

103D CONGRESS
1ST SESSION

H. R. 818

To amend title VI of the Omnibus Budget Reconciliation Act of 1981 to establish a community services empowerment program.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 1993

Mr. MARTINEZ introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To amend title VI of the Omnibus Budget Reconciliation Act of 1981 to establish a community services empowerment program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Community Services
5 Empowerment Amendments of 1993”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—Congress finds the following:

8 (1) Low-income communities in urban and
9 rural areas throughout the United States depend on
10 community service programs to fight poverty and

1 ameliorate the effects of poverty on people who live
2 in these communities.

3 (2) Present antipoverty programs funded by
4 community service programs date back to 1964,
5 when President Lyndon Johnson “declared war on
6 poverty,” and Congress passed the Economic Oppor-
7 tunity Act of 1964.

8 (3) Community service programs have helped
9 millions of people from low-income communities ac-
10 quire meaningful employment, adequate education,
11 necessary emergency assistance, economic self-suffi-
12 ciency, child care, weatherization, transportation,
13 consumer counseling, and numerous other opportuni-
14 ties for self-advancement.

15 (4) Community service programs provide special
16 services for older individuals, migrant workers, and
17 Native Americans.

18 (5) Community service programs have strength-
19 ened the capability of low-income communities to
20 plan and coordinate Federal, State, and other pro-
21 grams related to the elimination of poverty, so that
22 these other programs respond to the local needs and
23 conditions through the efforts of local officials, orga-
24 nizations, and interested and affected citizens.

1 (6) Community service programs have stimu-
2 lated a more concentrated utilization of all available
3 local, State, private, and Federal resources to enable
4 low-income families, and low income individuals of
5 all ages in rural and urban areas to attain the skills,
6 knowledge, motivation, and opportunities needed for
7 them to become fully self-sufficient.

8 (7) Development and implementation of com-
9 munity service programs serve the poor or low-in-
10 come areas with the maximum feasible participation
11 of residents of the areas and members of the groups
12 served, so as to best stimulate and take full advan-
13 tage of capabilities for self-advancement and ensure
14 that such programs and projects are otherwise
15 meaningful to and widely utilized by their intended
16 beneficiaries.

17 (8) Community service programs have broad-
18 ened the resource base of programs directed at the
19 elimination of poverty, to secure (in addition to the
20 services and assistance of public officials, private reli-
21 gious, charitable, and neighborhood organizations,
22 and individual citizens) a more active role of busi-
23 ness, labor, and professional groups able to provide
24 employment opportunities or otherwise influence the

1 quality and quantity of services of concern to the
2 poor.

3 (9) Community service program funds provided
4 under the Community Services Block Grant Act (42
5 U.S.C. 9901 et seq.) are used to leverage a signifi-
6 cant amount of private funding which, when com-
7 bined and coordinated with Federal and State pro-
8 gram funds, results in effective, cost-efficient, and
9 comprehensive local strategies to alleviate poverty.

10 (10) Ninety-five percent of the funds provided
11 under such Act are directly spent on antipoverty
12 programs.

13 (11) Local antipoverty programs funded under
14 the Community Services Block Grant Act do not du-
15 plicate local social service programs, according to a
16 1986 study by the General Accounting Office.

17 (b) PURPOSE.—It is the purpose of this Act to estab-
18 lish a national corporation on community service
19 empowerment to administer the community services
20 empowerment partnership program established by this Act
21 and to serve as a focal point for Federal efforts to promote
22 community services empowerment.

1 **SEC. 3. AMENDMENT TO TITLE VI OF THE OMNIBUS BUDG-**
2 **ET RECONCILIATION ACT OF 1981.**

3 Title VI of the Omnibus Budget Reconciliation Act
4 of 1981 is amended by inserting after subtitle B (relating
5 to the community services block grant program) the fol-
6 lowing:

7 **“Subtitle C—Community Services**
8 **Empowerment**

9 **“CHAPTER 1—NATIONAL COMMUNITY**
10 **SERVICES EMPOWERMENT PARTNER-**
11 **SHIP CORPORATION**

12 **“SEC. 685. NATIONAL COMMUNITY SERVICES**
13 **EMPOWERMENT PARTNERSHIP CORPORA-**
14 **TION.**

15 “(a) ESTABLISHMENT.—There is established in the
16 executive branch of the Federal Government the National
17 Community Services Empowerment Partnership Corpora-
18 tion.

