

103

THE LOCAL FLEXIBILITY ACT OF 1993

Y 4.G 74/7:F 63

HEARING

The Local Flexibility Act of 1993,...

BEFORE THE

HUMAN RESOURCES AND INTERGOVERNMENTAL
RELATIONS SUBCOMMITTEE
OF THE

COMMITTEE ON GOVERNMENT OPERATIONS HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ON

H.R. 2856

TO INCREASE THE OVERALL ECONOMY AND EFFICIENCY OF GOVERNMENT OPERATIONS AND ENABLE MORE EFFICIENT USE OF FEDERAL FUNDING, BY AUTHORIZING A DEMONSTRATION PROGRAM THAT ENABLES LOCAL GOVERNMENTS AND PRIVATE, NOT-FOR-PROFIT ORGANIZATIONS TO USE AMOUNTS AVAILABLE UNDER CERTAIN FEDERAL ASSISTANCE PROGRAMS IN ACCORDANCE WITH APPROVED INTEGRATED ASSISTANCE PLANS

OCTOBER 13, 1993

Printed for the use of the Committee on Government Operations



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THE LOCAL FLEXIBILITY ACT OF 1993

WEDNESDAY, OCTOBER 13, 1993

HOUSE OF REPRESENTATIVES,
HUMAN RESOURCES AND
INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 2154, Rayburn House Office Building, Hon. Edolphus Towns (chairman of the subcommittee) presiding.

Present: Representatives Edolphus Towns, Thomas M. Barrett, Steven Schiff, and John L. Mica.

Also present: Representatives John Conyers, Jr., and William F. Clinger, Jr.

Staff present: Ronald A. Stroman, staff director; Benjamin I. Cohen, associate counsel; Martine M. DiCroce, clerk; Martha B. Morgan, minority professional staff; and Kristine I. Simmons, minority staff assistant, Committee on Government Operations.

OPENING STATEMENT OF CHAIRMAN TOWNS

Mr. TOWNS. The Committee on Government Operations' Subcommittee on Human Resources and Intergovernmental Relations will come to order.

Today, we will have a hearing on H.R. 2856, the Local Flexibility Act of 1993, which was introduced by the chairman of the Government Operations Committee, Congressman John Conyers, and also the ranking minority member of the committee, the Honorable William Clinger, Jr.

At the subcommittee's first hearing this Congress, the Honorable David Dinkins, mayor of the city of New York, testified that Federal funds going to local governments should be flexible in order to permit the most effective use possible of those funds. Mayor Dinkins also encouraged waiving burdensome Federal regulations. At that same hearing, not-for-profit organizations unanimously testified that the elimination of burdensome regulations was their top legislative priority. H.R. 2856 accomplishes these goals.

At our hearing last week on the financial ability of State and local governments to implement the President's health care reform plan, the House Majority Leader Richard Gephardt testified eloquently about the need to eliminate cumbersome administrative and regulatory requirements on State and local governments, and in support of the Local Flexibility Act.

We are having this hearing this morning to learn more about the Flexibility Act, so I am anxious and eager to hear from all of our

witnesses about what we might be able to do to enhance or to improve the flow of government and to be able to make certain that projects actually fit in terms community that they are designed to serve.

I would like to yield at this time to the ranking member of the subcommittee, Mr. Schiff from Albuquerque, NM.

[The opening statement of Mr. Towns and the text of H.R. 2856 follow:]

**OPENING STATEMENT CHAIRMAN ED TOWNS
SUBCOMMITTEE ON HUMAN RESOURCES AND
INTERGOVERNMENTAL RELATIONS
ON
H.R. 2856 THE "LOCAL FLEXIBILITY ACT OF 1993"**

Today's hearing is on H.R. 2856, the "Local Flexibility Act".

On May 20, 1993, at this Subcommittee's first hearing this Congress, the Honorable David Dinkins, Mayor of the City of New York, testified that Federal funds to local governments should be flexible, so that local governments can put these funds to the most effective use possible. Mayor Dinkins also endorsed the concept of permitting waivers from Federal regulations if a jurisdiction had an approved comprehensive program for assisting individuals. At that same hearing, not-for-profit organizations unanimously testified that the most important thing the Federal government could do to assist them, is the elimination of burdensome regulations. H.R. 2856 accomplishes these goals.

At our Subcommittee hearing last week on the financial ability of state and local governments to implement the President's health care reform plan, the House Majority Leader Richard Gephardt, testified eloquently about the need to eliminate duplicative and cumbersome administrative and regulatory requirements on state and local governments, and in support of the Local Flexibility Act. I agree with Majority Leader Gephardt, and I fully support H.R. 2856. We must work to develop targeted economic development policies that will reverse the economic decline of our central cities. H.R. 2856, can be an important step in that process.

103D CONGRESS
1ST SESSION

H. R. 2856

To increase the overall economy and efficiency of Government operations and enable more efficient use of Federal funding, by authorizing a demonstration program that enables local governments and private, not-for-profit organizations to use amounts available under certain Federal assistance programs in accordance with approved integrated assistance plans.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 4, 1993

Mr. CONYERS (for himself and Mr. CLINGER) introduced the following bill;
which was referred to the Committee on Government Operations

A BILL

To increase the overall economy and efficiency of Government operations and enable more efficient use of Federal funding, by authorizing a demonstration program that enables local governments and private, not-for-profit organizations to use amounts available under certain Federal assistance programs in accordance with approved integrated assistance plans.

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 "Local Flexibility Act
5 of 1993".

1 **SEC. 2. PURPOSES.**

2 The purposes of this Act are the following:

3 (1) To encourage the integration of Federal
4 programs by local governments and private, not-for-
5 profit organizations, when such integration would
6 further the goals and objectives of the grant pro-
7 grams integrated.

8 (2) To enable more efficient use of Federal,
9 State, and local resources.

10 (3) To enable local governments and private,
11 not-for-profit organizations to adapt programs of
12 Federal assistance to the particular needs of low-in-
13 come citizens and the operating practices of recipi-
14 ents, by drawing upon appropriations available from
15 more than one Federal program and by integrating
16 programs and program funds across existing Federal
17 assistance categories.

18 **SEC. 3. PROVISION OF FEDERAL ASSISTANCE IN ACCORD-**
19 **ANCE WITH APPROVED INTEGRATED ASSIST-**
20 **ANCE PLAN.**

21 (a) **PAYMENTS TO LOCAL GOVERNMENTS.**—Notwith-
22 standing any other provision of law, amounts available to
23 a local government or a qualified organization under a cov-
24 ered Federal assistance program included in an approved
25 integrated assistance plan shall be provided to and used

1 by the local government or organization in accordance
2 with that approved integrated assistance plan.

3 (b) ELIGIBILITY FOR BENEFITS.—An individual or
4 family that is eligible for benefits or services under a cov-
5 ered Federal assistance program included in an approved
6 integrated assistance plan may receive those benefits only
7 in accordance with the plan.

8 **SEC. 4. APPLICATION FOR APPROVAL OF INTEGRATED AS-**
9 **SISTANCE PLAN.**

10 (a) IN GENERAL.—A local government may submit
11 to the Interagency Review Council in accordance with this
12 section an application for approval of an integrated assist-
13 ance plan.

14 (b) CONTENTS OF APPLICATION.—An application
15 submitted under this section shall include—

16 (1) a proposed integrated assistance plan that
17 complies with subsection (c);

18 (2) certification by the chief executive of the
19 local government, and such additional assurances as
20 may be required by the Interagency Review Council,
21 that—

22 (A) the local government has the ability
23 and authority to implement the proposed plan,
24 either directly or through contractual or other

1 arrangements, throughout the geographic area
2 in which the proposed plan is intended to apply;

3 (B) amounts are available from non-Fed-
4 eral sources to pay the non-Federal share of all
5 covered Federal assistance programs included
6 in the proposed plan; and

7 (C) low income individuals and families
8 that reside in that geographic area participated
9 in the development of the proposed plan;

10 (3) any comments on the proposed plan submit-
11 ted under subsection (d) by the Governor of the
12 State of the local government; and

13 (4) any other information the Interagency Re-
14 view Council may require to approve the proposed
15 plan.

16 (c) CONTENTS OF PLAN.—An integrated assistance
17 plan submitted by a local government under this section
18 shall include the following:

19 (1) GEOGRAPHIC AREA.—The geographic area
20 to which the plan applies and the rationale for so de-
21 fining the area.

22 (2) RECIPIENTS.—The particular groups of in-
23 dividuals, by age, service needs, economic cir-
24 cumstances, or other defining factors, who will re-
25 ceive services and benefits under the plan.

1 (3) GOALS AND PERFORMANCE CRITERIA.—

2 Specific goals and measurable performance criteria,
3 a description of how the plan is expected to attain
4 those goals and criteria, a description of how per-
5 formance will be measured, and a system for the
6 comprehensive evaluation of the impact of the plan
7 on participants, the community, and program costs.

8 (4) PUBLIC PARTICIPATION.—Elements that
9 will assist individuals and families who will receive
10 benefits under the plan to participate actively in de-
11 veloping both long- and short-range plans for bene-
12 fits provided under the plan and in deciding other
13 matters, including—

14 (A) the scope of services necessary and de-
15 sired to meet the full range of the individuals'
16 or families' needs,

17 (B) the choice of provider, and

18 (C) any other choices affecting the service
19 design for that individual or family.

20 (5) COVERED FEDERAL ASSISTANCE PRO-
21 GRAMS.—The eligible Federal assistance programs
22 to be included in the plan as covered Federal assist-
23 ance programs and the specific benefits that will be
24 provided under the plan pursuant to those programs,
25 including criteria for determining eligibility for bene-

1 fits under the plan, the services available, the
2 amounts and form (such as cash, in-kind contribu-
3 tions, or financial instruments) of non-service bene-
4 fits, and any other descriptive information the Inter-
5 agency Review Council considers necessary to ap-
6 prove the plan.

7 (6) FEDERAL REQUIREMENTS TO BE
8 WAIVED.—Any Federal statutory or regulatory re-
9 quirement applicable under a covered Federal assist-
10 ance program included in the plan, the waiver of
11 which is necessary to implement the plan.

12 (7) FISCAL CONTROL AND ACCOUNTABILITY.—
13 Fiscal control and related accountability procedures
14 applicable under the plan.

15 (8) SOURCES OF NON-FEDERAL FUNDS.—A de-
16 scription of the sources of all non-Federal funds that
17 are required to carry out covered Federal assistance
18 programs included in the plan.

19 (9) CONSENT OF QUALIFIED ORGANIZATIONS.—
20 Written consent from each qualified organization for
21 which consent is required under section 5(b)(2).

22 (10) OTHER INFORMATION.—Any other infor-
23 mation the Interagency Review Council may require
24 to approve the plan.

25 (d) PROCEDURE FOR APPLYING,—

1 (1) SUBMISSION TO GOVERNOR—To apply for
2 approval of an integrated assistance plan, a local
3 government shall submit an application in accord-
4 ance with this section to the Governor of the State
5 in which the local government is located.

6 (2) SUBMISSION BY GOVERNOR.—A Governor
7 who receives an application from a local government
8 under paragraph (1) shall, by not later than 30 days
9 after the date of that receipt—

10 (A) prepare comments on the proposed in-
11 tegrated assistance plan included in the applica-
12 tion; and

13 (B) submit the application and comments
14 to the Interagency Review Council.

15 **SEC. 5. REVIEW AND APPROVAL OF INTEGRATED ASSIST-**
16 **ANCE PLANS.**

17 (a) REVIEW OF APPLICATIONS.—Upon receipt of an
18 application for approval of an integrated assistance plan
19 under this Act, the Interagency Review Council shall—

20 (1) approve or disapprove the plan within 45
21 days after receipt of the application;

22 (2) notify the applicant in writing of that ap-
23 proval or disapproval by not later than 15 days after
24 the date of that approval or disapproval; and

1 (3) in the case of any disapproval of a plan, in-
2 clude a written justification of the reasons for dis-
3 approval in the notice of disapproval sent to the
4 applicant.

5 (b) APPROVAL.—

6 (1) REQUIREMENTS.—The Interagency Review
7 Council may approve an integrated assistance plan
8 for which an application is submitted under this Act,
9 or any part of such a plan, if a majority of members
10 of the Council determines that—

11 (A) the plan or part will improve the effec-
12 tiveness and efficiency of providing benefits
13 under covered Federal programs included in the
14 plan by reducing administrative rigidity, dupli-
15 cation, and unnecessary expenditures;

16 (B) the applicant local government has
17 adequately considered, and the plan or part ap-
18 propriately addresses, any effect that adminis-
19 tration of each covered Federal program under
20 the plan or part will have on administration of
21 the other covered Federal programs under that
22 plan or part;

23 (C) the applicant local government has or
24 is developing data bases, planning, and evalua-

1 tion processes that are adequate for implement-
2 ing the plan or part;

3 (D) implementation of the plan or part will
4 adequately achieve the purposes of this Act and
5 of each covered Federal assistance program
6 under the plan or part;

7 (E) the plan and the application for ap-
8 proval of the plan comply with the requirements
9 of this Act;

10 (F) the plan or part is adequate to ensure
11 that individuals and families that receive bene-
12 fits under covered Federal assistance programs
13 included in the plan or part will continue to re-
14 ceive benefits that meet the needs intended to
15 be met under the program; and

16 (G) the level of those benefits will not be
17 reduced for any individual or family.

