shop to their range of services, and plan to build an indoor swimming pool. They have also added to their family, and currently switch off responsibilities for raising three young boys with that of managing the Center. The Snyders were winners of the 1998 Montana Microenterprise of the Year Award. They attribute much of their success to MMFP, for backing them when no one else would, and for the business counseling, training and other assistance that enabled them to go so successfully from launch to thriving business.

Lisa Green
05/22/99 01:22:20 PM

Record Type: Record

To: Melissa G. Green/OPD/EOP@EOP

cc: Broderick Johnson/WHO/EOP@EOP, Sarah Rosen Wartell/OPD/EOP@EOP, Jonathan A. Kaplan/OPD/EOP@EOP

Subject: Update on PRIME Legislation

For Gene, per his request. I am also faxing over information to attach to this memo.

The purpose of this e-mail is to provide you with information regarding the history of the PRIME Act and to bring to your attention recent developments that may have an impact upon next Wednesday's (5/26) hearing and markup, to be held at the same time as hearings on CDFI's overall funding.

Back Ground on PRIME Act of 1999

The PRIME (Program for Investment in Microentrepreneurs) Act of 1999 (H.R. 413) is being sponsored by Representatives Bobby Rush, James Leach, John LaFalce and Bill McCollum. The Senate version which was recently incorporated into Gramm's Financial Modernization bill was introduced by Kennedy and Domenici.

The House bill has garnered strong bi-partisan support with 100 co-sponsors as of 5/21. The Act would authorize the CDFI Fund to establish a technical assistance and capacity building program that will award grants on a competitive basis. Funds would ultimately help to support microenterprise programs that are providing training and business assistance to low and very low income entrepreneurs (based on 80% of Area Median Income and 150% of poverty).

Funding for Microenterprise in the Presidents FY 2000 Budget

The PRIME ACT would authorize a cumulative appropriaton level of $105 million over four years, starting with an appropriation of $15 million in FY 2000.

In addition to funding for PRIME, the President's FY 2000 Budget includes increased funding for SBA microlending programs and SBA One-Stop Capital Shops which support microenterpise as follows.

- $32 million for SBA Training and Technical Assistance (double the 1999 appropriation of $16 million)
- $6 million for SBA Microlending Program (double the 1999 appropriation of $3 million)
- $10 million for SBA One Stop Capital Shop (nearly three times the 1999 appropriation of $3.1 million)

In total SBA will recieve $48 million in funds which are available to support microenterprise lending and microenterprise development.

Distinction Between PRIME and SBA Programs

SBA's programs are linked directly to the credit provided by SBA for microlending. Although, there is no express requirement in the statute, SBA's program has been used to support technical assistance for lenders participating in the program. In contrast PRIME, administered by CDFI, will provide support for technical assistance providers, some of which may be microlenders, and some of which may not be. CDFI is better equipped to work with community development types of organizations that provide technical assistance to low income entrepreneurs. SBA has a good history of providing assistance to small business lenders that typically serve higher income populations. Based on several recent conversations and explanations of the two programs, I believe they are not duplicative. Although the actual product is similar the target groups and the delivery mechanism differ.

SBA's Past Concerns and Current Position
Last year, SBA raised concerns about what they believe to be a duplication in PRIME and their programs. In recent conversations with SBA (Jane Merkin and Jane Butler) I was told that they still have these concerns. I communicated that the Adminstration strongly supports PRIME, and does not want there to be any controversy over the bill around this issue. I further stated that we believed this issue was resolved last year, when increased funding was provided in the budget for SBA's microlending programs.

SBA believes the issue was not actually resolved, but rather that the issue went away --- the parties involved, agreed to disagree. They stated that they have not contacted members of the Small Business Committee about this issue but that they did recieve a call from Velazquez's office and communicated their position. They also acknowledged that they do and will support PRIME and that they understand our concern about any controversy surrounding the bill. **SBA has agreed to place a joint call with me and leg affairs to Michael Day in Velazquez's office to express the Administration's support of the PRIME legislation.**

Next Week's Hearing and Markup (Possible Velazquez Amendment)
The hearing and markup for PRIME will be held on Wednesday, May 25. We have heard from several different sources (Kennedy's office, CDFI, Treasury, and Rapoza Associates - representing the industry coalition) that they have well founded concerns about Velazquez introducing an amendment at next week's hearing. The amendment would likely create a preference or priority for SBA microlenders to recieve PRIME funding. It might also include a role for SBA in creating the regulations. This amendment would muddy the distinction between the two programs and would be seen as a threat to CDFI's administration of the program. It would also raise the issue of duplicative programs to the attention of the full committee.

Testimony will be provided at the hearing by several microlenders who operate programs funded by SBA. These microlenders will be prepared to talk about the differences they believe exist between SBA's program and the proposed CDFI program. Kennedy and Domenici are also expected to testify.

Friday's Briefing for the Congressional Black, Hispanic, and Womens Caucuses
This past Friday, May 22, I participated in a briefing on PRIME organized by Bobby Rush's office with the help of Rapoza Associates. Other presenters included Michael Barr, Maurice Jones from CDFI, and a Microlender and Microentrepreneur. I stated very clearly that the Adminstration supports the legislation as proposed. We received a few questions about whether we anticipated any amendments or concerns to be raised about SBA's program. I responded (as did Michael) by emphasizing that the programs are distinct, and that increased funding has been provided for SBA microenteprise as well as this new program. Lastly, I stated that we are hopeful there will be no amendments, although markup is always unpredictable.

