

MEETING WITH THE PRESIDENT'S
COMMITTEE ON URBAN DEVELOPMENT
AND NEIGHBORHOOD REVITALIZATION

Wednesday, July 21, 1976

11:30 A. M.

THE PRESIDENT HAS SEEN ~~.....~~

THE PRESIDENT HAS SEEN...

THE WHITE HOUSE

WASHINGTON
July 20, 1976

MEETING WITH THE PRESIDENT'S COMMITTEE
ON URBAN DEVELOPMENT AND
NEIGHBORHOOD REVITALIZATION

Wednesday, July 21, 1976
11:30 a.m.
Cabinet Room

From: Jim Cannon



I. PURPOSE

The purpose of the meeting is:

- To review and discuss the ways in which major Federal grant and loan programs flow into urban areas. The review will be based on an initial survey of programs submitted by the member agencies of the Committee to Secretary Hills.
- To adopt a plan to consult with local officials and neighborhoods.
- To adopt a timetable for preparing and submitting an initial report to the President.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background:

The President's Committee on Urban Development and Neighborhood Revitalization was appointed on June 30, 1976, and given a three-part charge:

- Review major Federal programs which have an impact on cities and their neighborhoods.
- Consult local officials and neighborhood groups on Federal programs which affect them.
- Recommend to the President and the Congress changes in Federal policies and programs affecting cities and their neighborhoods in order to place maximum decision-making responsibility at the local level, to remove legal and administrative obstacles to exercise of this authority, and to provide for better coordination and delivery of Federal programs.

Appointment of the President's Committee resulted in part from a White House Conference on Ethnicity and Neighborhood Revitalization (May 5) co-sponsored by the Office of Public Liaison and the National Center for Urban Ethnic Affairs. Discussions with the Cabinet on June 29 led to the decision to give the Committee a broader urban focus.

Legislation is currently pending in Congress to create a two-year Presidentially-appointed National Commission on Neighborhoods to study the impact of Federal programs on neighborhood problems and make recommendations. Chances of early passage appear good.

Progress to Date

The Committee has formed a Liaison Committee consisting of one representative, usually a sub-Cabinet officer, from each agency. The Liaison Committee has prepared a quick survey of major Federal urban programs designed to provide information on program objectives, structure, and flow of dollars to various levels of government. The survey also called for an initial assessment of program coordination problems and of criticisms levelled by local officials and neighborhoods.

Within HUD, Secretary Hills has developed a tentative list of management principles for the delivery of Federal grant and loan programs based on the Administration's philosophy of giving local elected officials maximum responsibility and flexibility. These principles include:

- Preference for use of block grants, with broad guidelines;
- Preference for funding through locally-elected chief executive officers;
- Conformance of the grant-making cycle to local budget cycles;
- Preference for providing funds to cover 100% of costs rather than requiring matching;
- Preference for multi-year entitlement funding;
- Preference for enforcing Federal requirements through monitoring rather than front-end review -- David-Bacon, environment, and EO; and
- Use of "timeclock", or deadline for Federal action on applications, preferably with automatic approval at the end of the review period.

Proposed Objectives of the President's Committee

The Committee should deliver an interim report to the President by October 1 with the following components:

- An outline of proposed principles governing Federal State-local relationships which will form the basis for long-term reform of the Federal delivery system.
- An assessment of Federal program impacts on cities and neighborhoods, based on extensive consultation with State and local officials and neighborhood groups.
- Immediate-effect initiatives which can be taken by agencies to improve interagency coordination, reduce application requirements, streamline processing, and increase local discretion and flexibility.

In the longer run, the Committee should develop a proposed legislative program which could include additional block grant proposals, tax incentives designed to stimulate urban and neighborhood preservation, and changes in grant distribution formulae designed to channel funds to declining cities and/or regions.

B. Participants

See Tab A.

C. Press Plan

To be determined during the meeting.

