

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	From Sarah Rosen Wartell To Lisa Green (3 pages)	05/19/1999	P5

COLLECTION:

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

FOLDER TITLE:

Prime [5]

2012-0043-S
ms444

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]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

ALISON FEIGHAN
VICE PRESIDENT

RAPOZA ASSOCIATES
1250 EYE STREET N.W.
SUITE 902
WASHINGTON, D.C. 20005

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S 409 IS

106th CONGRESS

1st Session

S. 409

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.

IN THE SENATE OF THE UNITED STATES

February 10, 1999

Mr. KENNEDY (for himself, Mr. DOMENICI, Mr. REID, Mr. GRASSLEY, Mr. ABRAHAM, Mr. ROBB, Ms. COLLINS, Mrs. BOXER, Mr. SANTORUM, Mr. SARBANES, and Ms. SNOWE) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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.

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

SECTION 1. PROVISION OF TECHNICAL ASSISTANCE TO MICROENTERPRISES.

Title I of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4701 et seq.) is amended by adding at the end the following new subtitle:

`Subtitle C--Microenterprise Technical Assistance and Capacity Building Program

`SEC. 171. SHORT TITLE.

`This subtitle may be cited as the `Program for Investment in Microentrepreneurs Act of 1999', also referred to as the `PRIME Act'.

`SEC. 172. DEFINITIONS.

`For purposes of this subtitle--

(1) the term `Administrator' has the same meaning as in section 103;

`(2) the term `capacity building services' means services provided to an organization that is, or is in the process of becoming a microenterprise development organization or program, for the purpose of enhancing its ability to provide training and services to disadvantaged entrepreneurs;

`(3) the term `collaborative' means 2 or more nonprofit entities that agree to act jointly as a qualified organization under this subtitle;

`(4) the term `disadvantaged entrepreneur' means a microentrepreneur that is--

`(A) a low-income person;

`(B) a very low-income person; or

`(C) an entrepreneur that lacks adequate access to capital or other resources essential for business success, or is economically disadvantaged, as determined by the Administrator;

`(5) the term `Fund' has the same meaning as in section 103;

`(6) the term `Indian tribe' has the same meaning as in section 103;

`(7) the term `intermediary' means a private, nonprofit entity that seeks to serve microenterprise development organizations and programs as authorized under section 175;

`(8) the term `low-income person' has the same meaning as in section 103;

`(9) the term `microentrepreneur' means the owner or developer of a microenterprise;

`(10) the term `microenterprise' means a sole proprietorship, partnership, or corporation that--

`(A) has fewer than 5 employees; and

`(B) generally lacks access to conventional loans, equity, or other banking services;

`(11) the term `microenterprise development organization or program' means a nonprofit entity, or a program administered by such an entity, including community development corporations or other nonprofit development organizations and social service organizations, that provides services to disadvantaged entrepreneurs or prospective entrepreneurs;

`(12) the term `training and technical assistance' means services and support provided to disadvantaged entrepreneurs or prospective entrepreneurs, such as assistance for the purpose of enhancing business planning, marketing, management, financial management skills, and assistance for the purpose of accessing financial services; and

`(13) the term `very low-income person' means having an income, adjusted for family size, of not more than 150 percent of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2), including any revision required by that section).

`SEC. 173. ESTABLISHMENT OF PROGRAM.

The Administrator shall establish a microenterprise technical assistance and capacity building grant program to provide assistance from the Fund in the form of grants to qualified organizations in accordance with this subtitle.

SEC. 174. USES OF ASSISTANCE.

A qualified organization shall use grants made under this subtitle--

- (1) to provide training and technical assistance to disadvantaged entrepreneurs;
- (2) to provide training and capacity building services to microenterprise development organizations and programs and groups of such organizations to assist such organizations and programs in developing microenterprise training and services;
- (3) to aid in researching and developing the best practices in the field of microenterprise and technical assistance programs for disadvantaged entrepreneurs; and
- (4) for such other activities as the Administrator determines are consistent with the purposes of this subtitle.

SEC. 175. QUALIFIED ORGANIZATIONS.

