

THE WHITE HOUSE
WASHINGTON

MEMORANDUM TO LEON PANETTA

FROM: Carol H. Rasco *CHR*
Bob Rubin
Jack Quinn

SUBJ: Urban Policy

DATE: July 18, 1994

process to determine

instead of the many different and largely unconnected initiatives now going on. This will involve making some difficult choices among competing claims on budget and out reach resources.

Towards their ends,

You asked earlier that Carol visit with Bob and Jack to propose a strategy for a cohesive urban policy. ~~In addition to the significant work going on in regards to the Urban Policy report mandated by law for HUD to present and the numerous programs and policies the Administration has already completed and/or presented,~~ we have set into motion the following:

1. A team made up of staff members from DPC, NEC and the Vice President's office will within two weeks prepare an inventory and analysis of the known projects, policies and programs considered under the umbrella of Urban Policy. OMB will be consulted in this process.
2. We will meet with the staff that compiles the inventory/analysis during the week of August 1 to determine what steps are to be taken next. We anticipate that we will follow our usual process within the NEC/DPC for policy development which involves calling for initial work through a deputies' council of the NEC/DPC followed by a Principals' meeting of the two groups and/or an interagency working group of the appropriate members of the two councils.

whatever decisions are made,

cohesive urban policy

We believe a key component to a comprehensive Administration urban policy is the assignment of a communications staff member to the task. A number of critical components of this policy are in place, and we need a coordinated communications plan throughout the Administration to obtain the best coverage.

We think you should
Finally, if you wish to send a memo to appropriate Cabinet members about the process for the administration's urban policy to be developed and coordinated as described above, we will be happy to have one drafted if you agree.

We will keep you posted on the progress of this process.

Thank you.

We think there is a reasonably good chance that business support system, long term, and business support could be developed around an urban policy which could over time make the administration make the basic decisions.

cc

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*Carol -
Thanks. I appreciate
you including me.
Here are some comments
-- do with them as
you like. J.G.*

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We believe a key component to a comprehensive Administration urban policy is the assignment of a communications staff member to the task. A number of critical components of this policy are in place, and we need a coordinated communications plan throughout the Administration to obtain the best coverage. *We therefore request*

Finally, *we urge* ~~if~~ *describing* you ~~wish~~ to send a memo to appropriate Cabinet members ~~about~~ the process for the administration's urban policy to be developed and coordinated. ~~as described above,~~ *we will be happy to have one drafted. And a memo for you if you like.* *that the communication*

We will keep you posted on the progress of this process.

Thank you.

Department be directed to assign someone to this effort on a part time basis within two weeks.

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Memo?

We will keep you posted on the progress of this process.

Thank you.

Commun.?

MARTIN:
 Paul's name
 Paul's name

~~Handwritten notes~~
 elton,
 ting
 ~~Handwritten notes~~
 I, WLS speaker:
 metro gov.
 job creation
 meeting w/ all
 society

Urban Policy -- Initiatives and Processes

Active/Relevant Legislative Items

CDBFI.

Authorization: In conference, close to being passed.

Appropriations: Appropriators cooperating, FY 95 appropriation likely, though for less than we wanted.

Interim implementation authority: Congress cooperating to a limited degree, full interim implementation authority does not appear likely. WH Personnel and Treasury have begun looking for potential nominees for head of the Fund.

Waiver Bill. The Local Flexibility Act, which vests waiver authority in the new Community Enterprise Board to respond to needs of distressed community demonstration areas, passed the Senate as an amendment to S.4, the technology bill. We are looking for a new vehicle to attach it to. Passage not likely this year.

Reflects a budget-neutral option for a second round of EZ/ECs.
 ~~Handwritten notes~~
 Comm. & ...
 ...

Crime Bill (Prevention Items). YES (Youth Employment and Skills): \$900 million over 5 years to provide subsidized youth employment (subsidized), and services, including placement in private sector, in 20 places. Bradley's Community Schools. \$900 million over 5 years to provide after-school, weekend and summer programming for youth development and some job placement for ages 10-18.

Welfare Reform. Youth Responsibility Partnerships. \$300 million over 5 years to provide in each of 1000 poor-district schools, a team comprised of 2 full-time youth development workers and 5-7 National Service volunteers who would work to prevent teenage pregnancy and work to link students to jobs or college.