19 “(b) BOARD OF DIRECTORS.—

20 “(1) APPOINTMENT.—The Corporation shall be
21 headed by a board of directors appointed by the
22 President, by and with the advice and consent of the
23 Senate. Members of the board shall be appointed
24 from among individuals who have experience in com-
25 munity services empowerment policies and programs
26 and shall be appointed as follows:

1 “(A) One individual shall be appointed
2 from among individuals who represent organiza-
3 tions that—

4 “(i) were officially designated as com-
5 munity action agencies or community ac-
6 tion programs under section 210 of the
7 Economic Opportunity Act of 1964 (42
8 U.S.C. 2790) for fiscal year 1981, and did
9 not lose the designation as a result of fail-
10 ure to comply with such Act, or

11 “(ii) came into existence during fiscal
12 year 1982 as direct successors in interest
13 to such community action agencies or com-
14 munity action programs,

15 and meet the requirements under section
16 675(c)(3) of the Community Services Block
17 Grant Act (42 U.S.C. 9904(c)(3)),

18 “(B) One individual shall be appointed
19 from among individuals who represent local
20 governments.

21 “(C) One individual shall be appointed
22 from among individuals who represent State
23 governments.

1 “(D) Two individuals shall be appointed
2 from among individuals who represent private
3 philanthropic organizations.

4 “(E) Two individuals from communities
5 with a concentration or substantial number of
6 low-income individuals.

7 “(F) One individual shall be appointed
8 from among individuals who have experience in
9 finance and community development lending.

10 “(G) Two individuals shall be appointed
11 from among individuals who have experience in
12 the operation of private business enterprises.

13 “(H) Two individuals shall be appointed
14 from among individuals who represent commu-
15 nity development corporations.

16 “(I) Two Federal officers who have respon-
17 sibility for developing community services
18 empowerment policy, *ex officio*.

19 “(2) CHAIRPERSON.—The board shall elect, for
20 a 2-year term, a chairperson from among the mem-
21 bers of the board.

22 “(3) COMPENSATION.—The members of the
23 board shall serve without compensation but shall re-
24 ceive travel expenses, including a per diem allowance

1 in lieu of subsistence, in accordance with sections
2 5702 and 5703 of title 5, United States Code.

3 “(4) AUTHORITY TO ISSUE RULES.—The board
4 may issue rules to carry out this subtitle. The board
5 shall issue rules—

6 “(A) establishing criteria that shall be ap-
7 plied by community services empowerment cor-
8 porations and emerging community services
9 empowerment corporations for the purpose of
10 selecting recipients of financial assistance pro-
11 vided under this subtitle by such corporations,

12 “(B) specifying the terms and conditions
13 that shall apply to loans and loan guarantees
14 made under this subtitle by such corporations,
15 and

16 “(C) prohibiting conflicts of interest appli-
17 cable to such corporations, and to all officers
18 and employees of such corporations.

19 “(5) QUORUM.—A majority of the members of
20 the board shall constitute a quorum.

21 “(6) OFFICERS AND EMPLOYEES.—(A) The
22 board shall appoint a chief executive officer.

23 “(B) The board may employ such other officers
24 and employees as the board considers necessary to
25 carry out the functions of the Corporation.

1 “(C) With the approval of the board, the chief
2 executive officer may appoint and remove such em-
3 ployees of the Corporation and such officer considers
4 necessary to carry out the functions of the Corpora-
5 tion.

6 “(c) AUTHORITY TO RECEIVE GIFTS.—The Corpora-
7 tion may receive gifts of cash. Such gifts shall be available
8 to the Corporation only to carry out this subtitle and shall
9 be in addition to funds appropriated to carry out this sub-
10 title.