18 (2) LIMITATIONS.—The Interagency Review
19 Council may not approve any part of an integrated
20 assistance plan if—

21 (A) implementation of that part would re-
22 sult in any increase in the total amount of obli-
23 gations or outlays of discretionary appropria-
24 tions or direct spending under covered Federal
25 assistance programs included in that part, over

1 the amounts of such obligations and outlays
2 that would occur under those programs without
3 implementation of the part; or

4 (B) in the case of a plan or part that ap-
5 plies to assistance to a qualified organization
6 under an eligible Federal assistance program,
7 the qualified organization does not consent in
8 writing to the receipt of that assistance in
9 accordance with the plan.

10 (3) DISAPPROVAL OF PART OF PLAN RE-
11 QUIRED.—The Interagency Review Council shall dis-
12 approve a part of an integrated assistance plan if a
13 majority of the Council disapproves that part of the
14 plan based on a failure of the part to comply with
15 paragraph (1).

16 (4) PERIOD OF APPROVED PLAN.—In approving
17 any part of an integrated assistance plan, the Inter-
18 agency Review Council shall specify the period dur-
19 ing which the part is effective. An approved inte-
20 grated assistance plan shall not be effective after the
21 date of the termination of effectiveness of this Act
22 under section 11(a).

23 (5) ELIGIBILITY UNDER FEDERAL PROGRAMS
24 NOT AFFECTED.—Disapproval by the Interagency
25 Review Council of any part of an integrated assist-

1 ance plan submitted by a local government under
2 this Act shall not affect the eligibility of a local gov-
3 ernment, a qualified organization, or any individual
4 for benefits under any Federal program.

5 (c) MEMORANDA OF UNDERSTANDING.—

6 (1) IN GENERAL.—The Interagency Review
7 Council may not approve a part of an integrated
8 Federal assistance plan unless each local government
9 and each qualified organization that would receive
10 assistance under the plan enters into a memoran-
11 dum of understanding under this subsection with the
12 Interagency Review Council.

13 (2) TERMS.—A memorandum of understanding
14 under this subsection shall specify all understand-
15 ings that have been reached by the Interagency Re-
16 view Council, the local government, and each quali-
17 fied organization that is subject to an integrated as-
18 sistance plan, regarding the approval and implemen-
19 tation of all parts of an integrated assistance plan
20 that are the subject of the memorandum, including
21 with respect to—

22 (A) all requirements under covered Federal
23 assistance programs that are to be waived by
24 the Interagency Review Council pursuant to
25 section 6(b);

1 (B) the total amount of Federal funds that
2 will be provided as benefits under or used to ad-
3 minister covered Federal assistance programs
4 included in those parts, or a mechanism for de-
5 termining that amount, including specification
6 of the total amount of Federal funds that will
7 be provided or used under each covered Federal
8 assistance program included in those parts;

9 (C) the sources of all non-Federal funds
10 that will be provided as benefits under or used
11 to administer those parts;

12 (D) measurable performance criteria that
13 will be used during the term of those parts to
14 determine the extent to which the goals and
15 performance levels of the parts are achieved;
16 and

17 (E) the data to be collected to make that
18 determination.

19 (d) LIMITATION ON CONFIDENTIALITY REQUIRE-
20 MENTS.—The Interagency Review Council may not, as a
21 condition of approval of any part of an integrated assist-
22 ance plan or with respect to the implementation of any
23 part of an approved integrated assistance plan, establish
24 any confidentiality requirement which would—

1 (1) impede the exchange of information needed
2 for the design or provision of benefits under the
3 parts; or

4 (2) conflict with existing law.

5 **SEC. 6. IMPLEMENTATION OF APPROVED INTEGRATED AS-**
6 **SISTANCE PLANS; WAIVER OF REQUIRE-**
7 **MENTS.**

8 (a) **PAYMENTS AND ADMINISTRATION IN ACCORD-**
9 **ANCE WITH PLAN.**—Notwithstanding any other law, any
10 benefit which is provided under a covered Federal assist-
11 ance program included in an approved integrated assist-
12 ance plan shall be paid and administered in the manner
13 specified in the approved integrated assistance plan.

14 (b) **WAIVER OF REQUIREMENTS.**—

15 (1) **IN GENERAL.**—Notwithstanding any other
16 law and subject to paragraphs (2) and (3), the
17 Interagency Review Council may waive any require-
18 ment applicable under Federal law to the adminis-
19 tration of, or provision of benefits under, any cov-
20 ered Federal assistance program included in an ap-
21 proved integrated assistance plan, if that waiver is—

22 (A) reasonably necessary for the implemen-
23 tation of the plan; and

24 (B) approved by a majority of members of
25 the Interagency Review Council.

1 (2) FINDING REQUIRED.—The Interagency Re-
2 view Council may not waive a requirement under
3 this subsection unless the Council finds that waiver
4 of the requirement will not result in a reduction in
5 services or benefits for any individual or family that
6 is eligible for benefits under a covered Federal
7 assistance program.

8 (3) LIMITATIONS.—The Interagency Review
9 Council may not under this subsection waive any
10 requirement—

11 (A) that is established by statute or regu-
12 lation under—

13 (i) title VI of the Civil Rights Act of
14 1964 (42 U.S.C. 2000d et seq.);

15 (ii) section 504 of the Rehabilitation
16 Act of 1973 (29 U.S.C. 701 et seq.);

17 (iii) title IX of the Education Amend-
18 ments of 1972 (86 Stat. 373 et seq.);

19 (iv) the Age Discrimination Act of
20 1975 (42 U.S.C. 6101 et seq.); or

21 (v) the Americans With Disabilities
22 Act of 1990; or

23 (B) for payment of a non-Federal share of
24 funding of an activity under a covered Federal
25 assistance program.

1 (c) SPECIAL ASSISTANCE.—To the extent otherwise
2 permitted by law, the head of each Federal agency shall
3 seek to provide special assistance to a local government
4 to support implementation of an approved integrated as-
5 sistance plan, including expedited processing, priority
6 funding, and technical assistance.

7 (d) EVALUATION AND TERMINATION.—

8 (1) IN GENERAL.—A local government, in ac-
9 cordance with regulations issued by the Interagency
10 Review Council, shall—

11 (A) submit such reports on and cooperate
12 in such audits of the implementation of its ap-
13 proved integrated assistance program; and

14 (B) periodically evaluate the effect imple-
15 mentation of the plan has had on—

16 (i) individuals who receive benefits
17 under the plan;

18 (ii) communities where those individ-
19 uals live; and

20 (iii) costs of administering covered
21 Federal assistance programs included in
22 the plan.

23 (2) ANNUAL REPORTS.—Not later than 90 days
24 after the end of the 1-year period beginning on the
25 date of the approval by the Interagency Review

1 Council of an approved integrated assistance plan of
2 a local government, and annually thereafter, the
3 local government shall submit to the Interagency Re-
4 view Council a report on the principal activities and
5 achievements under the plan during the period cov-
6 ered by the report, comparing those achievements to
7 the goals and performance criteria included in the
8 plan pursuant to section 4(c)(3).

9 (3) TERMINATION OF PLAN.—

10 (A) IN GENERAL.—If the Interagency Re-
11 view Council, after consultation with the head
12 of each Federal agency responsible for admin-
13 istering a covered Federal assistance program
14 included in an approved integrated assistance
15 plan of a local government, determines—

16 (i) the goals and performance criteria
17 included in the plan pursuant to section
18 4(c)(3) have not been met; and

19 (ii) after considering any experiences
20 gained in implementation of the plan, that
21 those goals and criteria are sound;

22 the Interagency Review Council may terminate
23 the effectiveness of the plan.

24 (B) TIMING.—In terminating the effective-
25 ness of an approved integrated assistance plan

1 under this paragraph, the Interagency Review
2 Council shall allow a reasonable period of time
3 for appropriate Federal, State, and local agen-
4 cies, and qualified organizations to resume ad-
5 ministration of Federal programs that are cov-
6 ered Federal assistance programs included in
7 the plan.

8 (e) FINAL REPORT; EXTENSION OF PLANS.—

9 (1) FINAL REPORT OF LOCAL GOVERNMENT.—

10 Not later than 45 days after the end of the effective
11 period of an approved integrated assistance plan of
12 a local government, or at any time that the local
13 government determines that the plan has dem-
14 onstrated its worth and proven to be a superior way
15 to provide benefits under covered Federal assistance
16 programs included in the plan, the local government
17 shall submit to the Interagency Review Council a
18 final report on its implementation of the plan, in-
19 cluding a full evaluation of the successes and short-
20 comings of the plan and the effects of that imple-
21 mentation on individuals who receive benefits under
22 those programs.

23 (2) EXTENSION OF PLAN.—The Interagency
24 Review Council may extend the effective period of an
25 approved integrated assistance plan for such period

1 as may be appropriate, based on the report of a local
2 government under paragraph (1).

3 **SEC. 7. COMMUNITY ADVISORY COMMITTEES.**

4 (a) **ESTABLISHMENT.**—A local government that ap-
5 plies for approval of an integrated assistance plan under
6 this Act shall establish a Community Advisory Committee
7 in accordance with this section.

8 (b) **FUNCTIONS.**—A Community Advisory Committee
9 shall advise a local government in the development and
10 implementation of its integrated assistance plan, including
11 with respect to—

- 12 (1) conducting public hearings;
- 13 (2) representing the interest of low income indi-
14 viduals and families; and
- 15 (3) reviewing and commenting on all commu-
16 nity policies, programs, and actions under the plan
17 which affect low income individuals and families,
18 with the purpose of assuring maximum coordination
19 and responsiveness of the plan in providing benefits
20 under the plan to those individuals and families.

21 (c) **MEMBERSHIP.**—The membership of a Community
22 Advisory Committee shall—

- 23 (1) consist of—
24 (A) low income individuals, who shall—

1 (i) comprise at least one-third of the
2 membership, and

3 (ii) include minority individuals who
4 are participants or who qualify to partici-
5 pate in eligible Federal assistance pro-
6 grams;

7 (B) representatives of low income individ-
8 uals and families;

9 (C) persons with leadership experience in
10 the private and voluntary sectors;

11 (D) local elected officials; and

12 (E) the general public; and

13 (2) include individuals and representatives of
14 community organizations who will help to enhance
15 the leadership role of the local government in devel-
16 oping an integrated assistance plan.

17 (d) OPPORTUNITY FOR REVIEW AND COMMENT BY
18 COMMITTEE.—Before submitting an application for ap-
19 proval of a final proposed integrated assistance plan, a
20 local government shall submit the final proposed plan for
21 review and comment by a Community Advisory Committee
22 established by the local government.

23 **SEC. 8. TECHNICAL AND OTHER ASSISTANCE.**

24 (a) TECHNICAL ASSISTANCE.—

1 (1) IN GENERAL.—The Interagency Review
2 Council may provide, or direct that the head of a
3 Federal agency provide, technical assistance to a
4 local government in developing information nec-
5 essary for the design or implementation of an inte-
6 grated assistance plan.

7 (2) REQUEST AND ASSURANCES.—Assistance
8 may be provided under this subsection only upon re-
9 ceipt of a request from a local government that in-
10 cludes, in accordance with requirements established
11 by the Interagency Review Council—

12 (A) a description of the nature of the inte-
13 grated assistance plan the local government
14 proposes to develop;

15 (B) the groups of individuals to whom ben-
16 efits will be provided under covered Federal as-
17 sistance programs included in the plan; and

18 (C) such assurances as the Interagency
19 Review Council may require that—

20 (i) in the development of the applica-
21 tion to be submitted under this Act for ap-
22 proval of the plan, the local government
23 will provide adequate opportunities to par-
24 ticipate to—

21

1 (I) low income individuals and
 2 families that will receive benefits
 3 under covered Federal assistance pro-
 4 grams included in the plan; and

5 (II) governmental agencies that
 6 administer those programs; and

7 (ii) the plan will be developed only
 8 after considering fully—

9 (I) needs expressed by those indi-
 10 viduals and families;

11 (II) community priorities; and

12 (III) available governmental re-
 13 sources in the geographic area to
 14 which the plan will apply.

15 (b) DETAILS TO COUNCIL.—At the request of the
 16 Chairman of the Interagency Review Council and with the
 17 approval of the Secretary of a department, staff of the
 18 department may be detailed to the Interagency Review
 19 Council on a nonreimbursable basis.