Active Policy Development or Implementation Processes

The Urban Policy Report. Report in final drafting stages, after six months of work and input, primarily from the NEC, DPC and HUD; but also from numerous federal agencies represented on the NEC, DPC and Community Enterprise Board. Report emphasizes that metropolitan regions are the building blocks of the national economy, that the destinies of cities and suburbs are interwoven, and that inner-cities must find their competitive niches in the regional economy. Report, as currently drafted, announces that Cisneros will launch a national dialogue on metropolitan solutions to urban problems and include the results of this dialogue in the 1995 Urban Report. Report slated for release in August. No decisions on rollout.

OMB Spring Policy Review on Urban Policy. Chris Edley led internal OMB deliberations throughout the spring on ideas and options for urban policy. Options included: (1) Variations on second round of EZ/ECs; (2) Mobility/Reverse Commuting strategies; and (3) options for challenges (both coercive and voluntary) to spur metropolitan cooperation to solve urban problems. The option that Edley is advocating, "Metropolitan Empowerment Zones," would begin with a national dialogue on the interwoven destinies of cities and suburbs and develop consensus on a set of national goals for urban communities. It would then offer planning grants to metropolitan regions to undergo a metropolitan-wide planning exercise; they would set regional attainment targets for the national urban goals, e.g., reducing suburban-urban employment disparities, and devise strategies for meeting the goals. Twelve metropolitan demonstration areas would then be chosen and they would be rewarded with flexible new grant funds over several years, and perhaps some special tax incentives, plus significant deregulation on various existing program funds flowing to MEZ jurisdictions. All of the communities that submitted EZ/EC applications would automatically receive planning grants to build on their plans by going through the metropolitan-wide planning exercise.

Community Enterprise Board.

(1) Empowerment Zones Working Group. (Co-chaired by Cashin, Weinstein, Gibson) 519 applications received on June 30 (292 urban, 227 rural) Group has been working together for six months on selection and implementation issues for EZs and ECs. Selection/review process is proceeding well with many agencies detailing staff to the effort. Issue of whether and how to do a second round of Empowerment Zones to accommodate the "non-winners" has arisen repeatedly in our deliberations. EZ/EC application materials committed to addressing the waiver requests of all applicants, whether or not they were selected.

(2) Subcommittee on Indian Economic Development. (Co-Chaired by Nash (USDA) and Deer (BIA) [Although not "urban policy", this is a policy development group that has been assigned as a subcommittee of the Community Enterprise Board.] Has been working to reach consensus on a Native American housing finance proposal put for by the Native American Housing Finance Commission. Close to conclusion on a \$30 million, non-GSE option that would be included in HUD's 1994 housing authorization bill. Working group will also be proceeding over the next year to work on economic development proposals for Indian Country.

(3) Subcommittee on Indiana and West Virginia State Consolidated Plans. (Chaired by Rasco) [A precursor to the coordination and waiver facilitation role of the Board.] Meets as needed to respond to the needs of Indiana and West Virginia in their attempts to implement locally developed plans that consolidate the delivery of scores of federal social service delivery programs.

ETR Subrooup on Overcoming Discrimination and Expanding Opportunity. In May 1994, the Education, Training and Reemployment Working Group, co-chaired by Paul Dimond and Bill Galston, approved the creation of a Subgroup that would address the unique labor market problems experienced by young minorities. The group, co-chaired by Sheryll Cashin and Peter Edelman (HHS), is focusing on new strategies for antidiscrimination enforcement and solving the problem of the lack of access of many minorities to informal networks that lead to jobs. A working paper is being developed to provide a baseline for the ETR group by 1) defining the impacts that discrimination and the decline in job linkage (informal networks) are having in minority labor markets, particularly for African American and Hispanic youth, young adults and first-time job entrants; 2) describing the current state of federal interventions regarding antidiscrimination and job linkage; and 3) pointing a possible strategic direction for the future. This paper may be a precursor to a public document that is released in the future, but for now that is not the objective.

Infrastructure Bank Working Group. Led by Deich (NEC), working on a decision memorandum on options for creating an infrastructure finance mechanism that could be targeted to urban areas.

Larry Katz

Arthur R. ... in ... about ...