11 “(d) AUTHORITY TO APPOINT A COMMUNITY SERV-
12 ICES EMPOWERMENT ADVISORY COMMITTEE.—The Cor-
13 poration may appoint a Community Services
14 Empowerment Advisory Committee to advise the Corpora-
15 tion with respect to carrying out this subtitle. Such com-
16 mittee shall be composed of—

17 “(1) representatives of community services
18 empowerment corporations, and

19 “(2) individuals who have expertise in commu-
20 nity services empowerment.

21 **“SEC. 685A. INSPECTOR GENERAL OF THE CORPORATION.**

22 “(a) ESTABLISHMENT AND DUTIES.—There is estab-
23 lished in the Corporation an Office of the Inspector Gen-
24 eral. The Office shall be headed by the Inspector General
25 of the Corporation who shall have the duties, responsibil-

1 ities, and authorities specified in the Inspector General
2 Act of 1978 (5 U.S.C. App.).

3 “(b) REFERENCES.—For purposes of subsection (a),
4 references in the Inspector General Act of 1978 (5 U.S.C.
5 App.) to the establishment involved, to the head of the
6 establishment, and to an Inspector General shall be
7 deemed to be references to the Corporation, the Board of
8 Directors of the Corporation, and the Inspector General
9 of the Corporation, respectively.

10 **“CHAPTER 2—COMMUNITY SERVICES**
11 **EMPOWERMENT PARTNERSHIP IN-**
12 **VESTMENT FUNDS**

13 **“SEC. 686. GRANTS.**

14 “(a) GENERAL AUTHORITY.—The Corporation may
15 make grants on a competitive basis to eligible community
16 services empowerment corporations and to emerging com-
17 munity services empowerment corporations, to establish,
18 to maintain, or to expand revolving funds that are used
19 to make or guarantee loans to, to make capital invest-
20 ments in, or to provide technical assistance and training
21 to new or expanding locally-owned private business enter-
22 prises intended to provide business and employment op-
23 portunities for low-income individuals in urban neighbor-
24 hoods and rural areas.

1 “(b) AUTHORITY TO MAKE SPECIAL EMPHASIS
2 GRANTS.—Not less than 10 percent of the funds appro-
3 priated under section 689D(a) for any fiscal year shall be
4 reserved by the Corporation to make grants to eligible
5 community services empowerment corporations that agree
6 to make loans and loan guarantees to, and capital invest-
7 ments in, locally-owned private business enterprises with
8 fewer than 15 full-time employees (or the equivalent there-
9 of) in communities with a persistently high rate of unem-
10 ployment. Loans and capital investments made under this
11 subsection to a particular locally-owned private business
12 enterprise may not exceed \$35,000 in the aggregate.

13 **“SEC. 686A. ELIGIBILITY FOR GRANTS.**

14 “(a) ELIGIBILITY OF COMMUNITY SERVICES
15 EMPOWERMENT CORPORATIONS.—To be eligible to re-
16 ceive a grant under section 686, a community services
17 empowerment corporation shall submit to the Corporation
18 an application in such form, and containing such informa-
19 tion, as the board of the Corporation may require by rule,
20 including—

21 “(1) a community services investment plan that
22 identifies and describes the economic characteristics
23 of the communities to be served through financial
24 assistance provided under this chapter by the appli-
25 cant, the types of locally-owned private business en-

1 terprises to be assisted, and the impact of such as-
2 sistance on low-income individuals,

3 “(2) in the case of a grant requested under sec-
4 tion 686(a), an assurance that the applicant will ob-
5 tain an amount of non-Federal funds that is not less
6 than the amount of the grant requested and will ex-
7 pend such amount to carry out such plan,

8 “(3) an assurance that the applicant will ad-
9 minister under this subtitle a revolving fund into
10 which are deposited the requested grant, the funds
11 required by paragraph (2), donated funds (if any),
12 and amounts required by section 686D(c) to be paid
13 into such fund,

14 “(4) evidence of good working relationships
15 with the organizations referred to in section
16 685(b)(1)(A),

17 “(5) evidence of good working relationships
18 with local and regional job training programs,

19 “(6) evidence of good working relationships
20 with local business and financial interests, as well as
21 leaders in the community the applicant proposes to
22 serve, and

23 “(7) an assurance that the applicant will target
24 job creation and job-preservation opportunities by

1 providing financial assistance so that 75 percent of
2 such opportunities are for the benefit of—

3 “(A) low-income individuals,

4 “(B) individuals who are unemployed or
5 underemployed,

6 “(C) individuals who are participating or
7 have participated in job training programs au-
8 thorized by the Job Training Partnership Act
9 or the Family Support Act of 1988, or

10 “(D) individuals whose jobs are termi-
11 nated, to enable such individuals to find subse-
12 quent employment without experiencing a pe-
13 riod of unemployment.