For purposes of eligibility for assistance under this subtitle, a qualified organization shall be--

- (1) a nonprofit microenterprise development organization or program (or a group or collaborative thereof) that has a demonstrated record of delivering microenterprise services to disadvantaged entrepreneurs;
- (2) an intermediary;
- (3) a microenterprise development organization or program that is accountable to a local community, working in conjunction with a State or local government or Indian tribe; or
- (4) an Indian tribe acting on its own, if the Indian tribe can certify that no private organization or program referred to in this paragraph exists within its jurisdiction.

SEC. 176. ALLOCATION OF ASSISTANCE; SUBGRANTS.

(a) ALLOCATION OF ASSISTANCE-

(1) IN GENERAL- The Administrator shall allocate assistance from the Fund under this subtitle to ensure that--

(A) activities described in section 174(1) are funded using not less than 75 percent of amounts made available for such assistance; and

(B) activities described in section 174(2) are funded using not less than 15 percent of amounts made available for such assistance.

(2) LIMIT ON INDIVIDUAL ASSISTANCE- No single organization or entity may receive more than 10 percent of the total funds appropriated under this subtitle in a single fiscal year.

`(b) **TARGETED ASSISTANCE-** 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.

`(c) **SUBGRANTS AUTHORIZED-**

`(1) **IN GENERAL-** A qualified organization receiving assistance under this subtitle may provide grants using that assistance to qualified small and emerging microenterprise organizations and programs, subject to such rules and regulations as the Administrator determines to be appropriate.

`(2) **LIMIT ON ADMINISTRATIVE EXPENSES-** Not more than 7.5 percent of assistance received by a qualified organization under this subtitle may be used for administrative expenses in connection with the making of subgrants under paragraph (1).

`(d) **DIVERSITY-** In making grants under this subtitle, the Administrator shall ensure that grant recipients include both large and small microenterprise organizations, serving urban, rural, and Indian tribal communities and racially and ethnically diverse populations.

`SEC. 177. MATCHING REQUIREMENTS.

`(a) **IN GENERAL-** Financial assistance under this subtitle shall be matched with funds from sources other than the Federal Government on the basis of not less than 50 percent of each dollar provided by the Fund.

`(b) **SOURCES OF MATCHING FUNDS-** Fees, grants, gifts, funds from loan sources, and in-kind resources of a grant recipient from public or private sources may be used to comply with the matching requirement in subsection (a).

`(c) **EXCEPTION-**

`(1) **IN GENERAL-** In the case of an applicant for assistance under this subtitle with severe constraints on available sources of matching funds, the Administrator may reduce or eliminate the matching requirements of subsection (a).

`(2) **LIMITATION-** Not more than 10 percent of the total funds made available from the Fund in any fiscal year to carry out this subtitle may be excepted from the matching requirements of subsection (a), as authorized by paragraph (1) of this subsection.

`SEC. 178. APPLICATIONS FOR ASSISTANCE.

`An application for assistance under this subtitle shall be submitted in such form and in accordance with such procedures as the Fund shall establish.

`SEC. 179. RECORDKEEPING.

`The requirements of section 115 shall apply to a qualified organization receiving assistance from the Fund under this subtitle as if it were a community development financial institution receiving assistance from the Fund under subtitle A.

`SEC. 180. AUTHORIZATION.

`In addition to funds otherwise authorized to be appropriated to the Fund to carry out this title, there are authorized to be appropriated to the Fund to carry out this subtitle--

- `(1) \$15,000,000 for fiscal year 2000;
- `(2) \$25,000,000 for fiscal year 2001;
- `(3) \$30,000,000 for fiscal year 2002; and
- `(4) \$35,000,000 for fiscal year 2003.

`SEC. 181. IMPLEMENTATION.

`The Administrator shall, by regulation, establish such requirements as may be necessary to carry out this subtitle.'

SEC. 2. ADMINISTRATIVE EXPENSES.

Section 121(a)(2)(A) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4718(a)(2)(A)) is amended--

- (1) by striking `\$5,550,000' and inserting `\$6,100,000'; and
- (2) in the first sentence, by inserting before the period `, including costs and expenses associated with carrying out subtitle C'.

SEC. 3. CONFORMING AMENDMENTS.

Section 104(d) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4703(d)) is amended--

- (1) in paragraph (2)--
 - (A) by striking `15' and inserting `17';
 - (B) in subparagraph (G)--
 - (i) by striking `9' and inserting `11';
 - (ii) by redesignating clauses (iv) and (v) as clauses (v) and (vi), respectively; and
 - (iii) by inserting after clause (iii) the following:
 - `(iv) 2 individuals who have expertise in microenterprises and microenterprise development;'
 - and
- (2) in paragraph (4), in the first sentence, by inserting before the period `and subtitle C'.