20 **SEC. 9. INTERAGENCY REVIEW COUNCIL.**

21 (a) COMPOSITION.—There is established the Inter-
 22 agency Review Council, which shall be comprised of—

23 (1) the Secretary of Agriculture;

24 (2) the Attorney General of the United States;

25 (3) the Secretary of Education;

- 1 (4) the Secretary of Health and Human Serv-
2 ices;
- 3 (5) the Secretary of Housing and Urban Devel-
4 opment;
- 5 (6) the Secretary of Labor;
- 6 (7) the Secretary of the Interior;
- 7 (8) the Secretary of Commerce;
- 8 (9) the Secretary of Transportation;
- 9 (10) the Administrator of the Environmental
10 Protection Agency; and
- 11 (11) an individual appointed by the President,
12 who shall serve as Chairperson of the Interagency
13 Review Council.

14 (b) **FUNCTIONS.**—The Interagency Review Council
15 shall—

16 (1) receive, review, and approve or disapprove
17 integrated assistance plans for which approval is ap-
18 plied under this Act;

19 (2) upon request from an applicant for such ap-
20 proval, direct the head of an agency which admin-
21 isters a covered Federal assistance program under
22 which the preponderance of Federal assistance would
23 be provided under the plan to provide technical as-
24 sistance to the applicant;

1 (3) monitor the progress of development and
2 implementation of integrated assistance plans;

3 (4) perform such other functions as are as-
4 signed to the Interagency Review Council by this
5 Act; and

6 (5) issue regulations to implement this Act
7 within 180 days after the date of its enactment.

8 **SEC. 10. DEFINITIONS.**

9 In this Act:

10 (1) **APPROVED INTEGRATED ASSISTANCE**
11 **PLAN.**—The term “approved integrated assistance
12 plan” means an integrated assistance plan, or any
13 part of such a plan, that is approved by the Inter-
14 agency Review Council under section 5.

15 (2) **COMMUNITY ADVISORY COMMITTEE.**—The
16 term “Community Advisory Committee” means such
17 a council established by a local government in ac-
18 cordance with section 7.

19 (3) **COVERED FEDERAL ASSISTANCE PRO-**
20 **GRAM.**—The term “covered Federal assistance pro-
21 gram” means an eligible Federal assistance program
22 that is included in an integrated assistance plan of
23 a local government.

1 (4) ELIGIBLE FEDERAL ASSISTANCE PRO-
2 GRAM.—The term “eligible Federal assistance
3 program”—

4 (A) means any Federal program under
5 which assistance is available, directly or indi-
6 rectly, to a local government or a qualified or-
7 ganization to carry out a program for—

- 8 (i) education,
9 (ii) employment training,
10 (iii) health,
11 (iv) housing,
12 (v) nutrition, or
13 (vi) other social services; and

14 (B) does not include any Federal program
15 under which assistance is provided by the Fed-
16 eral Government directly to a beneficiary of
17 that assistance.

18 (5) ELIGIBLE LOCAL GOVERNMENT.—The term
19 “eligible local government” means a local govern-
20 ment that is eligible to receive assistance under 1 or
21 more covered Federal programs.

22 (6) INTERAGENCY REVIEW COUNCIL.—The
23 term “Interagency Review Council” means such
24 council established under section 9.

1 (7) INTEGRATED ASSISTANCE PLAN.—The term
2 “integrated assistance plan” means a comprehensive
3 plan for the integration and administration by a
4 local government of assistance provided by the Fed-
5 eral Government under 2 or more eligible Federal
6 assistance programs.

7 (8) LOCAL GOVERNMENT.—The term “local
8 government” means any subdivision of a State that
9 is a unit of general local government (as that term
10 is defined in section 6501 of title 31, United States
11 Code);

12 (9) LOW INCOME.—The term “low income”
13 means having an income that is not greater than
14 200 percent of the Federal poverty income level.

15 (10) PRIORITY FUNDING.—The term “priority
16 funding” means giving higher priority (including by
17 the assignment of extra points, if applicable) to ap-
18 plications for Federal assistance submitted by a local
19 government having an approved integrated assist-
20 ance program, by a person located in the jurisdiction
21 of such a government, or by a qualified organization
22 eligible for assistance under a covered Federal as-
23 sistance program included in such a plan.

24 (11) QUALIFIED ORGANIZATION.—The term
25 “qualified organization” means any private, not-for-

1 profit organization that is exempt from taxation
2 under section 501(c)(3) of the Internal Revenue
3 Code of 1986 (26 U.S.C. 501(c)(3)).

4 (12) STATE.—The term “State” means the 50
5 States, the District of Columbia, Puerto Rico, Amer-
6 ican Samoa, Guam, and the Virgin Islands.

7 **SEC. 11. TERMINATION AND REPEAL; REPORT.**

8 (a) TERMINATION AND REPEAL.—This Act shall not
9 be effective after, and is repealed on, the date that is 5
10 years after the date of its enactment.

11 (b) REPORT.—The Comptroller General of the Unit-
12 ed States shall submit to the Congress, by no later than
13 4 years after the date of the enactment of this Act, a
14 report that—

15 (1) describes the extent to which local govern-
16 ments have established and implemented approved
17 integrated assistance plans,

18 (2) evaluates the effectiveness of covered Fed-
19 eral assistance programs included in approved inte-
20 grated assistance plans, and

21 (3) includes recommendations with respect to
22 continuing integrated assistance.

○

Mr. SCHIFF. Thank you, Mr. Chairman.

And I would like to yield first to the full committee ranking member and original cosponsor of this bill, Congressman Clinger of Pennsylvania.

Mr. CLINGER. I thank the gentleman very much for yielding. And I want to thank you, Chairman Towns, and also Chairman Conyers, for scheduling this morning's hearing.

The bill before us today is really somewhat of an endangered species in that it is a bipartisan bill with the potential to effect real improvements in the way the Federal Government does business with its State and local counterparts. I think I can speak for Chairman Conyers when I say that we have welcomed the support which this legislation has received from local governments and nonprofit organizations, and I am pleased to have an opportunity to discuss it briefly with the subcommittee and with the witnesses we will have this morning.

As part of comprehensive unfunded mandate relief legislation, which I introduced in February, I included a title in that bill to allow local governments more flexibility in spending some of the Federal funds they already receive. It was then a pleasure for me to learn of John Conyers' great interest in the concept of more flexibility for localities. And so his support of this proposal ultimately led to our joint introduction of the legislation before us this morning, H.R. 2856, the Local Flexibility Act of 1993.

Of course, I remain committed and will attempt to persuade Chairman Conyers to support my full mandate relief proposal, H.R. 886, which is the Mandate and Community Assistance Reform Act, which I think would bring needed relief to local governments struggling, and really struggling under the weight of unfunded Federal mandates.

As support for the Local Flexibility Act would indicate, the current web of categorical social services grants is not working as well as it should. Services offered are often crisis oriented and rarely designed to prevent problems. Access to the myriad programs available is often confusing and difficult for individuals and families, and the laws and the regulations governing many categorical programs really impede community-based initiatives that would address the broad range of issues confronting low income citizens. In short, when it comes to meeting needs at the local level, Washington does not always—in fact, rarely—knows best.

Local elected officials have demonstrated time and again that they can be innovators when given the opportunity to do so. When working with the low income residents that are so often underserved by Washington's slew of fragmented social services programs, they make a team that is really hard to beat, and this is precisely the kind of team this legislation seeks to assemble. Mayors, county executives, community leaders, low income citizens, and their advocates will have the opportunity to work together to redesign existing social service programs to meet the needs of low income Americans better, faster, and more effectively than before, and certainly more effectively than when it is mandated and controlled by the Federal Government.

I think it is clear to all of us that massive new social service spending is not in the immediate future, given the constraints that

we have on our budget. But the opportunities created through the Local Flexibility Act, I think, present a viable, desirable alternative.

The legislation provides communities with the flexibility to direct resources where local income needs are greatest without requiring new spending by the Federal Government. Indeed, a locality may not implement a plan to integrate services if it would require additional Federal dollars.

The Local Flexibility Act will reduce intrusive regulations for our localities, and at this point I would like to again encourage my colleagues to work with me and other members of the committee, including Mr. Condit of California, to cut red tape further by reducing unfunded Federal mandates.

So, Mr. Chairman, the Local Flexibility Act is a good bill with bipartisan support, which is all too rare these days. We must seize the opportunity, I think, to move this legislation forward as soon as possible, so our communities can start serving their low income citizens as they can and should—with more Federal cooperation and less Federal intervention.

Again, Mr. Chairman, I thank you very much for holding this hearing this morning.

[The prepared statement of Mr. Clinger follows:]

JERRY CONYERS, JR. MICHIGAN
CHAIRMAN

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CLARENCE BINGLISER, DELAWARE
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ONE HUNDRED THIRD CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT OPERATIONS

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PRESIDENT

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MINORITY—(202) 225-8074

Statement of
THE HONORABLE WILLIAM F. CLINGER, Jr.
RANKING MINORITY MEMBER
COMMITTEE ON GOVERNMENT OPERATIONS

Subcommittee on Human Resources and Intergovernmental Relations
Hearing on H.R. 2856, the "LOCAL FLEXIBILITY ACT of 1993"
October 13, 1993

I would like to thank both Chairmen for scheduling this morning's hearing. The bill before us today is somewhat of an endangered species, in that it is a bipartisan bill with the potential to effect real improvements in the way the Federal Government does business with its state and local counterparts. I think I can speak for Chairman Conyers when I say that we have welcomed the support given this legislation by local governments and non-profit organizations, and I am pleased to discuss it with the Subcommittee and with our witnesses this morning.

As part of comprehensive unfunded mandate relief legislation I introduced in February, I included a title to allow local governments more flexibility in spending some of the federal funds they already received. It was then a pleasure for me to learn of Chairman Conyers' interest in the concept of more flexibility for localities. His support of this proposal ultimately led to our joint introduction of the legislation before us this morning, H.R. 2856, the Local Flexibility Act of 1993. Of course, I remain committed to persuading Chairman Conyers to support my full mandate relief proposal, H.R. 886, the Mandate and Community Assistance Reform Act, which would bring needed relief to local governments struggling under the weight of unfunded federal mandates.

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innovators when given the opportunity. When working with the low income residents that are so often under-served by Washington's slew of fragmented social service programs, they make a team that is hard to beat. And this is precisely the kind of team this legislation seeks to assemble. Mayors, county executives, community leaders, low income citizens and their advocates will have the opportunity to work together to redesign existing social service programs to meet the needs of low income Americans better, faster, and more effectively than before.

I think it is clear to us all that massive new social service spending is not in the immediate future. But the opportunities created through the Local Flexibility Act present a viable, desirable alternative. The legislation provides communities with the flexibility to direct resources where low income needs are greatest, without requiring new spending by the Federal Government. Indeed, a locality may not implement a plan to integrate services if it would require additional federal dollars.

The Local Flexibility Act will reduce intrusive regulations for our localities, and at this point I would like again to encourage my colleagues to work with me and with other members of this Committee, including Mr. Condit of California, to cut red tape further by reducing unfunded federal mandates.

Mr. Chairman, the Local Flexibility Act is a good bill with bipartisan support, which is all too rare these days. We must seize the opportunity to move this legislation forward as soon as possible, so our communities can start serving their low income citizens as they can and should - with more federal cooperation, and less federal intervention.

Thank you, Mr. Chairman.

Mr. SCHIFF. Mr. Chairman, can I just add my congratulations on your holding this hearing. I want to join in support for this legislation and thank both the full committee chairman and my ranking member for cosponsoring it.

I have to add one word, though. I have to leave a little bit into this hearing. We are asking another one of my party's colleagues to take my place. The administration is having a meeting to discuss the North American Free Trade Agreement. They have been having these meetings regularly, as you know, and I am on the list to discuss it with them this morning at about this same time.

Thank you, Mr. Chairman. I yield back.

Mr. TOWNS. I have heard of that North American Free Trade Agreement before. I have heard of that.

Let me just say also thank you very much for the ranking member joining us this morning. We are delighted to have you sit in, and also I would like to commend you on the legislation that you have put forth.

And to you, Congressman Schiff, we understand that sometimes we do have these kind of conflicts and that you have to leave in order to go some other place.

Mr. SCHIFF. I don't know about you, Mr. Chairman, but I haven't received too many invitations to the White House in the past number of months. So if you get one, you take it.

Mr. TOWNS. I can understand that too because for about 10 years I fell into that category. [Laughter].

At this time let me call the panel of witnesses. Our panel of witnesses today is Linda Fox—if you will come forward and take your seat at the table—deputy administrator of Human Services, Prince George's County, representing the National Association of Counties; Michael Monteith, assistant city manager of Hampton, VA; Sister Teresa Blaquiére—I hope I am pronouncing that correctly.

Sister BLAQUIERE. Fine. Thank you.

Mr. TOWNS. Thank you—executive director of the Core City Neighborhood in Detroit, MI, and Sharron Lipscomb, vice president of the Empowerment Network.

I would like to welcome you all to the subcommittee. With the exception of Ms. Fox, we have your prepared statement which, without objection, will be entered in the record in its entirety. Please summarize your testimony, so that members will have an opportunity to raise questions. If you could summarize within 5 minutes, it would allow members to be able to ask questions.