Next Steps
On Monday, SBA and I, along with Broderick Johnson, will place a call to Velazquez's staff to reiterate our position about this legislation. Once this call takes place I will give you an update. Depending on the outcome of this call, we may recommend that you place a call to Velazquez on the matter.

Attachments
Attached are the following:

- Letter dated October 8, reflecting CDFI's understanding of the gentleperson's agreement between SBA and CDFI.
- Letter to CDFI and Treasury outlining SBA's response to the October 8 and recommendations about

SBA's role in PRIME

- Suggested Amendments to the Senate Version of PRIME that SBA was presumably asked to comment on

All parties involved recieved the two letters attached. SBA's position is that they never agreed to CDFI's letter. CDFI and Treasury's position is that they never agreed to SBA's letter. To some extent the issue did just go away once the budget was prepared. The status of any final agreement or arrangement is also a little murky because John Gray, who is no longer at SBA, was the SBA's primary negotiator.

Lisa,

Attached is the information Jane Butler promised on PRIME. Please give me a call to discuss.

Thanks
Jane Merkin
205-6700

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

October 8, 1998

Mr. John Gray
Associate Deputy Administrator
Small Business Administration
409 3rd Street, SW
Suite 8200
Washington, DC 20416

Dear Mr. Gray:

With respect to implementation of the PRIME Act, should it be enacted, and subject to the views of the authorizing and appropriations committees and applicable law, this memorandum is to confirm that it is the CDFI Fund's intent to implement the Act in such a way as to provide additional consideration to qualified organizations that have been previously selected for an award under the Small Business Administration's Micro-Loan Program.

To that end, we would support report language to accompany the PRIME Act, along the lines of the following:

"In implementing the PRIME Act, it is the Committee's expectation that, although the Administrator of the Fund shall have sole discretion in the selection of applications for assistance under this subtitle, in evaluating such applications, the Administrator shall accord additional consideration to those applications from qualified organizations serving low income micro-entrepreneurs that have been previously selected for participation in the program established by section 7(m) of the Small Business Act (15 U.S.C. section 636(m))."

We look forward to working with the SBA on this important new initiative.

Sincerely,

Ellen Lazar
Ellen Lazar
Director
Community Development Financial Institutions Fund

Michael S. Barr
Michael S. Barr
Deputy Assistant Secretary
Community Development Policy

Ms. Ellen Lazar
Director
Community Development Financial
 Institutions Fund
Department of Treasury
Washington, DC 20220

Mr. Michael S. Barr
Deputy Assistant Secretary
Community Development Policy
Department of the Treasury
Washington, DC 20220

Dear Ms. Lazar and Mr. Barr:

Thank you for your letter of October 8, 1998. We are pleased to be able to continue discussions on this important subject.

However, in reviewing the content of your letter, we are concerned that it does not reflect the tenor of our previous agreement to ensure that SBA's input will be made in a meaningful manner and that SBA micro-intermediary participants are given preference in receiving funds. Consequently, we have the following requirements relative to the implementation of the Prime Act:

1. SBA will be required to concur in any regulations that are promulgated relative to this program.

2. The implementing regulations will specify that intermediaries who participate under SBA's Microloan Program as authorized by 15 U.S.C. 7(m) will be given substantive numerical preference in the evaluation of applications to receive funds under the PRIME Act.

3. Loans made by micro-intermediaries participating in SBA's program will be subject only to the general requirement of the PRIME Program that, overall not less than 50 percent of the grant's made are used to benefit very low income persons including those residing on Indian Reservations.

Please acknowledge your acceptance of the above requirements in writing as soon as possible. We look forward to working with you on this important initiative which will make additional critically needed technical assistance support available to micro-intermediaries, and microenterprises.

Sincerely,

/s/

John L. Gray
Associate Deputy Administrator

I agree to the additional requirements proposed by SBA for implementation of the PRIME Program.

____
Ellen Lazar
Director
Community Development Financial
Institutions Fund

____
Michael S. Barr
Deputy Assistant Secretary
Community Development Policy

Suggested Amendments to S.409
May 3, 1999

- Insert at the end of Sec. 172. DEFINITIONS the following:
  - (c) or is a small business eligible to receive a microloan under 15 U.S.C. 7(m)

- Insert at the end of Sec.175, QUALIFIED ORGANIZATIONS, a new paragraph-
  - (5) an organization designated by the U.S. Small Business Administration as a participant in the Microloan Program

- Amend Sec. 176. ALLOCATION OF ASSISTANCE; SUBGRANTS to read
  - (1) Low Income- The Administrator shall ensure that not less than 50 percent of the grants made under this subtitle are used to benefit very low-income persons, including those residing on Indian reservations, and
  - (2) Other Organizations- The Administrator shall ensure that organizations participating in the program authorized by 15 U.S.C. 7(m) receive not less than 50 percent of the total grant amounts available under this section.

- Amend Sec. 177, MATCHING REQUIREMENTS by changing "(c) Exception" to "(c) Exceptions" and amending (c) by substituting the following words as (2) and renumbering existing (2) to (3)-
  - (2) in the case of applicants participating in the program authorized by 15 U.S.C. 7(m) HUD Community Development Block Grant funds may be used to fulfill the matching requirement without impact on the stipulations of this paragraph.

- Amend Sec. 178, APPLICATIONS FOR ASSISTANCE by adding the words "(a) In General-" to the beginning of the existing paragraph and adding-
  - (b) Selection procedures shall include a requirement for consultation with the Small Business Administration regarding the award of grants to organizations participating in the program authorized by 15 U.S.C. 7(m).

Consultation with [illegible]
[illegible]