END

and I am particularly
interested in hearing from
the members and micro
entrepreneur practitioners
with us today. But let
me end by stating that the
Congress ~~is supportive of~~ strongly supports
this legislation as it was
originally proposed and I'm
available for questions at the
end of the hour. All or have our

Capacity building program.

The Administration is

very supportive of this

legislation and considers

this program to be distinctly
different from existing programs.

I want to give others the
opportunity to speak.

IS a proposed program
with tremendous bi-partisan
support ~~with a new~~ |

Believe we are now at 92
co sponsors with the lead
sponsors by Rush, Leach and
LaFalce.

This act authorizes the
very successful CDFI Fund
to establish a new program
for financial assistance and

Existing programs include
SBA Technical Assistance in

the SBA Microloan Program and
the ^{SBA} Microloan Program itself.

Our budget includes double
for both of these ^{SBA Programs} over FY

99's budget and as attested in
the fact sheet I have available
for your ^{reference}

PRIME which we are here
to talk about today

Friday

This year's ~~program~~ budget focuses on leveraging new resources and making other existing resources more widely available

new resources include

The Program for Investments in Microentrepreneurs, known more commonly as PRIME

which includes programs
that provide

- access to capital
- training and technical assistance
- and other financial services

to micro entrepreneurs

Simply provide credit to
these individuals is not
enough

708-4252
6971

1st I wanted to state how important Microenterprise Development is to both President Clinton and the 1st Lady

Microenterprise Development has long been of interest to President Clinton and is a passionate interest of the First Lady

This year the Administration is seeking to dramatically increase its support for Domestic Microenterprise

Technical Assist. Fee
2 months @ 10% = 20% sales
resulted in 5% sales
150% of party = \$23,000
step study over previous



Sarah Rosen Wartell
05/24/99 11:01:19 AM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: See the distribution list at the bottom of this message
Subject: CDFI nonmember mortgagee

As you know, the Administration's long standing (but slightly silly) position on this tiny issue is that, while we do not object on the merits, we oppose piecemeal reform (and any expansion of mission without comprehensive reform) of the FHLB system. Notwithstanding the administration position (as on other issues), the CDFI non-member mortgage amendment is in the Senate-passed Fin Mod bill.

At Wednesday's hearing on PRIME, Rep. Watt (on behalf of Chairman Leach) is inclined to ask Gary: "Notwithstanding Treasury's preference for comprehensive reform, what is your view of the individual merits of the amendment?" But they won't ask unless the answer will be positive. I assume it can be, no? Please confirm.

Lauren -- Please confirm receipt. First test of email to you.

Message Sent To:

gary.gensler@do.treas.gov @ inet
michael.baer@do.treas.gov @ inet
gregory.baer@do.treas.gov @ inet
richard.carnell@do
richard.carnell@do.treas.gov @ inet
marne.levine@do.treas.gov @ inet
Roger S. Ballentine/WHO/EOP@EOP
Broderick Johnson/WHO/EOP@EOP
One America/WHO/EOP@EOP

Message Copied To:

Lisa Green/OPD/EOP@EOP
Michael Deich/OMB/EOP@EOP
Alan B. Rhinesmith/OMB/EOP@EOP
Edward A. Brigham/OMB/EOP@EOP
Alice Veenstra/OMB/EOP@EOP
lauren.choi@do.treas.gov

Withdrawal/Redaction Marker

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RR. Document will be reviewed upon request.



Lisa Green
05/14/99 03:49:37 PM

Handwritten notes:
Talent
Watts

Record Type: Record

To: Melissa G. Green/OPD/EOP@EOP
cc: Sarah Rosen Wartell/OPD/EOP@EOP
Subject: Talent-Watts

Handwritten notes:
?
6/5/20/1/1

Sarah and Gene spoke today about the draft memo I did on the Talent-Watts bill. I have some more information to put together, but Gene wrote back on the draft that he wants to discuss. I can be ready on Monday, if he wants to talk then.