So why don't we move forward with you, Ms. Fox, being we do not have your testimony.

STATEMENT OF LYNDA FOX, DEPUTY CHIEF ADMINISTRATIVE OFFICER FOR HUMAN SERVICES, PRINCE GEORGE'S COUNTY, MD, ON BEHALF OF NATIONAL ASSOCIATION OF COUNTIES

Ms. FOX. Good morning, Chairman Towns, and members of the subcommittee. As has been stated, I am Lynda Fox. I am the deputy chief administrative officer for human services for Prince George's County, MD. I am here today on behalf of our county executive, Parris Glendonning, and the National Association of Counties.

Under the leadership of its president, Commissioner Barbara Tott of Pinellas County, FL, the National Association of Counties is seeking to focus on improving services to children. We believe that enactment of the Local Flexibility Act will provide counties with a new opportunity to better serve children and their families as well as single adults in need.

As you are aware, NACO has long supported simplification of regulations in review of legislative mandates. And, in fact, this is 1 of 21 top priorities for NACO this year.

In Prince George's County, we have responded to the more recent economic downturns and the attendant reductions in Federal, State, and local funding by reinventing government. We have instituted Total Quality Management and tried to touch base more closely with our citizen customers.

We have consolidated our services. We merged six independent agencies into a single department of family services, and we doubled our efforts to better coordinate our service delivery. My responsibilities directly include oversight of the department of social services, the health department, department of housing and community development, and the department of family services and child support enforcement. Much of my time is spent coordinating the activities of these organizations among themselves as well as with our private nonprofit providers, and I have an opportunity regularly to see the benefits of well-coordinated services as well as the barriers to true services integration.

Our county is a leader in Maryland services reform initiative. Under this program that was created by a partnership among the State of Maryland, its counties, and the Casey Foundation, we have a local planning entity, and under its direction the local department of social services, the health department, the school system, and the department of juvenile services refer families in crisis who are at risk of losing their children to out of home placements.

These families receive intensive family focused, noncategorical services from a multidisciplinary team. Each family receives exactly what it needs to protect its children's safety and to alleviate the problems that put their children at risk of foster care.

While this program has been extremely successful both in preserving families and in reducing our rate of entries into foster care, it illustrates certain regulatory impediments to innovation. When we began the program we had a lot of funding from the Casey Foundation and sort of undesignated State general funds that enabled us to use our program resources very flexibly. But as the foundation is decreasing its level of support, we have sought to refinance the program by tapping into other Federal resources such as Medicaid and title 4(a) and title 4(e). And, as you all are aware, each one of those programs has its own eligibility criteria, its own program requirements and documentation restrictions.

Not only must our caseworkers become financing experts as well as therapeutic counselors, but we risk compromising a very effective program model in order to be able to pay for it. We also understand that Congress is providing additional funding for family preservation services but that those funds are to flow through the State welfare agencies. Locally, we have determined that family preservation services should be provided by our department of family

services, not our local department of social services, so we have a problem there.

Were this piece of legislation to be enacted as a demonstration, one of the things our county might wish to do is to request that certain categorical funds be permitted to be pooled to be used for preapproved services to be consistent with the program's basic intent but not necessarily documented on a client-by-client basis. And further, we would seek local discretion as to which agency would implement family preservation programs.

In a separate collaboration with the State, we are attempting to develop a computer software program to be called BOSS, which stands for benefits outreach screening system, which would enable us to determine which programs a family might be eligible for. It would be the first step and a single point of entry for families to enter the human services network, and it would be the beginning of a family's journey toward economic self-sufficiency.

The logical sequence to this would be to develop a unified intake system whereby a single worker could determine eligibility of a family for a variety of benefits such as AFDC, Medicaid, food stamps, WIC, et cetera. That would create a number of regulatory problems which we hope could be alleviated by the Local Flexibility Act.

For example, most Federal programs require that eligibility be determined by an employee of the administering agency. For example, locally, we contract with our nonprofit health care system to take applications for Medicaid, but Federal requirements insist that we have a local social services employee actually verify the eligibility determination.

For a unified intake system to serve our citizens effectively, a worker from one agency would have to be permitted to determine eligibility for programs funded by several Federal agencies. Confidentiality is also another oft cited problem in doing unified eligibility processes. This seems to be particularly difficult with respect to children.

However, there must be a way to look at regulations and ensure that where a client waives their confidentiality and gives permission for information sharing that we can share that information for those seeking assistance so that they don't need to complete endless forms and interviews unnecessarily.

In addition, HUD, USDA, and HHS all have different definitions of countable income for various programs and acceptable documentation. For unified intake systems to work effectively, there would need to be some standardization of these particular requirements. Again, the integrated assistance plan proposed under the Local Flexibility Act would enable us to ask for this type of regulatory relief.

And finally, as we attempt to serve our citizens more systematically and comprehensively, we note that most of our citizens need housing assistance to be able to benefit from other programs, and we find that HUD regulations regarding waiting lists sometimes get in the way. For example, the recent Housing Affordability Act permits us to provide housing assistance to families who have children in foster care who might be reunited with their families with the assistance of Section 8 certificates. However, the families must

already be on the waiting list. In our county, our Section 8 waiting list has been closed since February 1989 and some of the children needing this assistance weren't even born at that time.

In another example, we are implementing the family self-sufficiency program that HUD is encouraging where we try to combine other services with housing to enable families to become economically self-sufficient within a 5-year period. And again, we have to take participants directly from the waiting list and we are not permitted to screen those participants to ensure that they are able and ready and interested in benefiting from the other program activities.

I thank you for the opportunity to be here today. Obviously, we think that the Local Flexibility Act is a very, very good idea. We have really only one concern about it, and that is the requirement for the Citizen Participation Advisory Board.

We certainly favor citizen participation in all of our planning processes. We do a great deal of it. We have many, many advisory committees. I would ask the subcommittee to think about whether or not it should be encouraged that the advisory group that helps put together the assistance plan here be comprised of members of existing advisory groups. Because we have a great deal of expertise on existing groups and to create one more group seems to be redundant.

Thank you again, and I urge your prompt approval of the Local Flexibility Act on behalf of the National Association of Counties.

[The prepared statement of Ms. Fox follows:]

TESTIMONY BEFORE THE HOUSE OF REPRESENTATIVES
HUMAN RESOURCES AND INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE
ON HOUSE BILL 2856

WEDNESDAY, OCTOBER 13, 1993 AT 10:00 A.M.

MR. CHAIRMAN, SUBCOMMITTEE MEMBERS, I AM LYNDA FOX, DEPUTY CHIEF ADMINISTRATIVE OFFICER FOR HUMAN SERVICES FOR PRINCE GEORGE'S COUNTY, MARYLAND. I AM PLEASED TO BE HERE TODAY ON BEHALF OF OUR COUNTY EXECUTIVE, PARRIS N. GLENDENING, AND THE NATIONAL ASSOCIATION OF COUNTIES.

UNDER THE LEADERSHIP OF NACO PRESIDENT, COMMISSIONER BARBARA TODD OF PINELLAS COUNTY, FLORIDA, NACO IS FOCUSING ON IMPROVING SERVICES TO CHILDREN. HOUSE BILL 2856, THE LOCAL FLEXIBILITY ACT, WILL PROVIDE COUNTIES WITH A NEW OPPORTUNITY TO IMPROVE THE COORDINATION OF HUMAN SERVICES TO CHILDREN AND THEIR FAMILIES AS WELL AS TO SINGLE ADULTS IN NEED.

NACO HAS LONG SUPPORTED SIMPLIFICATION OF REGULATIONS AND REVIEW OF LEGISLATIVE MANDATES FOR WELFARE AND SOCIAL PROGRAMS AND ENCOURAGED COORDINATION AND SIMPLIFICATION OF PROGRAM ADMINISTRATION AT ALL LEVELS OF GOVERNMENT. IN FACT THIS IS ONE OF NACO'S TWENTY-ONE PRIORITIES FOR THIS YEAR.

IN PRINCE GEORGE'S COUNTY WE HAVE RESPONDED TO THE NATION'S ECONOMIC DOWNTURN AND THE ATTENDENT REDUCTIONS IN FEDERAL, STATE AND LOCAL FUNDING BY "REINVENTING

GOVERNMENT." WE INSTITUTED TOTAL QUALITY MANAGEMENT AND CONSULTED WITH OUR CITIZEN CUSTOMERS ABOUT HOW TO SERVE THEM BETTER. WE CONSOLIDATED SEVERAL INDEPENDENT AGENCIES INTO A SINGLE DEPARTMENT OF FAMILY SERVICES AND REDOUBLED OUR EFFORTS TO STREAMLINE AND COORDINATE SERVICES.

MY RESPONSIBILITIES INCLUDE OVERSIGHT OF THE DEPARTMENTS OF SOCIAL SERVICES, HEALTH, HOUSING AND COMMUNITY DEVELOPMENT AND FAMILY SERVICES. MUCH OF MY TIME IS SPENT ENSURING THAT THEIR ACTIVITIES ARE COORDINATED AMONG THEMSELVES AND WITH THE COUNTY'S NON-PROFIT PROVIDERS. I REGULARLY SEE BOTH THE BENEFITS OF COMPREHENSIVE SERVICES DELIVERY AND THE BARRIERS TO TRUE SERVICES INTEGRATION.

OUR COUNTY IS THE LEADER IN MARYLAND'S SERVICES REFORM INITIATIVE, A JOINT EFFORT AMONG THE STATE, THE COUNTIES AND THE CASEY FOUNDATION TO PRESERVE FAMILIES AND PREVENT OUT-OF-HOME PLACEMENTS. UNDER THE GOVERNANCE OF A LOCALLY APPOINTED PLANNING ENTITY, FAMILIES IN CRISIS ARE REFERRED BY THE DEPARTMENTS OF HEALTH, SOCIAL SERVICES, JUVENILE SERVICES AND THE LOCAL PUBLIC SCHOOL SYSTEM TO RECEIVE INTENSIVE FAMILY-FOCUSSED, NON-CATEGORICAL SERVICES FROM A MULTI-DISCIPLINARY TEAM. EACH FAMILY RECEIVES WHATEVER SERVICES THEY NEED TO ENSURE THE SAFETY OF THEIR CHILDREN AND RESOLVE THE PROBLEMS WHICH PLACE THEM AT-RISK FOR FOSTER CARE.

WHILE THE PROGRAM HAS BEEN HIGHLY SUCCESSFUL IN PRESERVING FAMILIES AND REDUCING OUR RATE OF FOSTER CARE ENTRIES BY ABOUT THIRTY PERCENT FROM THE RATE PREDICTED ABSENT THE PROGRAM, IT ILLUSTRATES CERTAIN REGULATORY IMPEDIMENTS TO INNOVATIONS. ORIGINALLY MUCH OF THE PROGRAM SUPPORT CAME FROM THE CASEY FOUNDATION AND STATE GENERAL FUNDS WHICH PERMITTED SIGNIFICANT FLEXIBILITY IN THE USE OF PROGRAM RESOURCES. AS FOUNDATION SUPPORT HAS DECLINED, WE HAVE SOUGHT TO REFINANCE SERVICES WITH OTHER SOURCES SUCH AS MEDICAID, TITLE IVA AND IVE, ETC. EACH SOURCE, OF COURSE, BRINGS ITS OWN ELIGIBILITY CRITERIA, SERVICE RESTRICTIONS AND DOCUMENTATION REQUIREMENTS. NOT ONLY MUST OUR CASEWORKERS BECOME FINANCING EXPERTS AS WELL AS THERAPEUTIC COUNSELORS, BUT WE RISK COMPROMISING AN EFFECTIVE SERVICE MODEL TO BE ABLE TO PAY FOR IT!

ALSO, WE UNDERSTAND CONGRESS IS PROVIDING ADDITIONAL FUNDING FOR FAMILY PRESERVATION, HOWEVER, THESE FUNDS ARE TO FLOW TO STATE WELFARE AGENCIES AND OUR PROGRAM IS LOCATED IN OUR DEPARTMENT OF FAMILIES SERVICES, NOT OUR LOCAL DEPARTMENT OF SOCIAL SERVICES. UNDER A HOUSE BILL 2856 DEMONSTRATION, OUR COUNTY MIGHT REQUEST THAT CERTAIN CATEGORICAL FUNDS BE PERMITTED TO BE POOLED TO BE USED FOR PRE-APPROVED SERVICES CONSISTENT WITH THEIR PROGRAM INTENT RATHER THAN DOCUMENTED ON A CLIENT-BY-CLIENT BASIS. FURTHER, WE WOULD SEEK LOCAL DISCRETION TO SELECT THE MOST APPROPRIATE AGENCY TO PROVIDE FAMILY PRESERVATION SERVICES.