14 “(b) ELIGIBILITY OF EMERGING COMMUNITY SERV-
15 ICES EMPOWERMENT CORPORATIONS.—To be eligible to
16 receive a grant under section 686(a), an emerging commu-
17 nity services empowerment corporation shall submit to the
18 Corporation an application in such form, and containing
19 such information, as the board of the Corporation may
20 require by rule, including—

21 “(1) a community services investment plan that
22 identifies and describes the economic characteristics
23 of the communities to be served through financial
24 assistance provided under this chapter, the types of
25 locally owned private business enterprises to be as-

1 sisted, and the impact of such assistance on low-in-
2 come individuals, and

3 “(2) an assurance that the applicant will ad-
4 minister under this subtitle a revolving fund into
5 which are deposited the requested grant, donated
6 funds (if any), and amounts required by section
7 686D(c) to be paid into such fund.

8 **“SEC. 686B. SELECTION OF APPLICANTS TO RECEIVE**
9 **GRANTS.**

10 “In selecting applicants to receive grants under this
11 chapter, the Corporation shall ensure that—

12 “(1) financial assistance provided under this
13 chapter by such applicants is provided to locally
14 owned private business enterprises located in com-
15 munities in which there is a concentration or sub-
16 stantial number of low-income individuals,

17 “(2) the applicant possesses the technical and
18 management capability to administer a revolving
19 fund under this chapter, and

20 “(3) a representative cross section of applicants
21 are approved, including community services
22 empowerment corporations in large, small, urban,
23 and rural communities and community services
24 empowerment corporations that represent diverse
25 populations.

1 **“SEC. 686C. LIMITATIONS ON AMOUNT OF GRANTS MADE BY**
2 **THE CORPORATION.**

3 “The aggregate amount of grants made under this
4 chapter by the Corporation—

5 “(1) to a particular community services
6 empowerment corporation may not exceed
7 \$2,000,000, and

8 “(2) to a particular emerging community serv-
9 ices empowerment corporation may not exceed
10 \$500,000.

11 **“SEC. 686D. LIMITATIONS ON USE OF REVOLVING FUNDS.**

12 “(a) LIMITATION ON CAPITAL INVESTMENTS.—The
13 amount of a capital investment made from a revolving
14 fund administered under this chapter may not exceed 50
15 percent of the ownership of the locally owned private busi-
16 ness enterprise in which such investment is made.

17 “(b) LIMITATION ON ADMINISTRATIVE COSTS, AND
18 TECHNICAL ASSISTANCE AND TRAINING.—Not more than
19 10 percent of the aggregate amount withdrawn from a re-
20 volving fund administered under this chapter may be ex-
21 pended by a community services empowerment corporation
22 collectively for administrative costs incurred by such cor-
23 poration, technical assistance, and training.

24 “(c) LIMITATION ON LOAN REPAYMENTS AND PRO-
25 CEEDS FROM CAPITAL INVESTMENTS.—Funds received
26 by a community services empowerment corporation as—

1 “(1) a repayment of a loan, or
2 “(2) proceeds from a capital investment,
3 made by such corporation from a revolving fund adminis-
4 tered under this chapter shall be deposited in such revol-
5 ving fund.

6 **“CHAPTER 3—CAPACITY ENHANCEMENT**
7 **GRANTS**

8 **“SEC. 687. GRANTS.**

9 “The Corporation may make grants to emerging com-
10 munity services empowerment corporations to increase the
11 capacity of such corporations to carry out community serv-
12 ices empowerment projects.