Also, FYI for Gene and Sarah -- Alison said that Rapoza is thinking of doing a New Markets briefing for the Empowerment Caucus, which is principally the folks who support the American Community Renewal Act (Talent-Watts Bill). Without saying why, I asked if they could hold off on doing that meeting for now. She said they would want us to participate and therefore wouldn't schedule anything without our knowing about it and talking to us first.

Q PRIME Sent to Kreis
June 23, 1999
Michael-COS
Mamie

Members of the Small Business Committee,

We share your view of the importance of technical assistance and capacity building for low income and very-low income micro-entrepreneurs. In fact, this is an issue of personal commitment for the President. As you know, he and the First Lady have seen first hand around the country and around the world the remarkable power of microenterprise to increase opportunity and raise the spirit of residents in low income communities.

The Administration also agrees that it is imperative that these initiatives receive appropriate funding. This year, the President's balanced budget called for an overall increase of more than 100% in funding for microenterprise including \$6 million for SBA's microlending program and \$32 million for SBA training and technical assistance --- double the 1999 appropriation for both programs. In addition, the budget also calls for \$15 million for PRIME. The Administration will fight to ensure these Presidential priorities will be funded next year.

While the broad objectives of the PRIME program and SBA's microlending programs are similar, they will serve these needs in distinctly different ways. SBA's programs are linked directly to the credit provided by SBA for microlending. SBA's programs have been used in the past to support technical assistance for lenders participating in their programs. In contrast, PRIME will provide support to technical assistance providers, some of which may be micro-lenders, and some of which may not be. CDFI has a history of working with the community development types of organizations that provide technical assistance to low income entrepreneurs while SBA has a strong record of providing assistance to small business lenders. The two programs and their different delivery systems will complement each other rather than compete. We believe the programs are not duplicative.

However, we agree that as CDFI implements PRIME, it has much to learn from SBA and its experiences. We will of course be consulting together throughout the process. And the OMB interagency process for clearance of regulations provides an appropriate forum for resolution of any inconsistencies that might inadvertently arise. As for a role for participants in the SBA program, CDFI/Treasury has agreed that it shall accord additional consideration to applications from SBA 7(m) participants.

Therefore, we feel confident that the legislation in its current form as originally drafted without amendment -- can accomplish our mutual goals. We strongly support all microenterprise development programs and hope the committee takes into consideration our joint support of the proposed legislation. We appreciate your strong support for microenterprise efforts and look forward to the passage of the PRIME Act.

Sincerely,

Administrator Aida Alvarez
Small Business Administration

Secretary Robert Rubin
Department of the Treasury

June 23, 1999

not SBA okay

Members of the Small Business Committee,

We share your view of the importance of technical assistance and capacity building for low income and very-low income micro-entrepreneurs. In fact, this is an issue of personal commitment for the President. ~~As you know, he~~ and the First Lady have seen first hand around the ^{Nation} country and around the world the remarkable power of micro-enterprise to increase opportunity and raise the spirit of residents in low income communities.

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When did this come from?

While the broad objectives of the PRIME program and SBA's microlending programs are similar, they will serve these needs in distinctly different ways. ~~SBA's programs are linked directly to the credit provided by SBA for microlending.~~ ^{loans} SBA's programs have been used in the past to support technical assistance for lenders participating in their programs. ~~In contrast,~~ PRIME will provide support to technical assistance providers, some of which may be microlenders, and some of which may not be. ^{with from} CDFI has a history of working with the community development organizations that provide technical assistance to low income entrepreneurs, while SBA has a strong record of providing assistance to small-business lenders. The two programs and their different delivery systems will complement each other rather than compete. We believe the programs are not duplicative.

SBA's

participants in SBA's microlending program

community development organizations active in both lending and technical assistance programs

However, we agree that as CDFI implements PRIME, it has much to learn from SBA and its experiences. We will of course be consulting together throughout the process. ~~And the OMB Administration's interagency process for clearance of regulations~~ ^{interagency coordination} provides an appropriate forum for resolution of any inconsistencies that might inadvertently arise. As for a role for participants in the SBA program, CDFI/Treasury has agreed that it shall accord additional consideration to applications from SBA 7(m) participants.

Therefore, we feel confident that the legislation in its current form ^{as originally drafted} without amendment can accomplish our mutual goals. We strongly support all microenterprise development programs and hope the committee takes into consideration our joint support of the proposed legislation. We appreciate your strong support for microenterprise efforts and look forward to the passage of the PRIME Act.