IN ANOTHER COLLABORATION WITH THE STATE, WE HOPE TO DEVELOP BOSS: BENEFITS OUTREACH SCREENING SFTWARE. BUILDING UPON A MODEL USED TO SCREEN SENIOR CITIZENS FOR ELIGIBILITY FOR VARIOUS ENTITLEMENTS DEVELOPED BY THE UNITED SENIORS COOPERATIVE, WE WILL DEVELOP A USER-FRIENDLY COMPUTER PROGRAM TO DETERMINE WHICH ENTITLEMENT BENEFITS AND PROGRAMS MAY BE AVAILABLE TO FAMILIES, E.G. AFDC, MEDICAID, FOOD STAMPS, WIC, JOBS, JTPA, HOUSING ASSISTANCE, ETC. BOSS WILL ENABLE A FAMILY TO GO TO A SINGLE SITE TO LEARN ABOUT AN ARRAY OF HELPFUL RESOURCES. IT WILL BE A FIRST STEP TOWARD THE GOAL OF A SINGLE POINT OF ENTRY INTO THE HUMAN SERVICES DELIVERY SYSTEM AND THE BEGINNING A FAMILY'S JOURNEY TOWARD SELF-SUFFICIENCY.

THE LOGICAL SEQUENCE TO BOSS WOULD BE UNIFIED INTAKE FOR ACTUAL ELIGIBILITY DETERMINATION FOR ALL PROGRAMS. HERE AGAIN WE EXPECT TO ENCOUNTER NUMEROUS REGULATORY BARRIERS WHICH MIGHT BE ALLEVIATED BY HOUSE BILL 2856. FOR EXAMPLE, MOST FEDERAL PROGRAMS REQUIRE ELIGIBILITY DETERMINATION BE CONDUCTED BY PERSONNEL OF THEIR OWN ADMINISTERING AGENCY. FOR EXAMPLE, THE COUNTY CONTRACTS WITH THE LOCAL PRIVATE NON-PROFIT HEALTH CARE SYSTEM TO TAKE APPLICATIONS FOR MEDICAID ELIGIBILITY, HOWEVER, APPLICATIONS MAY ONLY BE APPROVED BY SUPERVISORS FROM THE LOCAL DEPARTMENT OF SOCIAL SERVICES. FOR A UNIFIED INTAKE SYSTEM TO SERVE CITIZENS EFFICIENTLY, A WORKER FROM ONE AGENCY WOULD HAVE TO BE PERMITTED TO DETERMINE ELIGIBILITY FOR PROGRAMS FUNDED BY

SEVERAL FEDERAL AGENCIES AND IMPLEMENTED BY A SIMILAR NUMBER OF LOCAL ENTITIES.

CONFIDENTIALITY ALSO IS OFTEN CITED AS AN OBSTACLE TO A UNIFIED ELIGIBILITY PROCESS BASED UPON THE EXPERIENCE OF AGENCIES ATTEMPTING TO SERVE "SHARED" CLIENTS EFFECTIVELY. THIS SEEMS TO BE A PARTICULARLY DIFFICULT PROBLEM WITH RESPECT TO CHILDREN SERVED JOINTLY BY THE DEPARTMENT OF JUVENILE SERVICES, THE PUBLIC SCHOOLS AND SOCIAL SERVICES. OBVIOUSLY, CLIENT CONFIDENTIALITY MUST BE RESPECTED BUT SURELY REGULATIONS SHOULD BE EXAMINED TO ENSURE THAT INFORMATION CAN BE SHARED UPON APPROVAL OF THOSE SEEKING ASSISTANCE SO THEY NEED NOT COMPLETE PAGES OF FORMS AND HOURS OF INTERVIEWS UNNECESSARILY.

IN ADDITION, HUD, USDA AND DHHS HAVE DIFFERENT DEFINITIONS OF COUNTABLE INCOME AND ACCEPTABLE DOCUMENTATION AS WELL AS VERIFICATION REQUIREMENTS. FOR UNIFIED INTAKE TO WORK EFFECTIVELY, THERE WOULD NEED TO BE STANDARDIZATION OF THESE REQUIREMENTS. AGAIN, AN INTEGRATED ASSISTANCE PLAN UNDER THE LOCAL FLEXIBILITY ACT COULD ADDRESS THESE ISSUES.

AS WE ATTEMPT TO SERVE OUR CITIZENS IN A MORE COMPREHENSIVE MANNER, WE REPEATEDLY FIND THAT WE CANNOT HELP THEM SUCCEED UNLESS THEY HAVE ADEQUATE HOUSING THEY CAN AFFORD. WE HAVE DISCOVERED AT LEAST THREE INSTANCES IN

WHICH THE RIGIDITY OF HUD WAITING LIST REGULATIONS HAVE HINDERED US:

1) RECENT HOUSING LEGISLATION PERMITS FAMILIES WITH A CHILD OR CHILDREN IN FOSTER CARE TO RECEIVE SECTION 8 TO REUNITE. THE FAMILY MUST BE ON THE WAITING LIST. HOWEVER, OUR WAITING LIST HAS BEEN CLOSED SINCE FEBRUARY, 1989 AND MANY OF THE CHILDREN WAITING TO RETURN TO THEIR PARENTS WERE NOT YET BORN THEN.

2) HUD HAS ENCOURAGED LOCAL PUBLIC HOUSING AUTHORITIES TO DEVELOP FAMILY SELF-SUFFICIENCY PROGRAMS TO PROVIDE FAMILIES WITH EMPLOYMENT AND TRAINING AND SUPPORTIVE SERVICES AS WELL AS SECTION 8 SUBSIDIES TO ENABLE THEM TO BECOME ECONOMICALLY INDEPENDENT. PARTICIPANTS MUST BE DRAWN FROM THE EXISTING WAITING LIST AND CANNOT BE RECRUITED ON THE BASIS OF THEIR MOTIVATION TO BECOME INDEPENDENT WHICH WAS PERMITTED UNDER PREVIOUS DEMONSTRATIONS.

3) OUR PUBLIC HOUSING PROGRAM HAS ACCESS TO A STATE FUNDED PROGRAM KNOWN AS SENIOR ASSISTED HOUSING WHICH PROVIDES MEALS, HOUSEKEEPING AND HANDS-ON ASSISTANCE TO SENIORS UNABLE TO PERFORM ACTIVITIES OF DAILY LIVING INDEPENDENTLY. THIS PROGRAM IS COST-EFFECTIVE ONLY IF IT SERVES A SUFFICIENT NUMBER OF TENANTS. SINCE ALL PROSPECTIVE TENANTS MUST COME FROM A SINGLE WAITING LIST, IT IS DIFFICULT TO

ENSURE ENOUGH TENANTS NEEDING ASSISTANCE TO MAINTAIN THE PROGRAM.

SHOULD THE LOCAL FLEXIBILITY ACT BE PASSED, THESE ARE THE TYPES OF REGULATORY OBSTACLES TO COMBINING HOUSING WITH OTHER SERVICES WE WOULD SEEK TO CHANGE.

FINALLY HOUSE BILL 2856 IN SECTION 7 WISELY CALLS FOR STRONG COMMUNITY PARTICIPATION IN THE DEVELOPMENT OF THE INTEGRATED ASSISTANCE PLAN. OUR COUNTY AND ALL COUNTIES ALREADY HAVE A MYRIAD OF ADVISORY COMMITTEES IN PLACE, HOWEVER, E.G. THE COMMUNITY DEVELOPMENT (BLOCK GRANT) ADVISORY COMMITTEE, THE COMMISSION FOR CHILDREN, YOUTH AND FAMILIES, THE BOARD OF SOCIAL SERVICES, ETC. I WOULD SUGGEST THE SUBCOMMITTEE CONSIDER BEING LESS PRESCRIPTIVE IN HOW COMMUNITY PARTICIPATION IS ACHIEVED AND PERMIT LOCALS THE FLEXIBILITY TO USE ONE OR MORE OF ITS EXISTING ADVISORY BODIES TO DEVELOP THE PLAN.

THANK YOU FOR THE OPPORTUNITY TO PRESENT NACO'S POSITION REGARDING THE LOCAL FLEXIBILITY ACT OF 1993 AND SHARE OUR EXPERIENCES IN PRINCE GEORGE'S COUNTY. WE URGE QUICK APPROVAL OF HOUSE BILL 2856.

Mr. TOWNS. Thank you very much, Ms. Fox.

Let me just say that we have been joined by the chairman of the full committee, and I'd like to just sort of recognize him at this time.

The chairman of the full committee.

Mr. CONYERS. Good morning, ladies and gentlemen, Sister Blaquiere. We are delighted to let you know that this is one part of the Congress that works together in a bipartisan way. We are in the subcommittee of my friend and distinguished New York Chairman Ed Towns, out of whose subcommittee has come the Local Partnership Act, which would have restored the Federal revenue-sharing concept of money going directly into counties and cities. We have been working with the League of Cities, the Conference of Mayors, and the National Association of County Commissioners, on that effort because we think it tracks the concept that is really behind the measure that Mr. Clinger and I have brought to you today.

This committee has also worked on a procurement bill that in a way also deals with the same kind of notion of improving our government by requiring the government to go to more commercial standard items for purchase rather than esoteric, detailed, particularized items, which obviously would cost more.

And so today we come here to try to do something that I think is quite challenging, and it follows Vice President Gore's concept of reinventing government because all of our constituents are always asking what have you done for us in housing, or highways, or health programs, or social service programs. The fact of the matter is there are somewhere in the neighborhood of 400 programs that could be federally connected to every city, township, or other kind of municipality in each of our congressional districts.

Now that places a big burden not only on us, but imagine on a small city the size of Harper Woods, for example, or Dearborn Heights or Highland Park.

Detroit, it is easy. We have got lawyers and lobbyists all over the place from the major part of the State that I represent. But these smaller areas, two Grosse Pointes, how many people can they assign to monitor nearly 400 different Federal programs for which they may or may not qualify depending on how much time they can spend trying to interpret the regulations?

So what we have said is where feasible let's raise some of these regulations by forming an interagency group that could do that. It doesn't mean we are going to set them aside, Mr. Chairman, where antidiscrimination requirements, set-asides, fair practices in employment are concerned. But we can do this.

And I think this is a modest step forward. We are waiting for the Vice President's enthusiastic endorsement, and OMB, and I think we will get it.

But when you begin to consider the fact that we are merely forming a Federal method to lift these programs, the real problem that we are going to go into after we pass this bill is which of these requirements are unnecessary to begin with. I mean they don't even need lifting; they need tossing. And that is the next step of this operation.

We won't get there in this Congress. If we get this measure out, I think it will be a huge step forward to the concept that no regulation is sacred, no rules or policies or practice are beyond being re-examined.

And it is in that spirit that we are so glad that all of you with all of your varied experience are with us today. We think we are on the right track. And thank you for being here.

[The prepared statement of Mr. Conyers follows:]

**Opening statement of
John Conyers, Jr.
Chairman
Committee on Government Operations
before the
Subcommittee on Human Resources and Intergovernmental Relations
October 13, 1993**

Thank you very much, Mr. Chairman.

The bill we are considering today is based on the testimony received from Mayor David Dinkins and other witnesses at this Subcommittee's hearing last spring on America's urban crisis. I commend you, Mr. Chairman, for your leadership in focusing our attention on this problem and in moving promptly to do something about it.

According to the General Accounting Office, local governments are now eligible to receive financial assistance from over 350 separate Federal programs. Each of these Federal programs makes sense when viewed from Washington in isolation. But at the local level the combined requirements of myriad Federal programs cause confusion, waste, and inefficiency. Our witnesses today will give us specific examples of the problems local governments and not-for-profit organizations face.

There is bipartisan recognition that we can do better. On August 4 I introduced, along with Mr. Clinger, the Local Flexibility Act. Much of this bill is derived from a portion of a bill that Mr. Clinger had introduced earlier.

Last month Vice President Gore's Report of the National Performance Review recommended that Congress give Federal agencies authority to grant selective waivers from regulations in Federal grant programs. Last week Majority Leader Gephardt, at another hearing of this Subcommittee, endorsed this specific bill.

The Local Flexibility Act creates a Federal Interagency Council, comprised of the heads of ten Federal agencies. The Council will be authorized to grant to local governments and not-for-profit organizations temporary waivers from Federal regulations – other than anti-discrimination requirements – of grant programs in six areas: education, employment training, health, housing, nutrition, and other social services. The waivers are granted only if the Council approves a plan designed by a local government to improve services for its low income residents. Local governments and not-for-profit organizations also will receive priority in the review of their applications for Federal

funds in these six areas if the Council has approved the local government's plan.

Any local government submitting a plan to integrate services in this way must demonstrate that low income residents have participated in designing the plan.

The bill provides that the program will "sunset" after five years and directs the General Accounting Office to evaluate the program after four years and recommend to Congress whether it should be continued.

I look forward to the testimony of today's witnesses, including any suggestions on how we can further improve the bill.

Mr. TOWNS. Thank you very much, Mr. Chairman.

And also let me thank you and, again, Mr. Clinger for this very thoughtful piece of legislation.

We also have been joined by Congressman Mica who indicated that he would wait until the other witnesses before making comments. So we are delighted he has joined us as well.

We now move to Mr. Monteith.