13 **“SEC. 687A. EXPENDITURE OF GRANTS.**

14 “Grants made under section 687 shall be expended—

15 “(1) to evaluate the need for, and feasibility of
16 operating, particular locally owned private business
17 enterprises to provide business and employment op-
18 portunities for low-income individuals,

19 “(2) to develop the capacity of emerging com-
20 munity services empowerment corporations to assist
21 such enterprises to prepare business plans, and

22 “(3) to develop the skills necessary for such
23 corporations to raise funds to assist such enter-
24 prises.

1 **“SEC. 687B. LIMITATION ON AMOUNT OF GRANTS.**

2 “The aggregate amount of grants made in a fiscal
3 year under this chapter by the Corporation to a particular
4 emerging community services empowerment corporation
5 may not exceed \$75,000.

6 **“CHAPTER 4—TECHNICAL ASSISTANCE**
7 **AND TRAINING; RESEARCH AND DEM-**
8 **ONSTRATION**

9 **“SEC. 688. TECHNICAL ASSISTANCE AND TRAINING.**

10 “The Corporation may make grants to community
11 services empowerment corporations (other than emerging
12 community services empowerment corporations), and to
13 nonprofit private organizations the Corporation deter-
14 mines to be qualified, to provide to emerging community
15 services empowerment corporations technical assistance
16 and training relating to the operation of locally owned pri-
17 vate business enterprises.

18 **“SEC. 688A. RESEARCH AND DEMONSTRATION.**

19 “The Corporation may make grants to community
20 services empowerment corporations and to institutions of
21 higher education to carry out research and demonstration
22 projects that—

23 “(1) identify current problems relating to the
24 need for community services empowerment in urban
25 neighborhoods, and in rural areas, that have a con-
26 centration or substantial number of low-income indi-

1 individuals, including particular populations of such in-
2 dividuals; and

3 “(2) identify methods to reduce such need.

4 **“CHAPTER 5—GENERAL PROVISIONS**

5 **“SEC. 689. AUDITS.**

6 “(a) ANNUAL AUDIT.—The Corporation shall either
7 audit community services empowerment corporations and
8 recipients of financial assistance from such corporations,
9 or require such corporations and such recipients to submit
10 an audit to the Corporation, in each year in which such
11 corporations administer and such recipients use such as-
12 sistance received under this subtitle.

13 “(b) REQUIREMENT APPLICABLE TO SUBMITTED
14 AUDITS.—Any audit submitted under subsection (a) to
15 the Corporation shall be conducted by a certified public
16 accountant in accordance with generally accepted auditing
17 standards.

18 “(c) RETENTION OF AUDITS.—Each audit prepared
19 to comply with this section shall be retained by the Cor-
20 poration for a period of not less than 5 years.

21 **“SEC. 689A. REPORTS.**

22 “The Corporation shall submit annually to the Presi-
23 dent, the Committee on Education and Labor of the
24 House of Representatives, and the Committee on Labor

1 and Human Resources of the Senate a report contain-
2 ing—

3 “(1) a description of the extent to which such
4 assistance contributed to the self-sufficiency and
5 community services empowerment of communities,
6 and of the amount of non-Federal cash contributed
7 in connection with providing such assistance,

8 “(2) an assessment of the business and employ-
9 ment opportunities that resulted from providing fi-
10 nancial and other assistance under this subtitle,

11 “(3) a description of the locally owned private
12 business enterprises, the technical assistance and
13 training, and the research and demonstration
14 projects assisted under this subtitle, including a de-
15 scription of the persons and communities that par-
16 ticipated and the types of such enterprises so
17 assisted,

18 “(4) an itemized statement of the costs in-
19 curred by community services empowerment corpora-
20 tions in connection with carrying out this subtitle,

21 “(5) an itemized statement identifying profits
22 received by such corporations in connection with car-
23 rying out this subtitle,

24 “(6) a description of the extent to which organi-
25 zations that contributed cash under this subtitle to

1 such corporations participated in the business enter-
2 prises, technical assistance and training, and re-
3 search and demonstration projects assisted under
4 this subtitle,

5 “(7) a description of the efforts of the Corpora-
6 tion to provide technical assistance and training
7 under this subtitle,

8 “(8) a statement specifying the number of
9 emerging community services empowerment corpora-
10 tions that received grants under section 686(b), and

11 “(9) a summary of the results of the research
12 and demonstration projects carried out under chap-
13 ter 4.