Sincerely,

Administrator Aida Alvarez
Small Business Administration

Secretary Robert Rubin
Department of the Treasury

THE WHITE HOUSE

OFFICE OF LEGISLATIVE AFFAIRS
HOUSE LIAISON
-FAX COVER SHEET-

PRIME

DATE: 6-23-99

TO: Melissa & Lisa

FAX: 6-2878

FROM:

CHUCK BRAIN
 AL MALDON
 DARIO GOMEZ
 LISA KOUNTOUPES

BRODERICK JOHNSON
 JANELLE ERICKSON
 JADE RILEY

(202)456-6620 (TELEPHONE)
(202)456-2604 (FAX)

SUBJECT: _____

F:\PCC\BANK106\HR413SB.008
[en bloc: no paragraph (2)]

H.L.C.

AMENDMENT TO H.R. 413
OFFERED BY MR. TALENT AND MS. VELÁZQUEZ

[Page & line nos. refer to H.R. 413, as introduced on 1/19/99]

Page 5, line 17, before the period insert “, except that grant amounts made not be used to make loans of any kind”.

Page 7, after line 22, insert the following new subsection:

1 “(e) CONSIDERATION OF INTERMEDIARIES PARTICI-
2 PATING IN MICROLOAN PROGRAM.—The Administrator
3 shall establish and use criteria for selecting applications
4 for grants under this subtitle from among applications
5 that meet the requirements under this subtitle for ap-
6 proval for a grant, which—

7 “(1) may not exclude from consideration any
8 application made by a qualified organization that is
9 an intermediary participating in the program estab-
10 lished under section 7(m) of the Small Business Act
11 (15 U.S.C. 636(m)); and

12 “(2) shall provide positive consideration to an
13 application made by a qualified organization that is
14 an intermediary participating in the program estab-
15 lished under section 7(m) of the Small Business Act
16 (15 U.S.C. 636(m)).

F:\PCC\BANK106\HR413SB.008
[en bloc: no paragraph (2)]

H.L.C.

2

Page 9, after line 6, insert the following new section:

1 **“SEC. 180. REPORT.**

2 “Not later than 1 year after the date of the enact-
3 ment of this section, the Administrator shall submit to the
4 Committees on Banking and Financial Services and Small
5 Business of the House of Representatives and the Com-
6 mittees on Banking, Housing, and Urban Affairs and
7 Small Business of the Senate a report on the microenter-
8 prise technical assistance and capacity building program
9 under this subtitle, which shall include the Administrator’s
10 evaluation of the effectiveness of the first year of operation
11 of the program and the following information:

12 “(1) The number and locations of the qualified
13 organizations funded under the grant program.

14 “(2) The amount of each grant made to a
15 qualified organization.

16 “(3) A description of the matching contribu-
17 tions provided in accordance with section 177 by
18 each qualified organization receiving a grant.

19 “(4) The numbers and amounts of subgrants
20 made by qualified organizations to small business
21 concerns.

22 “(5) For each grant made under the program,
23 the purpose for which the grant funds were used.”.

F:\PCC\BANK106\HR413SB.008
[en bloc: no paragraph (2)]

H.L.C.

3

Page 9, line 7, strike "SEC. 180." and insert "SEC. 181."

Page 9, line 16, strike "SEC. 181." and insert "SEC. 182."

Page 9, line 17, before "The" insert "(a) REGULATIONS.—".

Page 9, line 19, after the first period insert the following:

1 The Administrator of the Fund shall submit a copy of any
2 such proposed, preliminary, interim, or final regulation to
3 the Administrator of the Small Business Administrator for
4 review and comment by such Administrator, and shall re-
5 view any comments of such Administrator submitted pur-
6 suant to such review. No regulation issued to carry out
7 this subtitle may take effect before the expiration of the
8 90-day period beginning upon the submission of such reg-
9 ulation to the Administrator of the Small Business Admin-
10 istration.

11 (b) COORDINATION WITH SMALL BUSINESS ADMINIS-
12 TRATION.—Notwithstanding any other provision of this
13 subtitle, the Administrator of the Fund may not make any
14 grant under this subtitle before the Administrator enters
15 into a memorandum of understanding with the Adminis-

F:\PCC\BANK106\HR413SB.008
[en bloc: no paragraph (2)]

H.L.C.