**STATEMENT OF MICHAEL A. MONTEITH, ASSISTANT CITY
MANAGER, HAMPTON, VA**

Mr. MONTEITH. Thank you, Mr. Chairman. Thank you for the opportunity to speak here today on this bill and talk a little bit about.

Mr. TOWNS. Want to pull the mike to you? Thank you.

Mr. MONTEITH. Yes. Again, thank you very much for letting me be here today and talk about this bill as well as what it means for the city of Hampton. Hampton, VA is a community of 133,000 people, located on the shores of the Chesapeake Bay. I hope that if you have an opportunity to take a long weekend here soon you will stop by our community and take advantage of its great environment.

I am warmed by the things that you have said already this morning. You have a wonderful understanding of our problem. It makes me feel good to hear you talk about wanting to help us to become more effective in our communities, and that is what this bill I think is intended to do and that is what we want to be able to accomplish. Let me talk a little bit about some of the things that Hampton is attempting to do to try and make this happen.

Our legislators and our city employees work hard to make Hampton a nice place where people want to live and work and play, and that basically is the goal of every community in this country. But in spite of our best efforts, things are still not working very well in a lot of areas, and the trends, unfortunately, are all in the wrong direction. You have heard all these statistics before, but just let me mention a few of those in our community that I think are particularly troubling.

First, the percent of low birth weight babies is increasing in our community as it is in the country. These are the children who are going to have trouble the rest of their life, particularly trouble in school.

The number of single teens having babies is increasing. These ladies, 3 out of 4 of them are going to end up on our welfare rolls.

The rates of children committing violent crimes is a very distressing statistic, and we are seeing this in our community. These are the children who are now going to become regular visitors to our criminal justice system.

The percent of children who are graduating from our high schools is also not increasing, which it should be.

And also as distressing is the fact that the skills that our graduates are coming out with are, quite frankly, just not adequate to provide them with the skills that they need to become contributing members of our community and provide the skill base that this country needs to be strong in the future.

And so it comes as no surprise to anybody then that our welfare rolls are increasing and the populations in our prisons are increasing, and these are issues that are sapping our vital resources and

keeping us from using those resources in very productive ways for our community. We have got to do some things to try and make those things better.

Now, communities across the country are scrambling to try and do things to more effectively and more efficiently. Hampton's response to that, I think, is also typical of a lot of communities. What we are attempting to do is bring our citizens together to talk about what these issues are and what we can do about them as a whole community.

We started a strategic planning process 2 years ago. Approximately 5,000, actually more than 5,000 people in our community participated in that program, and I want to talk to you a little about some of the findings. Not all of them, they are very extensive, but just some of the ones that I think pertain particularly to this piece of legislation.

There is a number of resources that are available in our community that are operating now. I estimate that close to \$100 million in our community is being spent annually to support basically people who are not able to support themselves. Looking at that, at those expenditures, you find that there is a wide variety of sources that contribute those dollars: independent foundations; the government, State, local and Federal; churches; charitable contributions, et cetera.

Also, at the same time the number of agencies that are operating with those dollars is also extremely expansive and very varied. Boys clubs and girls clubs, and civic organizations, as well as government agencies are all out there trying to do things with those dollars.

Now, what we found looking at those individual programs is that you are hard pressed to find any of them that aren't effective. All of them do something well and something good that benefits their clients. But yet when you stop and look, get back from those individuals programs, you see that those trends that I mentioned at the beginning are still going all in the wrong direction.

There is something else that we as a community have to do to be able to make these things work. And it seems to me, and it seems to a lot of people around this country, that approaching our problems in terms of a lot of different specialties is not going to make it work. So we have to look at more comprehensive approaches, and that is the conclusion basically that we have reached in Hampton. We need to develop collaborative supportive programs that work together and look at how we address our problems in a more holistic way.

So I guess what we have done over the last 2 years is validate a lot of research that has been done in other places and validated those theories about holistic approaches.

In trying to do that, though, we have uncovered a couple of difficulties. One that in a perfect world collaboration is really difficult. Probably nobody knows that better than this committee and the members here. So what we need to do is to remove as many barriers as we can to collaboration.

One of the most difficult things that we keep running up against is the kinds of things that Ms. Fox just talked about, and that is that programs are very regimented in the way they are operated

and they aren't very flexible, particularly Federal programs that is the case. What I would like to do is just mention one example.

We are attempting to try and put a comprehensive job training program together in our community. There is a bunch of them that are operating right now and we would like to put them all together. We would like to tie them with the other programs around the community. Let me just give you two programs: The JOBS program, which is the Job Opportunity Basic Skills program, operated out of Health and Human—excuse me, Department of Labor—excuse me, Health and Human Services, and the Job Training Partnership Act [JTPA] that operates out of the Department of Labor. Both of those programs operate in our community. Both of them have the goal of taking people off of welfare rolls and putting them to work and help them to be self-sufficient.

Both of them have exactly the same goal. And yet they operate out of two different Federal programs. They operate out of two different State programs. They operate out of two local programs. They operate at the locality in two different places in two different buildings with two different staffs. That means the client who wants to go to take advantage of these two training programs have to go to two different places, deal with two sets of different rules.

Additionally, then what we have tried to do is put those things in the same place, which we have done, so we basically have one-stop shopping in terms of those two programs, but the programs still don't work together. Because the rules are different. We still have to report back to two different sets of administrators. The goals of the program, although they are the same, the strategies are different. What you can do with one program you can't do with the other program. Eligibility is slightly different. Enough to where everybody can't participate in those two programs. And finally, the measures of success are totally different.

In the JOBS program the measure of success is how many people go through the program. In the JTPA program it is how many people get work. Small differences like that.

And here is two programs that were intended to work together. But at the local level it is extremely hard to make that happen.

Now, I don't want to spend all my time on that because I really want to talk about why I like this bill and some things that I think that you could do to make it a little bit stronger. Let me talk about the things that I like first.

First, I like requiring the service integration plan. I think that is particularly important that you require communities to think in some depth about what they are going to do and how they are going to do it, and that they write that down and they are very specific about it. I also think that it is important that they involve people in the community. And so I think the requirement to have involvement is very important.

I think that it is particularly important also, and significant, that you include a requirement for performance guidelines. That you require us to write down our goals and our performance criteria and our measurement plans. That is something that is really missing. When you look at a lot of Federal programs, they talk a lot about inputs, making sure that you don't misuse the money, but you don't talk very much about what happens with the money, whether it

makes a difference in people's lives or not. And so that is something that I think is very, very important. I hope that that stays in there and I hope that you beef that up.

I think also that it is very important that you offer the opportunity to waive all rules and regulations that get in the way. That is absolutely necessary, and that is one of the things that has been missing in most of the other attempts to try and make this thing work.

And last, the thing that I really like is the fact that in the section called "Special Assistance" you mandate that agency heads spend time expediting processing, giving priority for funding, et cetera, to programs that have developed holistic programs. That is an important incentive for local governments to take this seriously and to try and make it work.

Now, some things that I think that you could do to make this thing stronger. The first thing is the interagency review council is required to approve everything that is developed in terms of the service integration plan. I think that you are going to find that this group gets bogged down very, very quickly.

I think that there is a level at which it probably doesn't require this interagency group to review. In fact, what I would say is that you ought to take a page out of the Vice President's National Performance Review recommendation on bottom-up consolidation, which I—some of you probably know that I was a member of that group, but I am not here representing the National Performance Review today. What that report says, though, is that there is probably a lot of communities' programs that you are going to see come up to this group that are very important to the community in terms of the program. But their fiscal impact is going to be very, very small.

The example I gave you with JTPA and JOBS for the city of Hampton would be less than \$1 million in those two programs being combined. How many million dollar programs do you want to have to approve at this level?

I would suggest that you set some level. Let's say under this dollar amount there is an expedited process for either having this happen. What I would really like for you to say is under that dollar amount local governments just have the authority to do it.

They still have to write up their service integration plans. They still have to give it to everybody. Everybody can still comment. But the approval is not required. And I think that would expedite things. It would make it really work well.

And what you would get is a real incentive for local governments to try small programs, find out that it works, get experience, and then build a big program.

Section 7 of the bill talks about community advisory committees. Ms. Fox talked about that. I support collaborative approaches. If I were going to do this program this is exactly the way I would do it, the way you have it written. But I don't think you ought to mandate the process. I think you ought to let local governments decide how they are going to implement these things.

Section 10, paragraph 4, of the bill defines which Federal programs are eligible for consolidation. I think this is an important issue. You have got listed five or six areas that are available for

consolidation. I think that you limit our potential creativity by saying that these are the only areas that we can deal with.

One example—most of the human service programs that we deal with build in some way to economic development initiatives in our community. If you don't have strong people in your community with strong skills, you are not going to have a strong economic environment. Why would you exclude economic development programs from the consolidation efforts?

If we are only going to do holistic programming, don't box us in with "Here are the things that you can consolidate." Stop at the first paragraph and say, "What we want is holistic programs and everything is fair game." What you have to do is justify that there is a benefit and that that benefit is going to be better than what you had before."

The President of the United States recently created an enterprise board. That enterprise board has 17 Cabinet level persons, chaired by the Vice President. That enterprise board was set up to provide interagency coordination to help fix things at the local level. It is kind of a top-down approach of looking at how to make things work better.

I would suggest that this board is very, very similar to what you suggested in terms of an interagency review council. You would have to add a few people. Here is who you would have to add. You would have to add the Vice President because he is going to be chairing the enterprise board. You would have to add the Secretary of the Treasury, the Director of the National Drug Control Policy, the Administrator of the Small Business Administration, the Assistant to the President for Domestic Policy, Assistant to the President for Economic Policy, and the Director of the Office of Management and Budget.

I would suggest that all of those people would be good additions to a program looking to try and make things work better at the local level. So you might want to consider that. I think that way you wouldn't have duplication in those boards.

And finally, I have two questions. One question is benefit. You have in the bill in a couple of places this thing called benefit, and I think it needs to be very carefully defined. Because if you define benefit in terms of, for example, the dollars received by a recipient before and after a consolidation program you have limited greatly our ability to do some things.

I think you ought to define benefit in terms of is the client being served better and can you prove that that is happening. That is the benefit. The benefit is that the person has become self-sufficient, that they are becoming stronger individually, they are becoming contributing members of the community, et cetera. It is not how we go about delivering and getting that benefit done. So I think it is real important that you define that very, very carefully. Don't keep us from changing the strategies that we are using to make this happen.

And the last question I have is—right now it is illegal for us or you or anybody to commingle Federal dollars. I am not sure in reading the bill whether the language here is strong enough and clear enough to make it understandable that this will allow us to

commingle those dollars and use them basically as one program as opposed to two.

Thank you very much for letting me talk. I have gone over my time limit. I appreciate you allowing me to do that as well. I am very excited about the bill and I will be following it very carefully.

Thank you.

Mr. TOWNS. Thank you very much, Mr. Monteith.

[The prepared statement of Mr. Monteith follows:]

**STATEMENT OF
MICHAEL A. MONTEITH
ASSISTANT CITY MANAGER, CITY OF HAMPTON, VIRGINIA
before the
House Subcommittee on Human Resources
and Intergovernmental Relations**

Mr. Chairman and members of the Subcommittee. I appreciate this opportunity to discuss with you the need for improving the effectiveness of federally funded programs administered by local governments and the effect that the Local Flexibility Act of 1993 might have in this regard. First, I would like to give you some background information on my community and why this proposed legislation is important to me.

Hampton, Virginia is an attractive, thriving community located at the mouth of the Chesapeake Bay and home to approximately 133,000 people. In many ways Hampton is representative of American city governments everywhere. The elected legislative body and the City's employees work hard to ensure that Hampton continues to be a place where people want to work, play and raise their families. Cities everywhere share this goal but in spite of their best efforts, certain negative trends persist. Consider the following:

- o The percent of low birth weight babies is increasing in Hampton and most American cities. These children are seven to ten times more likely to have later problems in school.
- o The number of single teens having babies is increasing. Three out of every four of these young women will end up on welfare roles.
- o Arrest rates for children committing violent crimes is rising at an alarming rate. These youth have a high probability of becoming repeat clients of the criminal justice system.
- o The percent of children graduating from high school is decreasing. These youth will be unable to contribute to their community and their country's need for skilled workers.
- o It is no surprise that welfare roles and prison populations are on the rise; trends that escalate the drain on American cities scarce resources.

In response to the above, cities are scrambling to find solutions to these issues which threaten the viability of their communities. Hampton's response has been to involve the community in the development of a strategic plan of action. More than 5,000 people participated in this two year effort. Here are some of the things discovered:

- o There is estimated to be approximately 100 million dollars spent in our community annually to support citizens who are not able to support themselves.

- o These dollars come from a wide variety of sources including federal, state and local governments, private donations, foundations, etc. The dollars are administered by a wide variety of organizations such as churches, non-profits, civic groups, clubs, charitable agencies, government agencies, etc.
- o A review of individual programs found that almost all of them positively contributed to the well-being of their clients. No one, however, was "responsible" for the overall "wellness" or development of the whole person. Each agency, civic group, club, and non-profit group specializes in specific client needs.
- o In spite of the success of individual programs, disadvantaged citizens are not able to significantly improve their abilities to function independent of community support.