14 **“SEC. 689B. REPAYMENT OF FUNDS.**

15 “If the Corporation determines on the record, after
16 an opportunity for a hearing, that a private corporation
17 that administers a revolving fund under this subtitle—

18 “(1) is not in substantial compliance with this
19 subtitle and the rules issued by the board of the
20 Corporation to carry out this subtitle, or

21 “(2) ceases to be a services empowerment cor-
22 poration,

23 then such private corporation shall terminate such fund,
24 shall pay the balance of such fund to the Corporation, and

1 assign to the Corporation the rights of such corporation
2 to receive amounts payable to such fund.

3 **“SEC. 689C. DEFINITIONS.**

4 “For purposes of this subtitle—

5 “(1) the term ‘Corporation’ means the Commu-
6 nity Services Empowerment Partnership Corporation
7 established by section 685(a),

8 “(2) the term ‘community services
9 empowerment’ means community economic develop-
10 ment that provides business and employment oppor-
11 tunities in communities with a concentration or sub-
12 stantial number of low-income individuals,

13 “(3) the term ‘community services
14 empowerment corporation’ means a nonprofit private
15 corporation—

16 “(A) the board of which is composed of
17 business, civic, and community leaders,

18 “(B) the principal purposes of which in-
19 clude providing low-income housing and com-
20 munity services empowerment, and

21 “(C) that has experience, and a record of
22 achievement, in developing housing for low-in-
23 come individuals or in carrying out community
24 services empowerment projects, in communities

1 with a concentration or substantial number of
2 low-income individuals,

3 “(4) the term ‘emerging community services
4 empowerment corporation’ means a community serv-
5 ices empowerment corporation that has completed at
6 least 1, but not more than 2, community services
7 empowerment projects,

8 “(5) the term ‘institution of higher education’
9 has the meaning given it in section 1201(a) of the
10 Higher Education Act of 1965 (20 U.S.C. 1141(a)),

11 “(6) the term ‘low-income individual’ means an
12 individual whose family income does not exceed the
13 poverty line,

14 “(7) the term ‘nonprofit private corporation’
15 means a private corporation no part of the earnings
16 of which inures to the benefit of any member, found-
17 er, contributor, or individual, and

18 “(8) the term ‘poverty line’ has the meaning
19 given such term in section 673(2) of the Community
20 Services Block Grant Act and includes any adjust-
21 ment required by such section.

22 **“SEC. 689D. AUTHORIZATION OF APPROPRIATIONS.**

23 “(a) GRANTS TO COMMUNITY SERVICES
24 EMPOWERMENT CORPORATIONS.—There is authorized to
25 be appropriated \$150,000,000 in the aggregate for fiscal

1 years 1994, 1995, and 1996 to make grants under section
2 686 to community services empowerment corporations.

3 “(b) GRANTS TO EMERGING COMMUNITY SERVICES
4 EMPOWERMENT CORPORATIONS.—There is authorized to
5 be appropriated \$90,000,000 in the aggregate for fiscal
6 years 1994, 1995, and 1996 to make grants under sec-
7 tions 686(a) and 687 to emerging community services
8 empowerment corporations. Of the amount appropriated
9 under this subsection—

10 “(1) 80 percent shall be available to make
11 grants under section 686(a), and

12 “(2) 20 percent shall be available to make
13 grants under section 687.

14 “(c) GRANTS FOR TECHNICAL ASSISTANCE AND
15 TRAINING, AND FOR RESEARCH AND DEMONSTRATION.—
16 There is authorized to be appropriated \$10,000,000 in the
17 aggregate for fiscal years 1994, 1995, and 1996 to carry
18 out chapter 4.”.

19 **SEC. 4. CONFORMING AMENDMENT.**

20 Section 5315 of title 5, United States Code, is
21 amended by adding at the end the following:

22 “Inspector General, National Services
23 Empowerment Partnership Corporation.”.

○

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