PARTICIPANTS:

Secretary Carla A. Hills (Chairman)

Jerry Thomas, Under Secretary, Department of the Treasury,
for Secretary Simon

Henry F. McQuade, Deputy Administrator for Policy Division,
LEAA, Department of Justice, for the Attorney General

William Walker, Assistant Secretary for Rural Development,
Department of Agriculture, for Secretary Butz

Secretary Elliot L. Richardson

Richard Darman, Assistant Secretary for Policy, Department
of Commerce

Secretary W. J. Usery

William Morrill, Assistant Secretary for Planning and Evaluation,
Department of Health, Education and Welfare, for Secretary
Mathews

Secretary William T. Coleman, Jr.

Mitchell P. Kobelinski, Administrator, Small Business
Administration

Michael P. Balzano, Jr., Director, ACTION

Samuel Martinez, Director, Community Services Administration

Jim Cannon, Director, Domestic Council

Bill Baroody, Director, White House Office of Public Liaison

THE PRESIDENT HAS SEEN....

AGENDA

July 21, 1976

PRESIDENT'S COMMITTEE ON URBAN DEVELOPMENT
AND NEIGHBORHOOD REVITALIZATION

1. Discussion of Initial Survey of Federal Programs
2. Discussion of Organizing Principles
3. Discussion of Proposed Meetings with State and Local Officials, and Neighborhood Groups
4. Discussion of Proposed Work Plan and Timetable
5. Discussion of Possible Early Initiatives

PROGRAM SURVEY
SUMMARY

SUMMARY RESULTS OF INITIAL PROGRAM SURVEY

An initial survey of federal program relating to the President's Committee's interests was conducted July 7-14. The survey consisted of agency responses to a Program Summary Sheet (attached). Thirteen agencies responded with information on 103 programs.

In spite of the quick turnaround time for agency responses, the survey produced a useful first look at the range and variety of federal programs impacting on urban areas and neighborhoods. The survey also contained items of information on program evaluations, on problems and criticisms relating to program operation and coordination, and on the job impact of some programs. However, because of the variety of programs, there was a lack of uniformity and comparability in the information submitted, and therefore further collection and analysis of program information will be necessary.

In reviewing the survey, we also attempt to assess the program against a tentative list of management principles for the delivery of federal grant and loan programs based on the Administration's philosophy of giving local elected officials maximum responsibility and flexibility. These principles include:

- (1) Preference for use of block grants, with broad guidelines;
- (2) Preference for funding through locally-elected chief executive officers;
- (3) Conformance of the grant-making cycle to local budget cycles;
- (4) Preference for providing funds to cover 100% of costs rather than requiring matching;
- (5) Preference for multi-year entitlement funding;
- (6) Preference for enforcing Federal requirements through monitoring rather than front-end review--Davis-Bacon, environment, and EO; and
- (7) Use of a "timeclock", or deadline for Federal action on applications, preferably with automatic approval at the end of the review period.

Since these specific program characteristics were not asked of the agencies, it was not possible during the first review to get precise answers to each question. Generally, however, the review confirmed in some detail that which was largely known: few funds flowing to urban areas are in any form other than the categorical grants-in-aid.

Of the 103 programs summarized, 63 were grant programs, of which four were block grants and 59 were categoricals. The remaining 40 varied from direct provision of services to loans and loan guarantees. A rough estimation of the Federal funds covered by the 103 programs is \$43 billion, of which \$19 billion are categorical grants, \$16.9 billion block grants, and \$7 billion other types of assistance (including value of insurance and loan guarantees).

In about one-fourth of the programs, local governments are eligible direct applicants, but in many of these they are not the only eligible group, and must compete with States and local organizations. In other programs, funds are allocated on a formula basis to States, who then allocate them on a grant basis among local jurisdictions, or to local agencies other than general purpose governments.

Matching funds are generally required from State and local governments; often they are not required from non-profit organizations.

As categorical grant programs, virtually all have extensive application review requirements, with few limits on the time a Federal agency can review an application, nor any assurance of approval after lengthy delay.