In summary, what Hampton found was that as a community, our approaches to strengthening human resources were uncoordinated, lacked overall focus, and did not produce the needed results. This is true of the federal government's approach to human resource development as well. More than 600 categorical grants fund individual, often isolated, programs that seldom work with any other program.

Hampton envisions its future success being based on collaborative planning and coordinated programing. In pursuing this vision, Hampton has encountered a number of difficulties. One of these problems is that program designs, especially federal programs, are quite inflexible. In spite of the desire of program administrators to work together, program requirements make it difficult. As an example, Hampton is attempting to develop a coordinated job training program for disadvantaged persons. Two programs specifically intended to address this issue are the Job Opportunity in Basic Skills (JOBS) Program and the Job Training Partnership Act (JTPA).

The program goals of JOBS and JTPA are quite similar. Both are intended to help citizens become self-sufficient by providing education, work experience, job search training and job placement. The two programs, however, approach their missions in different ways. Specifically, they are managed by two separate federal agencies, two separate state agencies and two separate local agencies. Additionally the programs have different eligibility criteria, different accounting requirements, different measures of program success and different program designs. At the local level citizens must travel to two locations and deal with two staffs and different rules in order to get services. Combining these programs in Hampton makes a lot of sense. Although we have put the two programs in the same shopping building and reduced client confusion by providing one-stop shopping, the programs cannot be made truly efficient because of the administrative nightmare of keeping two sets of books. The two programs can never really work together

until changes are made to align their separate rules and regulations.

Hampton's plan to develop comprehensive, collaborative strategies cannot be fully realized unless federal and state funded programs become flexible and supportive of local community needs. Hampton is far from being alone in this vision. Cities and counties across America are struggling to improve the effectiveness of their efforts. HR 2856 (The Local Flexibility Act of 1993) intends to provide the flexibility communities are seeking.

Review of H.R. 2856 "Local Flexibility Act of 1993"

The intent of the plan is excellent. Anything that encourages more flexibility and greater effectiveness in the use of federal dollars is a step in the right direction. The following are some specific features of the proposed legislation which are very good:

- o Requiring the development of a detailed "service integration" plan is excellent. Requiring that the plan be reviewed by local and state interested parties is also very good. This improves the chances that the plan will be well thought out and supported by the effected parties.
- o It is particularly significant that the bill proposes that all service integration plans include written goals, performance criteria and measurement plans. Current programs over-emphasize accounting for the funds and deemphasize the measurement of the programs effect on the target population.
- o The proposed legislation will provide the ability to waive all rules and regulations that get in the way of providing effective service. This is a critical ingredient that has been missing in past attempts to make federal funding more effective.
- o The section of "special assistance" mandates that agency heads provide "expedited processing, priority funding and technical assistance" to support implementation of approved integrated assistance plans. This provides a needed incentive for communities to begin thinking about maximizing the effectiveness of government funds being used in their cities.

There are several things about this proposed bill that I would recommend modifying. The following is my outline for change:

- o The bill will require that the Interagency Review Council approve every proposal from local governments and not-for-profits. I anticipate that this board may quickly become overburdened by the task. Many of the proposals will be dealing with programs that are very important to the requesting communities but whose fiscal impact is quite small. I would recommend looking for a way to allow applicants to

combine small dollar programs without a lot of red tape. The National Performance Review's proposal could serve as one example of how to modify HR 2856. This proposal recommends that local governments be allowed to combine federal programs that individually are under 10 million dollars.

- o Section 7 of HR 2856 requires that a community advisory committee be established and that this group review and comment on a community's service plan. Personally, I support collaborative community planning, however, I believe that the details of how a local government involves their citizens in this process should be left to the local government. The bill should require local governments and non-profits to involve affected and interested stakeholders and to provide a summary of the process used and who was involved. One specific process for involving local citizens should not be mandated.
- o Section 10, paragraph 4, of the bill defines which federal programs are eligible for consolidation. In order to maximize the effect of HR 2856, I would suggest not limiting its application. In attempting to develop comprehensive programs, communities will surely find logical links between federal programs that have never been previously considered. Limiting the type of programs that are eligible for integration, limits the creative power of local governments. For example, most human service programs have an effect on economic development efforts. There might be some effective combinations that would be precluded by this section because economic development is not listed as an area eligible for integration.
- o The President of the United States recently created an "Enterprise Board" made up of 17 cabinet level persons and chaired by the Vice President. The role of this body is to look for ways to improve interagency cooperation, improve the effectiveness of federal programs and empower local communities. The Local Flexibility Act might wish to consider using this group to fulfill the role of the Interagency Review Council. The following positions would need to be added to the Interagency Review Council if this recommendation was accepted: the Vice President, Secretary of Treasury, Director of National Drug Control Policy, Administrator of the Small Business Administration; Assistant to the President for Domestic Policy; Assistant to the President for Economic Policy, and Director of The Office of Management and Budget.

Finally, I have a few questions that I would like to ask about the proposed legislation.

- o The bill refers to "benefits" provided by current federal programs and the effect on these benefits from plan integrations. I assume that the intent is to insure that current program recipients are not harmed by service integration. It is important, however, to be very clear about this intent. If benefit is defined as "dollars received," for

example, and the intent is to have no effect (on dollars received), this needs to be clearly stated. I would be opposed to this definition of benefit. Benefit should be defined in terms of the positive effect received by the recipient as a result of the program, e.g. the individual is able to work and make a sufficient wage to get off welfare. If we limit our program modifications so as not to be able to change the way we address the issues we limit our creativity and our potential success. The bill should require local governments to clearly demonstrate how customers will benefit from program integration but not limit the development of new strategies to achieve those benefits.

- o Currently it is illegal to commingle funds from two separate federal programs. Does HR 2856 adequately provide the authority to allow this joining of federal dollars?

In conclusion, I believe that the proposed legislation is a bold step in the right direction. The federal government cannot successfully anticipate the changing environments in which grant programs must operate. This can only be effectively accomplished at the local level where programs are carried out and customers are served. Encouraging local governments to develop comprehensive strategies for their communities and allowing federal funds to support those strategies is a stroke of common sense that can have a tremendous effect on the wellness of our country. I would encourage you to push forward with this bill. Further, I hope you will consider my recommendations for modification, especially recommendations to limit the red tape involved with getting small program integrations approved.

Mr. TOWNS. Ms. Lipscomb.

**STATEMENT OF SHARRON LIPSCOMB, VICE PRESIDENT,
EMPOWERMENT NETWORK FOUNDATION**

Ms. LIPSCOMB. Thank you. Good morning, Mr. Chairman, members of the committee. It is a pleasure to be here once again with you today, and it is particularly gratifying to learn that in participating in hearings of this sort the kind of information and experience that we bring to you indeed impacts your decisionmaking and thoughtfulness about these sorts of issues.

Again, my name is Sharron Lipscomb. I am vice president of the Empowerment Network, which serves as a networking hub and policy development organization for community-based initiatives around the country. We focus on five strategic empowerment issues of housing, home ownership, resident management of public housing, enterprise economic development for these local low income communities, asset-based welfare reform, family preservation, and parental empowerment in education.

This past July, we held a national symposium on asset-based welfare reform, and without a doubt within that 2½ days of discourse one of the most overarching themes relative to the whole issue of looking for how to reform the welfare system certainly focused on the flexibility and waiver authority to foster low income communities to be a participant in solutions to resolve some of the social and economic problems that they are fraught with. So let me just focus on a few of the key issues that came out of that conference because I think it is significant to your thinking on this particular piece of legislation, starting with asset limitations.

No matter how you look at it, for a welfare recipient to attain any amount of economic independence in any way, whether it be starting a small business, getting a job or getting education, is the ability to accumulate savings. Certainly the present welfare system hinders that and disallows low income recipients to earn any assets or save any assets.

Our present AFDC system does not allow a recipient to save any more than \$1,000 and, in fact, this provision is so perverse that a person on welfare who attains a minimum wage job is hit with essentially a 90 percent marginal tax rate. Preventing savings prevents asset accumulation that could be used for the startup of a business, that could be used for training, job training, that could be used for pursuing education. And, in fact, this does nothing more than to lock people into the welfare system versus enabling them to move away from it.

Most of you probably are familiar with the story of Sandra Risotta. She was a young student who was saving for her college education. She saved up to \$5,000. But what happened was the welfare officials found out about her savings and they penalized the mother, causing her to pay back \$9,000 to make up for the AFDC payments that the family had received. Again, this kind of punishment of savings does nothing more than to create what we have in this country today as a generational poverty taking place in these kinds of communities.

I just want to return briefly to the issue of small business creation, because we believe this is crucial for an economic renaissance.

sance in our cities. We know that the majority of new jobs created in this country comes from small business, comes from microenterprises, and, in fact, we are seeing an explosion in home-based businesses today, and we know that in these communities that have little access to opportunities that the best thing they have is the ability to work at taking the skills that they have acquired to create their own form of self-employment. But given the way that the system works, those options are taken away from them.

There are studies that have suggested that the economic impact of small businesses on local economies can be greater than that of large enterprises due to the greater propensity of small businesses to fill jobs with local people, to employ less skilled people or people with less experience. It also enables the retraining of employees during, you know, points where the economy is suffering. And we also know that at this time enables local suppliers to become involved in community affairs, and if we were to support this kind of a movement in these communities there would be greater participation and involvement.

In short, our social support system does everything to—does everything in its power to promote such activities. This does not entail the creation of grandiose new programs that we are promoting here today, but we are really suggesting that the government get out of the way and allow these communities to function in a way that is natural and what is taking place in other communities throughout the country.

Many communities have tried to remedy these perverse disincentives that our system is fraught with, to produce a different kind of behavior by raising the asset limit and savings for welfare recipients, but the system itself in working at removing these barriers is as perverse. We see localities must apply for waivers through multiple layers all the way here in Washington. The waiver can only be in the form of a short term, that is, 1 to 3 years, for a demonstration program, and must pay for a study to evaluate the demonstration. Many times this kind of evaluation has proven to be far more expensive than the demonstration itself. Again, it's a waste of our dollars.

Often these waivers are 5 inches thick and take up to a year to approve. This process must be streamlined to facilitate more innovation. And again, the accumulation of savings is imperative for the transition to longlasting economic independence.

I want to focus just a bit on public housing. Again, this is another area where there is hostile effective tax rates at work, again creating a host of disincentives to the productivity in our Nation's public housing system.

Unlike typical rents, which are computed by the market, most public housing rents are computed by taking 30 percent of the resident's income. Thus, if a resident gets a job, gets a raise, or if another family member gains access to employment the rent is ratcheted up, which basically negates any amount of disposable income that would come into the household that could then support other employment or education or training opportunities.

This can translate into a marginal tax rate of 116 percent. We have learned this from a comprehensive study done by the Georgia

Association of Housing Redevelopment Officials, where they point out that the highest marginal tax rate in this country is not paid by millionaires, but rather it is paid by AFDC public housing residents who accept a full-time minimum wage job.

The establishment of ceiling rents also is extremely important to allowing public housing residents to accumulate savings for, again, education, transition to work, and other sorts of business opportunities. Again, the waiver process in this area is as arduous as the earlier ones that I have described.

Housing authorities must apply for waivers in order to allow a home business in public housing. But yet as we see in other situations around the country where employees are being forced out of their jobs, the thing that they have to retreat to is what is breaking in the economy is a whole host of home businesses. Why is it then that public housing residents don't have access to the same opportunities?

We see a lot of public housing residents interested in creating daycare centers and what that does is not only provide employment in those communities but further enables mothers who at this time cannot go to work because they don't have access to daycare to then have that option made available to them.

Once again, all these waivers are driven from Washington, DC, for approval, and I think a significant recommendation relative to your legislation that we would caution is that the top-down approach can be as cumbersome and, in fact, could prevent much of what you are working to accomplish with this legislation.

Presently waivers must go through a State agency. The problem there often is that the State does not have the incentive to do all the legwork to get the waiver passed. Any reform should give the right for the locality or community to apply directly for a waiver, and we are particularly pleased to see in your legislation that you are suggesting nonprofits be eligible as a part of that process for waivers. I think that is a good step forward.

But once again we would caution about these boards and this top-down approach of coordinating all these agencies to then look at how to resolve the issues at the local level. The local level has got to have the authority and be empowered to drive what is taking place at the State and Federal level for this legislation that you are offering to have the kind of impact that can make the change that I think is the intent of your legislation. But nonetheless, we think it is absolutely a step in the right direction.

Thank you.

Mr. TOWNS. Thank you very much, Ms. Lipscomb.

[The prepared statement of Ms. Lipscomb follows:]

Testimony of Sharron Lipscomb
Vice-President of
The Empowerment Network Foundation

Committee on Government Operations
October 13, 1993

Good Morning Mr. Chairman. It is a pleasure to once again address this Committee. It is also a pleasure to see that participating in hearings of this sort does impact your decisions--as witnessed in the proposed legislation before us.