4

1 trator of the Small Business Administration providing
2 that the program under this subtitle and the microloan
3 demonstration program under section 7(m) of the Small
4 Business Act (15 U.S.C. 636(m)) will be carried out in
5 conjunction and coordination with each other in a manner
6 that advances the purposes of both such programs.

AF LME

From: Leticia Sierra on 06/23/99 04:15:39 PM

Record Type: Record

To: Lisa Green/OPD/EOP@EOP, karen.dorsey@do.treas.gov @ inet

cc:

Subject: Some comments on SBA/Treas letter


Alexander T. Hunt

06/23/99 03:11:25 PM

Record Type: Record

To: Leticia Sierra/OMB/EOP@EOP

cc: Daniel J. Chenok/OMB/EOP@EOP, Stuart Shapiro/OMB/EOP@EOP, David Rostker/OMB/EOP@EOP, Richard E. Green/OMB/EOP@EOP

Subject: Re: LRM LSS122 - - SBA / TREASURY Report on HR413 PRIME Act of 1999 

The reference to OMB's interagency process for clearing regulations is not objectionable, but it is a little confusing. Is Treasury indicating a willingness to subject CDFI's implementing regs to E.O. 12866 review to provide for interagency coordination? I typically circulate draft Treasury regs informally to people I know are interested. I am indifferent about which way we do this, but we should be clear about whether or not this letter commits OMB to reviewing CDFI's regs formally. I expect that Treasury will have an opinion on this issue.




Daniel J. Chenok
06/23/99 03:16:20 PM

Record Type: Record

To: Alexander T. Hunt/OMB/EOP@EOP

cc: leticia sierra/omb/eop@eop, stuart shapiro/omb/eop@eop, david rostker/omb/eop@eop, richard e. green/omb/eop@eop

Subject: Re: LRM LSS122 - - SBA / TREASURY Report on HR413 PRIME Act of 1999 

Actually we usually do not use the word "clearance" in official communications about regs.

Once Alex's concern is addressed, can we change the reference to :

"Executive Order 12866 ~~OMB~~ interagency process for **review** ~~clearance~~ of regulations



Darrell Park
06/23/99 03:28:19 PM

Record Type: Record

To: Leticia Sierra/OMB/EOP@EOP

cc:

bcc:

Subject: Re: LRM LSS122 - - SBA / TREASURY Report on HR413 PRIME Act of 1999 

I have no comments. There is a typo in this letter. The second to the last sentence in the third paragraph should be than instead of that.

DRAFT

June 23, 1999

Members of the Small Business Committee,

We share your view of the importance of technical assistance and capacity building for low income and very-low income micro-entrepreneurs. In fact, this is an issue of personal commitment for the President. As you know, he and the First Lady have seen first hand around the country and around the world the remarkable power of micro-enterprise to increase opportunity and raise the spirit of residents in low income communities.

The Administration also agrees that it is imperative that these initiatives receive appropriate funding. This year, the President's balanced budget called for an overall increase of more than 100% in funding for microenterprise including \$6 million for SBA's microlending program and \$32 million for SBA training and technical assistance --- double the 1999 appropriation for both programs. In addition, the budget also calls for \$15 million for PRIME. The Administration will fight to ensure these Presidential priorities will be funded next year.

While the broad objectives of the PRIME program and SBA's microlending programs are similar, they will serve these needs in distinctly different ways. SBA's programs are linked directly to the credit provided by SBA for microlending. SBA's programs have been used in the past to support technical assistance for lenders participating in their programs. In contrast, PRIME will provide support to technical assistance providers, some of which may be micro-lenders, and some of which may not be. CDFI has a history of working with the community development organizations that provide technical assistance to low income entrepreneurs, while SBA has a strong record of providing assistance to small business lenders. The two programs and their different delivery systems will complement each other rather than compete. We believe the programs are not duplicative.

However, we agree that as CDFI implements PRIME, it has much to learn from SBA and its experiences. We will of course be consulting together throughout the process. And the OMB interagency process for clearance of regulations provides an appropriate forum for resolution of any inconsistencies that might inadvertently arise. As for a role for participants in the SBA program, CDFI/Treasury has agreed that it shall accord additional consideration to applications from SBA 7(m) participants.