The exceptions to these comments are few. General Revenue Sharing, of course, is the prototype in most respects. HUD's Community Development Block Grant program generally meets the seven characteristics. Labor's CETA program is also a block grant going to local governments ("prime sponsor") based on a formula. However, it is not an entitlement, and has more extensive planning and application review procedures. Finally, LEAA provides block grants to States based on population for criminal justice planning, of which at least 40 percent must pass through to local governments.

PROGRAM SUMMARY SHEET

1. Program name and statute.
2. Relevant background information, including date program began.
3. Objectives.
4. Program description.
5. Eligible grantees, funding level, timing and mechanism.
6. Is this program administered or structured by population categories of recipients? If so, what are they? For FY '76, what is the approximate distribution of funds among these categories?
7. Summary of any evaluations done of the program.
8. What criticisms or questions have been raised by public officials or citizens groups as to the programs impact of effectiveness?

What has been the agency's response to these criticisms? What restrictions (policy, administrative, regulatory, legislative) affect your ability to respond?
9. To whom would we talk at hearings, workshops and interviews to obtain the perspectives of local officials and neighborhood groups on this program as it affects them? Identify major public interest groups or trade associations with whom you regularly deal in administering this program. Note any relevant hearings already held.
10. As currently administered by your agency and operated at the local level, does the program take into account, relate positively, or possibly conflict with, other federal or local programs related to urban and neighborhood development? Please summarize.

11. How does (or could) the program fit into a strategy for neighborhood preservation or revitalization?
12. If the program is or can be analyzed in terms of its job impact, please describe.
13. What major changes or modifications to this program are now being considered which would be relevant to this Committee? Include proposed program terminations or consolidations and FY '78 budget options.

Fund Commitments to Aid
Urban Development and Neighborhood
Revitalization

	<u>CATEGORICAL</u>	<u>BLOCK</u> (in millions of dollars)	<u>OTHER</u>	<u>TOTAL</u>
Action.....	\$58.6	...	\$22.3	\$80.9
Agriculture.....	2,390.2	...	5,426.6	7,816.8
Commerce.....	75.1	...	38.7	113.8
Community Service Administration.....	76.1	...	...	76.1
Environmental Protection Agency.....	152.6	...	...	152.6
Federal Home Loan Bank Board.....	4.8	...	...	4.8
Health, Education and Welfare: Health.....	652.2	...	...	652.2
Education.....	932.4	...	...	932.4
Social Services.....	9,415.7	...	...	9,415.7
Housing and Urban Development: Housing.....	1,025.8 ^{1/}	...	1,240.5	2,266.3
Community Development.....	75.0	\$2,802.0	50.0	2,927.0
Law Enforcement Assistance Administration.....	6.8	513.0	...	519.8
Small Business Administration.	...	...	288.7	288.7
Department of Transportation..	3,772.9	...	...	3,772.9
Treasury.....	...	6,354.8	...	6,354.8
Department of Labor.....	<u>495.9</u>	<u>7,228.5</u>	<u>...</u>	<u>7,724.4</u>
Total.....	19,134.1	16,898.3	7,066.8	43,099.2

^{1/} Represents estimated annual contract authority to be used in 1976. Budget Authority in 1976 for Assisted Housing is \$18.6 billion.

Office of the Secretary
Office of Budget
July 20, 1976

ACTION

1. Program for Local Service (PLS)
2. ACTION Mini Grants
3. Volunteers in Service to America (VISTA)
4. Retired Senior Volunteer Program (RSVP)
5. Senior Companion Program (SCP)
6. Foster Grandparent Program (FGP)
7. Youth Challenge Program (YCP)
8. University Year for ACTION (UYA)

TOTAL: \$80,900,000

DEPARTMENT OF AGRICULTURE

1. Extension Service
2. Food and Nutrition Service
Child Nutrition Support
3. Food and Nutrition Service
Special Supplemental Food Program
4. Food and Nutrition Service
Food Stamps
5. RDS Rural Development Leadership and Coordination, RDSY 1972