THE WHITE HOUSE
OFFICE OF DOMESTIC POLICY

CAROL H. RASCO
Assistant to the President for Domestic Policy

To: _____

Draft response for POTUS
and forward to CHR by: _____

Draft response for CHR by: _____

Please reply directly to the writer
(copy to CHR) by: _____

Please advise by: _____

Let's discuss: _____

For your information: _____

Reply using form code: _____

File: _____

Send copy to (original to CHR): _____

Schedule ? : Accept Pending Regret

Designee to attend: _____

Remarks: *Per Wilbur - you two discussed
this letter in relation to your
mtg w/ Rubin on the issue*

FACSIMILE TRANSMISSION

RURAL DEVELOPMENT ADMINISTRATION

DATE: 7-14-94

TO: Carol Rasco
Assistant to the President
for Domestic Policy
Office: (202) 456-2216
Fax: (202) 456-2878

JUL 14 REC'D

FROM: Wilbur T. Peer
Acting Administrator
Office: (202) 690-4730
Fax: (202) 690-4737

Comments:

Number of Pages: 3
(including this sheet)



United States
Department of
Agriculture

Rural
Development
Administration

Washington, D.C.
20250

July 14, 1994

Ms. Carol Rasco
Assistant To The President
Domestic Policy Council
The White House
Washington, DC

Dear Carol:

I appreciated our recent opportunity to discuss rural development issues. I would like to follow up that conversation with a proposal to continue to effectively implement the rural Empowerment Zone program and enhance our reinvention of the Federal government.

The proposal has three principal elements: 1) a program of benefits for strong Empowerment Zone/Enterprise Community applicants whom we cannot designate; 2) a demonstration program of technical assistance to rural communities in a multi-state region; and 3) a major revision of rural development program regulations to streamline delivery and make programs more responsive to individual community needs.

Benefits for Non-Designated EZ/EC Applicants

With the Empowerment Initiative, it is clear that we have unleashed a tremendous amount of enthusiasm in communities all across rural America. It is essential for us to assure that this force for change is continued and magnified. However, since only 33 of the more than 225 rural applicants will receive designations, we run a serious risk of turning off many of the communities whose initiative is so critical. We need to act immediately to put in place a program to turn non-designated communities into "champions." This program could have the following elements: 1) Presidential recognition, such as a certificate or recognition at a White House ceremony; 2) expedited regular program funding to help implement community strategic plans; 3) regulatory waivers; 4) inclusion of "champion" communities in a national publicity campaign focusing on successful innovations; 5) technical assistance to "champions"; 6) inclusion in an Internet-based communications system.

Technical Assistance Demonstration

We have been holding discussion with the Tennessee Valley Authority about initiating a demonstration program in several states that border the TVA region. The proposed program would match TVA's skills in community strategic planning and technical assistance with RDA and FmHA's rural development financial assistance programs. The demonstration will focus particular attention on non-designated Empowerment Zone applicants in Alabama,



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Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

Mississippi, Tennessee, and other states in the region. In addition, it will establish community strategic planning as an essential preliminary to qualifying for Federal program assistance.

Rural Development Program Streamlining

For the past year, we have been rewriting RDA program regulations to open up a broader range of developmental options, redesign program delivery systems, decentralize implementation authority to more localized levels, and streamline program implementation. These changes have been coordinated with the Congress, and respond to both the letter and the spirit of recommendations included in the 1995 Senate appropriations report. Much of our work is nearing completion and will soon be ready for publication as new regulations. This work is "reinventing government" at its best. We asked our customers what kind of assistance they needed from us, and we asked our field staff what changes would make their work more effective. Then we set out to make these changes. Once in place, they will make RDA a much more effective organization and position it for a true leadership role and to meet the challenges we have set for ourselves through the Water 2000 Initiative.

Taken together, these three actions represent a solid program for change that can bring credit on the Administration by reinforcing three of its principal domestic initiatives: Empowerment, Reinventing Government, and Water 2000. While we have made much progress in developing these actions, much work remains to be completed before they can be put into full implementation.

To have maximum impact, these initiatives need to be implemented in coordination with the announcement of EZ/EC designations this fall, with the forthcoming Water 2000 Roundtable, and with implementation of the National Performance Review. Therefore, it is essential that we move quickly.

White House sponsorship of this package jointly with Secretary Espy and Under Secretary Nash will assure a commitment by OMB and others to accomplish these actions on a timely basis. If you concur in the potential of these actions to enhance Administration initiatives, I would like to meet with you to discuss how White House sponsorship could expedite their accomplishment.



WILBUR T. PEER
Acting Administrator

THE WHITE HOUSE
WASHINGTON

7/11/74

Carol:

As promised, here are
my thoughts on an Urban
Policy Working Group. This is
still very rough.

RJW

DRAFT

July 12, 1994

MEMORANDUM FOR CAROL RASCO

FROM: Paul Weinstein

SUBJECT: Urban Policy Working Group (Some Thoughts)

I. Purpose

A. Continue to refine the urban policy framework set forth in the Urban Policy Report.

B. Coordinate policy development. Serve as a forum for decision-making.

C. Develop an interagency process for reviewing policy proposals from the agency and ensuring that those proposals are integrated within the urban policy framework and communications message.

