



**United States Department of Agriculture
Rural Development**

JUN 13 2008

TO: Selected State Directors*
Executive Director and Board of Directors Round II and III Empowerment
Zone and Enterprise Community

SUBJECT: Empowerment Zone and Enterprise Community Grant Extension Process

RELATED REFERENCES:

Taxpayer Relief Act of 1997; Section 766 of the United States Department of Agriculture,
Rural Development, Food and Drug Administration, and Related Agencies Appropriations
Act, 1999;

The Community Renewal Tax Relief Act of 2000; and
The Consolidated Appropriations Act of 2001.

Previous guidance for State and local level entities concerning the Department of Agriculture
Rural Development Empowerment Zone and Enterprise Community (EZ/EC) Grants.

Rural Development Internet page at: [http://www.rurdev.usda.gov/rbs/ezec/
About/ruralregs.html](http://www.rurdev.usda.gov/rbs/ezec/About/ruralregs.html).

DEFINITIONS AND CORRESPONDING REGULATIONS:

Department of Agriculture EZ/EC Grants--Areas designated as Empowerment Zone or
Enterprise Community by the Secretary of Agriculture. [Public Law 105-277 Sec. 766].
The EZ/EC Program initiative was enacted by Congress to address rural and urban decay and
general neglect in communities throughout America. Instead of mandating a one size fits all
solution for the very different challenges that face communities across the country, the EZ/EC
Program gives each locality the flexibility to develop the solutions that best meets its needs.

The Department of Agriculture EZ/EC Program is managed by the United States Department of
Housing and Urban Development (HUD) and the United States Department of Health Human
Services. The Program provides flexible EZ/EC grant funds, Federal tax incentives, and other
assistance to encourage comprehensive revitalization in special rural places.

1400 Independence Ave, S.W. · Washington DC 20250-0700
Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination, write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).

Round II EZ/EC - A geographic area selected by the Secretary of Agriculture in 1998 for participation in the Round II EZ /EC Program; [Public Law 105-277 Sec. 766, 107-74; 106-544; 107-76; 108-199; and 110-161].

Round III Empowerment Zone - A geographic area selected by the Secretary of Agriculture in 2001 for participation in the Round III Empowerment Zone Program [Public Law 106-554 Sec. 112].

BACKGROUND:

The Department of Agriculture Rural Development Business and Cooperative Programs is charged with administration of the rural EZ/EC Program. Its mission is to help rural Americans improve the quality of their lives. It coordinates Federal assistance to rural areas of the Nation.

There have been three rounds of EZ/EC Grants with the first areas designated in 1994. Subsequent designations occurred in 1998 and 2002.

In 2001, Congress extended all Empowerment Zone designations through December 31, 2009. However, Congress did not extend the project/grant period.

The EZ/EC designation stipulates that the project grant period will expire on December 24, 2008, for Round II EZ/EC. A copy of the Terms and Conditions is attached.

The Department of Agriculture may extend an EZ/EC Grant project period where there is a legitimate need. The fact that there is a balance of funds remaining at the end of the original project period is not sufficient justification for extending the grant project period.

Many EZ/ECs and their lead organization are beginning to recognize that they will not be able to complete planned projects and activities within the original project period.

The Department of Agriculture agrees that it will be helpful to extend EZ/EC Grant project periods for a period of 12 months on a case-by-case basis.

APPLICATION FOR GRANT EXTENSION:

Requests for extension must include the following components: Items 1-4 must be received by July 11, 2008.

1. Cover sheet with the following information:

- (a) The signatures, names, titles and mailing addresses of the Board President and Executive Director of the EZ/EC.
- (b) The names, mailing address and telephone number of contact persons at the EZ/EC or local lead entity who the Department of Agriculture may contact for further information about the application.

2. A statement specifying the proposed grant project period end-date. The proposed end-date may not exceed December 31, 2009.

3. A completed SF-424. See form posted on the Rural Development Web site at:
<http://www.rurdev.usda.gov/rbs/coops/sf424.pdf>

4. The creation of a new benchmark in the Benchmark Management System, similar to the Community, Test and Training, Benchmark Number 424, by July 11, 2008. Fill in the Main Menu with benchmark numbers for those projects that will be finished by December 31, 2009, including EZ/EC funds expected to be spent. Use Capacity Building as the Category; for Activity, use Close-Out Projects and number of projects for the Measure. You are not expected to fill out the Task and Funding/Assistance forms as this information is duplicative and available on specific benchmarks (this would cause doubling of output measures).