TOTAL: \$7,816,800,000

DEPARTMENT OF COMMERCE

1. Economic Development Administration (EDA)
Public Works and Development Facilities Program
2. EDA Business Development Program
3. EDA Technical Assistance Program
4. EDA Economic Development District Program
5. EDA Section 302(a) State and Local Planning Assistance Program
6. EDA Special Economic Development and Adjustment Assistance Program
7. Office of Minority Business Enterprise

TOTAL: \$113,800,000

COMMUNITY SERVICES ADMINISTRATION

1. Community Action "Local Initiative"
Title II of CS Act of 1974 PL 93-644
2. Emergency Energy Conservation Program
Section 222 of CSA
3. Community Economic Development
Special Impact Program

TOTAL: \$76,100,000

DOT

1. Federal Aid Highway Program
Title 23 USC
2. Capital of Operative Formula Grants
Section 5 of UMTA of 1964
3. Transportation System Management TSM
Sect. 3,4,5 of UMTA
4. Paratransit
3,5416(b)(2) of UMTA
5. New Systems Starts 3 of UMTA
6. UMTA Downtown People Mover Project
3 of UMTA
7. Northeast Corridor Project Implementation Title VII
of RR Revitalization and Reg. Reform Act PL 91-258
8. Airport and Airway Development Act of 1970
PL 91-258
9. Airway Development Aid Program
10. State and Community Highway Traffic Safety Program

TOTAL: \$3,772,900,000

EPA

1. State Air Quality Implementation Plans
2. Construction Grants Program
3. Water Quality Management Planning or Areawide Waste Treatment Management

TOTAL: \$152,600,000

FEDERAL HOME LOAN BANK
BOARD

1. Neighborhood Housing Services
2. Neighborhood Preservation Projects

TOTAL: **\$4,800,000**

HEALTH, EDUCATION, AND WELFARE

- A. Education Program - TOTAL: \$932,400,000
1. University Community Services Projects
 2. Head Start
 3. Bilingual Education
 4. Follow Through
 5. Handicapped Early Childhood Education
 6. Emergency School Aid
 7. Right-To-Read
 8. Indian Education
- B. Health Formula Grants - TOTAL: \$652,200,000
1. Comprehensive Public Health Service - Formula Grants
 2. Maternal and Child Health Services
 3. Alcohol Formula Grants
 4. Drug Abuse Prevention Formula Grants
 5. Limitation on Federal Participation for Capital Expenditures
 6. School of Public Health - Grants
 7. Nursing Capitation Grants
 8. Medical Assistance Program
- TOTAL:
- C. Social Services/Human Development Formula Grants - \$9,415,700,000
1. Rehabilitation Services and Facilities - Basic Support
 2. Developmental Disabilities - Basic Support
 3. Special Programs for the Aging - Nutrition Programs
 4. Child Welfare Services
 5. Public Assistance - State and Local Training
 6. Work Incentive Program - Child Care - Employment Related Supported Services
 7. Public Assistance - Maintenance Assistance
 8. Public Assistance - Social Services

HOUSING AND URBAN DEVELOPMENT

- A. Housing Program - TOTAL: \$2,266,300,000
1. Disposition of Acquired Properties
 2. Housing Counseling
 3. Low-Income Public Housing (Acquisition with or without rehab)
 4. Section 8
 5. Section 221(d)(4) - mortgage insurance on rental housing for moderate income families
 6. Section 221(d)(3) - mortgage insurance for rental housing for low and moderate income families
 7. Section 220(h) - insured improvement loans in urban renewal areas
 8. Section 235 (revised)
 9. Section 203 (k)
 10. Title I, Section 2
 11. Section 223(e)
 12. Section 223(f)
 13. Coinsurance - Section 244
 14. Target Projects Program
 15. Public Housing Modernization Program
 16. Community and Tenant Services Program
- B. Community Planning and Development Program - TOTAL: \$2,927,000,000
1. Community Development Block Grant
 2. Section 312 Rehab. Loan Program
 3. Section 701 - Comprehensive Assistance Program