D. Serve as a policy sounding board for ideas submitted by representatives of urban America, including Mayors.

II. Structure

A. Co-chaired by the DPC-NEC. Will require involvement of DPC-NEC deputies at regular principals meetings (once a month).

B. Membership -- OMB, CEA, OVP, HUD, Treasury, Justice, Veterans, HHS, Defense, Commerce, Labor, Education, Transportation, SBA, EPA, and CDBFI Fund.

C. Other White House Departments -- In order for this to be a successful working group, it is imperative that White House Communications and the Office of Intergovernmental Affairs be active participants. This includes assigning a staff member to work with the group on a continual basis. We have a lot of urban policies out there, but we have lacked a coherent message and strategy. Therefore giving the impression that we have no policy at all. The Urban Report will help, in that it lays out a framework, but it is only a first step. Communications must help us formulate the strategy.

III. Process

A. Monthly meetings of deputies. Principals meetings when necessary (Decisions rising to the principals level could be handled within the current structure of the DPC-NEC decision-making process).

B. The working group will break up into to subgroups to deal with specific issues or projects -- similar to what we have done on EZs/ECs; CDBFIs, CRA, Microenterprise and IDAs, Urban Report, etc. This builds off the strength of the present DPC-NEC working group on Community Empowerment that has been successful at dealing with specific projects and seeing them through to completion. Possible subgroups include: 1. Housing; 2. Access to Capital; Access to Credit and Insurance; Community development; Federalism; Infrastructure; Job Creation, Human Development.

IV. This is the most difficult issue. Urban policy cuts across a broad range of topics. It is important to clearly define what will be the scope of the working group. At a minimum it should include economic and human development, however it should not become too all encompassing. There are separate working groups on education, crime, welfare, homelessness, that are working well on their own, but which do have a strong interrelationship with urban policy. We could set up a liaison relationship with those groups.

JUN 20 REC'D

THE WHITE HOUSE

WASHINGTON

June 20, 1994

MEMORANDUM FOR CAROL RASCO

BOB RUBIN

THROUGH: BRUCE REED
GENE SPERLING

FROM: PAUL WEINSTEIN
SHERYLL CASHIN
PAUL DIMOND

SUBJECT: NEXT STEPS ON EMPOWERMENT
ZONES/ENTERPRISE COMMUNITIES

Pat: Per Email

Since the beginning of the application process last January, inquiries about a second round of Empowerment Zones/Enterprise Communities (EZ/EC) have been growing. Secretary Cisneros has been promoting the idea. And OMB, as part of its FY 1996 Budget Process, has included a second round of empowerment zones as an option for consideration.

We disagree with any proposal to institute a second round of EZs/ECs that simply duplicates the existing program. However, we believe there may be some low-cost options for an additional round that would be effective and would build on the most positive aspects of the program. Such a proposal might include providing a low cost capital tax incentive -- as opposed to the expensive wage credit -- and grants to designated ECs and some additional sites.

We fear that if we do not engage in a deliberative process on this issue, a second round option may ultimately be adopted that is not cost-effective. We are also exploring an idea about a Government Sponsored Enterprise (GSE) option that could be part of an urban package that would not be limited to the zones. We propose that the DPC/NEC, in consultation with the Vice President's office, begin discussions on this issue.

If we are going to have any influence on the content of the FY 1996 Budget regarding EZ/ECs, we need to reach a consensus over the next several weeks.

There are several compelling reasons for building on the existing EZ/EC initiative:

First, as recent news articles from across the country indicate, the Administration's EZ/EC initiative has had its intended effect of bringing together diverse partners in a community to focus energy on a distressed community -- partners that normally do not work

together. Many of these reports indicate that communities have for the first time developed a "holistic" approach to economic revitalization and public-private partnerships have developed as a result of the application process that will be a force for change in the future.

Second, because we will only be designating nine EZs this fall, there will be a number of communities that will be disappointed who may have been deserving of a designation. By announcing that we will be planning (with the help of Congress) a second round, we can diffuse considerable tensions around the initial selections.

Third, a second round would provide a strong incentive to designated ECs to follow through on their strategic plans and commitments.

We recommend that you convene a meeting of Bruce Reed, Gene Sperling, Jack Quinn, Kumiki Gibson, and us early next week to discuss this issue.