Applications for extension which do not adhere to these requirements will not be approved.

APPLICATION FOR EXTENSION PROCESS:

The Department of Agriculture's Cooperative Programs (CP) will accept applications for grant extension at anytime between now and July 11, 2008. After the deadline, CP will not accept any applications. CP strongly encourages local EZ/EC and lead entities to submit applications for extension as soon as possible. CP will respond to all applications by August 8, 2008. CP may require additional information concerning the application. Applicants may submit a paper copy of the application materials to the following address:

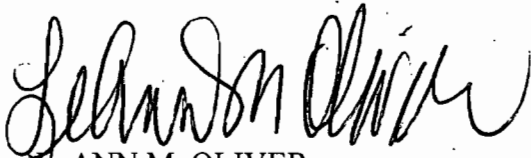
The U.S. Department of Agriculture
Rural Development/Cooperative Programs
ATTN: John H. Wells
EZ/EC Grant Extension
1400 Independence Avenue, SW, Stop 3254
Washington, DC 20250-3254

Selected State Directors*

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All electronic applications should be sent to the following e-mail address:
sharon.colbert@wdc.usda.gov or suzette.agans@wdc.usda.gov.

Please direct inquiries to Suzette Agans at 202-401-1922 or Sharon Colbert at 202-260-5952.



LeANN M. OLIVER
Deputy Administrator
Cooperative Programs

Attachment

*Selected State Directors: Alaska, Arizona, California, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Maine, Michigan, Montana, North Dakota, New Mexico, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, West Virginia, Wisconsin

Terms and Conditions

United States Department of Agriculture
Rural Development Grants Round II and III
Empowerment Zone and Enterprise Community

The final regulations governing the Empowerment Zone and Enterprise Community (EZ/EC) Grants can be downloaded at the Department of Agriculture EZ/EC Web site at <http://www.rurdev.usda.gov/rbs/ezec/index.html>. Portions of regulations relevant to extension of the EZ/EC grant requirements are clarified below:

- 1) The Department of Agriculture Uniform Federal Assistance Regulations, 7 CFR Part 25, "Designation of Rural Empowerment Zones and Enterprise Community" apply.
- 2) Funds not obligated within 1 year of award will be recouped by the Department of Agriculture via the issuance of a negative grant award.
- 3) In the event the Department of Agriculture sends a warning letter (pursuant to 7 CFR Part 25.403) regarding possible termination to a Designated EZ or EC, it will not release funds to satisfy obligations subsequently incurred by the designee, until determined that the designation will not be terminated.
- 4) The provision of 31 CFR Part 205 "Rules and Regulations for Funds Transfer" apply. If this grant program is not covered by a Treasury State Cash Management Improvement Act agreement, the provisions of 31 CFR Part 205.20 "Cash Advances" apply.

Section 205.20(a) states that cash advances are to be limited to the minimum amounts needed and shall be timed to be in accord only with the actual, immediate cash requirements in carrying out a program or project. The timing and amount of cash or cash advances shall be as close as is administratively feasible to the actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.

- 5) These grant funds may not be used to supplant Federal or non-Federal funds for Services and activities which promote the purposes of Section 2007 of the Social Security Act.
- 6) These grant funds may not be used to meet the matching requirements of other Federal grant programs except when a waiver is granted.

- 7) All amounts reported on the final SF-269 as unliquidated obligations must be remitted back to the Department of Agriculture either via check from the EZ/EC or lead entity, or if funds have not been drawn, via negative grant award.

- 8) The expenditure of funds under this program is subject to the annual requirements under the Single Audit Act of 1984 [P.L. 98-502] and the Office of Management and Budget Circulars A-133 (non-profit entities) and A-128 (State Agencies). In fiscal years ending after December 31, 2003, an annual audit report must be prepared in accordance with 7 C.F.R. § 3052 (a) and (b). Grantees that expend \$500,000 or more in a year in Federal awards shall have a single or program specific audit conducted for that year. 7 C.F.R. § 3052.200(b) states that grantees that expend \$500,000 or more in a year in Federal awards shall have a single audit conducted in accordance with §3052.200 except when they elect to have a program specific audit.