JUSTICE

1. LEAA Citizen's Initiative Program
 2. LEAA Comprehensive Planning Grants
 3. LEAA Law Enforcement and Criminal Justice Grants
- TOTAL: \$519,800,000

LABOR

1. Comprehensive Employment and Training Act (CETA)
 2. Unemployment Insurance (UI)
 3. Employment Service (ES)
- TOTAL: \$6,237,700,000

SMALL BUSINESS ADMINISTRATION

1. 7(a) Business Loan Program
 2. Displaced Business Loans
 3. Secondary Market for SBA Guaranteed Loans
 4. Local Development Company Loans
 5. State Development Company Loans
 6. Bond Guarantees for Surety Companies
 7. Lease Guarantees for Small Businesses
 8. Small Business Investment Company (SBIC) Program
 9. Section 301(d) Small Business Investment Company Program
("MESBIC" Program)
 10. Small Business Lending Company Program
 11. 8(a) Business Development Program
 12. University Business Development Center (UBDC)
 13. SBI Small Business Institute Program
 14. 406 Call Contract Program
 15. SCORE and ACE
 16. Training Programs
- TOTAL: \$288,700,000

TREASURY

1. General Revenue Sharing
- TOTAL: \$6,354,800,000

PROPOSED MEETINGS

MEETINGS WITH LOCAL OFFICIALS AND
NEIGHBORHOOD GROUPS

- I. New Coalition
(Leaders of National Associations of State and
Local Elected Officials)
- II. Proposed List of Cities for Visits by Individual
Committee Members
- III. Some Topics for Discussion with Local Officials
and Neighborhood Groups

I. New Coalition (Leaders of National Associations of
State and Local Elected Officials)

Chairman

Governor Cecil Andrus - Idaho

Governors

Dan Evans - Washington

Calvin L. Rampton - Utah

Robert D. Ray - Iowa

State Legislators

Tom Jensen - Nashville

Martin Sabo - St. Paul

Herbert Fineman - Harrisburg, Pa.

Mayors

Hans Tanzler - Jacksonville, Fla.

John Poelker - St. Louis, Mo.

Moon Landrieu - New Orleans, La

Kenneth Gibson - Newark, N.J.

County Officials

Charlotte Williams - Flint, Mich.

Vance Webb - Taft, Calif.

Jack Walsh - San Diego, Calif.

II. Proposed List of Cities for Visits by Individual Committee Members

REGION I

Boston, Massachusetts
Hartford, Connecticut

REGION III

Baltimore, Maryland
Norfolk, Virginia
Philadelphia, Pennsylvania
Pittsburgh, Pennsylvania

Region V

Chicago, Illinois
Cleveland, Ohio
Detroit, Michigan
Minneapolis/St. Paul, Minnesota
Toledo, Ohio

REGION VIII

Kansas City, Missouri
St. Louis, Missouri

REGION X

Portland, Oregon
Seattle, Washington

REGION II

Newark, New Jersey
New York, New York
Paterson, New Jersey
Syracuse, New York

REGION IV

Atlanta, Georgia
Charlotte, North Carolina
Jacksonville, Florida
Louisville, Kentucky

REGION VI

Houston, Texas
New Orleans, Louisiana
Tulsa, Oklahoma

REGION IX

Compton, California
Los Angeles, California
San Diego, California
San Francisco, California
San Jose, California

III. Draft Topics for Discussion with Local Officials
and Neighborhood Groups

1. What federal programs do you feel have been the most successful in providing tools for community development and neighborhood revitalization?
2. What federal programs have hindered community development and neighborhood revitalization? How can they be improved?
3. What federal programs are operating in your community which you believe should be brought under local government control?
4. What program requirements do you regard as unnecessary or particularly burdensome?
5. To what extent do neighborhood groups participate in major decisions relating to federal programs in their neighborhoods?
6. Do neighborhood organizations receive some direct funding or technical assistance to assist them in planning? Do neighborhood organizations operate some programs directly?
7. Have there been efforts to involve local financial institutions in efforts to revitalize neighborhoods? Have they been responsive?