Therefore, we feel confident that the legislation in its current form as originally drafted without amendment -- can accomplish our mutual goals. We strongly support all microenterprise development programs and hope the committee takes into consideration our joint support of the proposed legislation. We appreciate your strong support for microenterprise efforts and look forward to the passage of the PRIME Act.

Sincerely,

Administrator Aida Alvarez
Small Business Administration

Secretary Robert Rubin
Department of the Treasury



Sarah Rosen Wartell
06/22/99 03:32:49 PM

PRIME

Record Type: Record

To: Lisa Green/OPD/EOP@EOP, Jonathan A. Kaplan/OPD/EOP@EOP, Melissa G. Green/OPD/EOP@EOP
cc: Edward A. Brigham/OMB/EOP@EOP, Broderick Johnson/WHO/EOP@EOP
Subject: SBA and PRIME

I talked to Swedin (SBA CoS). I framed it as -- "we need your help." When I brought up the subject she emphasized that they are team players. I said I knew, which was why we needed their help. Sweidin said she'd check with Aida but didn't think the letter would be a problem. I said we'd get them a draft late tonight. (I still think a Gene call to Velasquez is also appropriate.)

I recommend that the letter be framed in terms of agreeing with a number of the premises in the supplemental views of the members but reach the conclusion that no changes are needed to the legislation in order accomplish those goals. So something along these lines

- We share your view of the importance of technical assistance and capacity building for low income and very-low income microentrepreneurs. In fact, this is an issue of personal commitment for the President. As you know, he and the First Lady have seen first hand around the country and around the world the remarkable power of microenterprise to increase opportunity and raise the spirit of (etc.)
- The Administration also agrees that it is imperative that these initiatives receive appropriate funding. This year, the President's balanced budget called for an overall increase of ____ in funding for microenterprise including \$ ____ for SBA microloan and \$ __ for SBA's TA -- a ____% increase over FY 99. In addition, the budget also calls for \$15 million for PRIME. The Administration will fight to ensure these Presidential priorities will be funded next year. [check with dauster on language about commitment in budget process.]
- While the broad objectives of the two programs are similar, they will serve these needs in distinctly different ways -- [distinguish delivery systems etc.] They complement not compete or duplicate.
- However, we agree that as CDFI implements PRIME, it has much to learn from SBA and its experiences. We will of course be consulting together throughout the process. And the OMB interagency process for clearance of regulations provides an appropriate forum for resolution of any inconsistencies that might inadvertently arise.
- As for a role for participants in the SBA program, CDFI/Treasury has agreed that it shall accord additional consideration to applications from SBA 7(m) participants.
- Therefore, we feel confident that the legislation -- in its current form without amendment -- can accomplish our mutual goalsblah blah.
- Appreciate your strong support for microenterprise efforts.
- sincerely,



Lisa Green
06/23/99 04:30:19 PM

PRIME

Record Type: Record

To: Melissa G. Green/OPD/EOP@EOP
cc: Jonathan A. Kaplan/OPD/EOP@EOP
Subject: Call to Velasquez on Prime

I know I am asking for something very difficult and that you are reluctant to place this call because (1) we don't have a legislative strategy in place yet for New Markets and (2) because Velazquez has requested a meeting with Gene. However, Gene indicated during my 5 seconds with him on PRIME that **we should let him know if we need him to make calls about this matter.**

If there is anyway possible to have Gene call Velasquez on PRIME I believe it is important. I would recommend the following strategy with Gene working off of these talking points:

- He is looking forward to meeting with her sometime in the next week (prior to the trip) to discuss the New Markets trip and the new Markets legislation.
- He understands that a markup is taking place on PRIME tomorrow as a result of the sequential referral to the Small Business Committee.
- SBA and Treasury are working on a draft letter indicating their support of PRIME and their belief that implementation of the ACT can be worked out through the Administration's normal interagency coordination rather than amendment to the bill that would require SBA's express approval of the regulations.
- He wants to reiterate the Administration's strong support of the PRIME legislation as originally drafted.

He could then talk with her in general about whatever it is that she is so pressed to discuss with him.

This is important because the **markup is taking place tomorrow morning** and although we are working furiously on the letter I don't know if it will actually get to the committee by tomorrow morning. I can send the full package from the other day with background over to you immediately if you need it for Gene's or your reference. **THANK YOU.** Also if this does happen, Broderick requested that he be patched in if at all possible.

DID NOT HAPPEN