LIAISON COMMITTEE

LIAISON COMMITTEE

ACTION

Mr. John L. Ganley 254-8060
Deputy Director
Action
Room 513
806 Connecticut Avenue, N. W.
Washington, D. C. 20525

DEPARTMENT OF AGRICULTURE

Honorable William H. Walker III 447-4581
Assistant Secretary for Rural Development
Department of Agriculture
Room 219-A
Washington, D. C. 20250

(Alternate: Dr. James E. Bostic 447-5277
Deputy A/S for Rural
Development - Room 219-A)

DEPARTMENT OF COMMERCE

Honorable Richard G. Darman 377-5201
Assistant Secretary for Policy
Room 5527
Department of Commerce
Washington, D. C. 20036

COMMUNITY SERVICES ADMINISTRATION

Mr. Jack Ramsey 254-5280
Chief, Special Programs Division
Community Services Administration
Room 300
1200 19th Street, N. W.
Washington, D. C. 20036

DOMESTIC COUNCIL

Mr. F. Lynn May
 Associate Director
 Domestic Council
 Room 224- Old EOB
 The White House
 Washington, D. C. 20500

456-6437

ENVIRONMENTAL PROTECTION AGENCY

Mr. Alvin L. Alm
 Assistant Administrator for
 Planning and Management
 Environmental Protection Agency
 Room 1037D - Waterside
 401 M Street, S. W.
 Washington, D. C. 20460

755-2900

FEDERAL HOME LOAN BANK BOARD

Mr. Robert S. Warwick
 Acting Director, Office of Housing
 and Urban Affairs
 Federal Home Loan Bank Board
 Room 638 - 320 First Street, N. W.
 Washington, D. C. 20552

376-3262

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Honorable William A. Morrill
 Assistant Secretary for Planning
 and Evaluation
 Room 5039
 Department of Health, Education, and Welfare
 Washington, D. C. 20201

245-1858

(Alternate: Mr. Jerry Britten 245-9774
 Acting Deputy A/S for Program Systems
 Room 4477-D - South Portal Bldg.
 Department of Health, Education and Welfare
 Washington, D. C. 20201)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Honorable Charles J. Orlebeke 755-5600
Assistant Secretary for Policy
Development and Research
Department of Housing and
Urban Development
Room 8100
451 7th Street, S. W.
Washington, D. C. 20410

DEPARTMENT OF JUSTICE

Mr. Irving Jaffee 739-3306
Deputy Assistant Attorney General
Civil Division
Room 3607 Department of Justice
10th and Constitution Avenue, N. W.
Washington, D. C. 20530

DEPARTMENT OF LABOR

Mr. Ben Burdetsky 376-6722
Deputy Assistant Secretary for
Employment and Training
Department of Labor
Room 10000 - Patrick Henry Building
601 D Street, N. W.
Washington, D. C. 20213

OFFICE OF MANAGEMENT AND BUDGET

Mr. Dan L. McGurk 395-4844
Associate Director
Office of Management and Budget
Room 260 - Old EOB
Washington, D. C. 20503

SMALL BUSINESS ADMINISTRATION

Mr. Peter McNeish
Director, Office of Program Management
Room 800 - Small Business Administration
1441 L Street, N. W.
Washington, D. C. 20416

653-6854

DEPARTMENT OF TRANSPORTATION

Dr. Irwin P. (Pete) Halpern
Deputy Assistant Secretary for
Policy Plans and International Affairs
Room 10228
Department of Transportation
Washington, D. C. 20590

426-4540

Department of Treasury

Honorable Jerry Thomas
Under Secretary
Department of Treasury
Room 3430
Washington, D. C. 20220

964-5363

WHITE HOUSE - ASSISTANT TO THE PRESIDENT FOR PUBLIC LIAISON

Dr. Myron B. Kuropas
Office of Public Liaison
The White House
Room 190 - Old EOB
Washington, D. C. 20500

456-6262