The Empowerment Network Foundation(TEN-F) serves as a networking hub and policy development organization for community-based initiatives around this country. TEN-F focuses on five key strategic empowerment issue areas: resident management of public housing and homeownership opportunities, economic enterprise, asset-based welfare reform, and family preservation and parental empowerment in education.

This past July The Empowerment Network Foundation convened an Asset-Based Welfare Reform Symposium. This workshop was truly a unique event, having representation from all those involved in the welfare reform debate: Congressional Representatives, White House Officials, policy analysts, state and local officials--but most importantly--and what made the event unique was the participation of the grassroots leaders themselves.

It was inspiring to see these local activists go toe-to-toe with policy professionals. Such activists as Irene Johnson, President of LeClair Courts Resident Management Corporation in Chicago--who basically "stole-the-show" by enlightening all conference attendees on the welfare perspective from the receiving end. Her perspective highlighted how destructive the present

system is to personal savings, family formation, and overall economic independence.

One over-arching theme from this conference was the need for increased flexibility and waiver authority to foster community based solutions. The system, at present, hinders community-based initiatives which tend to be more innovative and better tailored and suited for the challenges specific that particular community.

Some of the major areas mentioned were:

Asset Limitations

No matter how you look at it. For a welfare recipient to attain economic independence in any way--whether that be starting a small business, getting a job, or getting an education the ability to accumulate savings is crucial.

The present welfare system, however, hinders asset accumulation. Our present system does not allow AFDC recipients to save more than \$1,000 dollars which is an extreme disincentive to leave the welfare dolls. In fact, this provision is so perverse--that a person on welfare who attains a minimum wage job is hit with essentially a 90% marginal tax rate. Preventing savings prevents asset accumulation that can be used for start-up capital for small

business creation, a "cushion" to ease the transition to a job, or education. Thus, locking people into the welfare state.

Most have now heard the story of Sandra Rosado who saved 5,000 dollars for college. When the welfare officials found out about these savings, they immediately ordered the children's mother to pay a penalty \$9,000 dollars to make up for AFDC payments the family had received. This punishing of savings is, thus, promoting generational poverty.

I just want to go back again to small business creation because we believe this is crucial for an economic renaissance in our inner cities. We all know now that the majority of new jobs in our economy are created by small businesses. But, self-employment and microenterprise activities are particularly important in areas where there are few forms of job opportunities--such as rural areas and inner-city urban areas--and to groups of people who have few job options due to lack of formal education or training. In these situations, people turn to microenterprise activities out of economic necessity.

Studies suggest that the economic impact of small businesses on local economies can be greater than that of large enterprises due to the greater propensity of small business to fill jobs with local persons, employ less skilled or experienced workers, retain employees during periods of minor or moderate business decline, use local suppliers, and become involved in community affairs. In addition, microenterprises are generally more flexible than larger firms, adapting to the family situation and responsibilities of the operator, and allowing for production to be rapidly altered in response to changes in market demand.

In short, our social support system should do everything in its power to promote such activities. This does not entail the creation of grandiose new programs, but merely "getting-out-of-the-way" and allowing these communities to function in the natural way they have for since our country was created. Allow people to save!

Many communities have tried to remedy these perverse dis-incentives to productive behavior by raising the asset and saving limits for welfare recipients. Unfortunately, this system is almost as perverse as the welfare system just discussed.

Localities must apply through multi-layers--all the way to here in Washington for a waiver. The waiver can only be in the form of a short-term (1-3 year) demonstration program and the program must pay for an study to evaluate the demonstration. Many times this evaluation has proven more expensive than the demonstration itself.

The waiver is about 5 inches thick and takes up to a year for approval.

This process must become more streamlined to facilitate more innovation. Again, the accumulation of savings is imperative for the transition to long-lasting economic independence.

Public Housing Rent Structure

Another area of hostile effective tax rates and dis-incentives to productivity is in our nations public housing system. Unlike typical rents which are computed by the market, public

housing rents are computed by taking 30% of a residents income. Thus, if a resident gets a job, gets a raise, or if another family member attains employment -- the their rent is "ratcheted up" again--which basically negates any increase in disposable income. This can translate--into a marginal tax rate of 116%. As John Hiscox, The Executive Director of the Georgia Association of Housing Redevelopment Officials states--"the highest marginal tax rate in this country is not paid by millionaires but rather by an AFDC public housing resident who accepts a full time minimum wage job."

The establishment of ceiling rents is extremely important to allow public housing residents to accumulate savings for education, transition to work, and for educational opportunities. Unfortunately, the waiver process here is as arduous as the one described before.

Another waiver that housing authorities must apply for is to allow in-home businesses in public housing. As mentioned earlier, such businesses have proven very effective in providing meaningful employment to public housing residents which benefit the entire community. Such as in-home day care centers which provide safe and affordable day care for public housing residents, creating employment for those doing the day care and allowing other mothers the ability to pursue other employment opportunities knowing that their children are well cared for.

All these waivers must come to Washington DC for Approval. One recommendation would be to devolve waiver approval down to the regional and local offices of these respective agencies.

Second, at present any waiver request must come through a State agency. The problem is that many times the State does not have the incentive to do-the-leg work for the waiver.

Any reform should give the right for the locality or community to apply directly for a waiver. I notice you included non-profits as eligible in this legislation--that is good. This reform will greatly empower these initiatives.

Thank you again for the opportunity to address this Committee and for your dedication to true reform of our welfare system.

Mr. TOWNS. Sister Blaquiere.

STATEMENT OF SISTER TERESA BLAQUIERE, RSM, EXECUTIVE DIRECTOR, CORE CITY NEIGHBORHOODS, DETROIT, MI

Sister BLAQUIERE. Thank you for this opportunity to testify before this committee on the Local Flexibility Act. I am Sister Teresa Blaquiere and have served as the executive director of Core City Neighborhoods since 1984. I not only come in behalf of Core City but also from Network.

I want to begin by putting my comments in a context because I think it is really critical to know the context in which I speak. Core City Neighborhoods is a community development corporation located on the near west side of Detroit, less than 1 mile from the center of the city. Organized since 1984, we are a grassroots organization made up of 18 members who represent people who live in that community, businesses, agencies, and institutions. The median income of our community is 10,000 per household.

Core City Neighborhoods' mission from the beginning has been twofold. That mission is to strengthen the social and human fabric of the community, and the second, and just as critical, is the physical and economic revitalization of a 3½ square-mile area.

This mission as we have tried to set strategic direction and create programs are two sides of the very same coin: the human services, but also community and economic development. It is our experience that development, both the social human and the physical economic, in the setting of an urban area requires the reweaving of the very fabric of the urban community in a holistic way.

The problem of crime is not unrelated to the lack of employment, education, and the lack of skills. These in turn are not unrelated to the availability of decent, safe, affordable housing, which are not unrelated to the availability of equity financing, the cost of labor, the implications of regulations coming through EPA, Labor, and now the ADA. This litany could go on and on.

All this to say that in the urban community, if one considers the quality of life as the hub of the wheel, in order to make the wheel function there has to be the coming together of all the spokes, spokes which will have to be reshaped, changed, fitted and eliminated if we are going to ever make the wheel work. My image of the legislation under consideration today is that you are attempting to create a vehicle or mechanism at the Federal level, the inter-agency review council, which cut through and make the spokes fit the hub or, in fact, eliminate them if necessary.

The hub being the integrated assistance plan which flows from the bottom up, and I reiterate it has to flow from the bottom up. It is making the center work through a holistic approach which has to be the concern when the individual spokes, that means departments or agencies, don't fit because of rules, regulations and requirements.

Individual programs are usually designed in isolation from the whole. However, at the level of the community we have to do the planning as a whole. I think what happens is that various agencies create well-intended programs from the perspective of one spoke. Those of us working in the trenches have to put several spokes to-

gether in order to make the wheel work. Several spokes because the needs of people are complex and they are interrelated.

For example, Core City Neighborhoods recently closed the financing on a \$1.7 million acquisition and rehabilitation of 36 units of rental housing for low income families. In order to finance this project we had to piece together over a dozen pieces of financing. Imagine trying to put that are jigsaw puzzle together.

The heart of the finance plan was the use of low income housing tax credit dollars, which I assume comes out of the Treasury Department, and I would like to see Treasury included in this agency review, as one of my colleagues here mentioned.

However, at the time we put together the project, HUD had a project called home, some moneys coming out of home. If we could have integrated the two programs, we could have made rental housing available to extremely low income families. We could not do it. Why? Because the regulations were at odds with one another.

In the home program you had to increase the rent when the tenant's income for whatever reason exceeded the maximum allowable rent, while with the tax credit financing you could not increase the rent or the project would be out of compliance. So you had several nonprofit housing developers faced with a very real and difficult decision to make, one or the other options, rather than both, which together truly address the housing needs of very low income families.

There is a happy ending to this particular story, but it took well over a year to change the regulations so that the programs could work together for the benefit of people.

I am sure there are countless examples where the needed and most cost effective use of resources could not be put together precisely because program regulations and requirements eliminate using the programs together. The individual programs need to be out there, but they have to be somehow integrated.

Why does this happen? Again, I think it is because program designers in correcting one problem unknowingly create another when it gets down to the local level. It is often only when the practitioners begin to use programs in an integrated and holistic way that one finds that the spokes are square pegs and they don't fit into round holes. No one's fault. People of good will, but often designing the spoke from one perspective.

What I think this interagency review council wants to do is remove the obstacles to making the square spoke fit the hole. If an interagency review council can cut through the red tape an bureaucracy and force a change, may the force be with you.

I further think that the knowledge gained from the agencies at your level and at our level working together can set the stage for the realization that agencies and groups and institutions must work together in designing programs which address the needs of people in a holistic way. Please do not anticipate a reduction in the dollars needed at the local level because of the different—in the different Federal programs, but rather the dollars could be used in a way which is more cost effective, more efficient, and you can get more bang for the bucks.

It is my experience that when the Federal regulations are interpreted at the State and local level, it becomes even more difficult

to have programs fit together. People at the State and local level, I think, tend to interpret very narrowly whether it comes to Federal programs and their rules, regulations, and requirements.

What happens when at the State level are regulations are more restrictive than the Federal level? Will the Federal interagency review council address this?

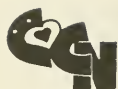
I would hope that having a process for an integrated assistance plan which has to be signed off at both the local and State levels does not run the risk of never seeing the light of day. Comments are one thing, approval is another. Please do not make approval mandatory.

We in the development world find a very fragmented set of potential resources. We struggle every day to address complex and very interrelated problems. It is heartening to know that the fragmentation is being recognized and legislation is being considered that would help us access the necessary resources and providing an integrated and holistic assistance plan for people.

Thank you.

Mr. TOWNS. Thank you very much St.

[The prepared statement of Sister Blaquiery follows:]



Core City
Neighborhoods

3301 23rd Street • Detroit, Michigan 48208 • (313) 894-8431

LOCAL FLEXIBILITY ACT OF 1993, H.R. 2856
TESTIMONY BEFORE COMMITTEE ON GOVERNMENT OPERATIONS

OCTOBER 13, 1993

Submitted by
Sister Theresa Blaquiére, RSM
Executive Director
Core City Neighborhoods
3301 23rd St.
Detroit, MI 48208
(313) 894-8431

Thank you for this opportunity to testify before your committee on the Local Flexibility Act of 1993, H.R. 2856.

I am Sister Theresa Blaquiére and have served as the Executive Director of Core City Neighborhoods since 1984 when it was founded. Let me begin by putting my comments in a context. Core City Neighborhoods is a Community Development Corporation located on the near west side of Detroit less than one mile from the center of the city. Organized in 1984, Core City Neighborhoods is governed by an 18 member board of directors composed of residents, business, community groups, and institutions located within a three and one half square mile area.

The median income for the 10,000 residents living in approximately 4,000 households is a little over \$10,000. Seventy-five of all households with children under 18 are headed by single parents, usually female. Of the 175 businesses located in the area, the far majority are classified as small to micro-businesses. Our area is divided in four parts due to the intersection of two major expressways. The community is 97% African American and can be described roughly as 1/3 below the age of 18; 1/3 over 65 and 1/3 between 18 and 65.

Core City Neighborhoods' mission is two fold. The first is the strengthening of the social and human fabric of the community and the second is the physical and economic revitalization of the area. This mission, as we have tried to set strategic directions and create programs, are two sides to the same coin.

It is our experience that development, both the social/human and the physical/economic, in the setting of an urban area requires the reweaving of the fabric of the urban community in a wholistic way. The problem of crime is not unrelated to lack of employment, education and the lack of skills. These in turn are not unrelated to the lack of decent, safe, affordable housing which are not unrelated to the lack of available equity financing, the cost of labor, the implications of regulations coming through

the EPA, Labor and now the ADA. This litany could go on and go.

All this to say that in the urban community if one considers the quality of life as being the hub of a wheel, in order to make the wheel function, there has to be a coming together of all the spokes. Spokes will have to be reshaped, changed here and there to fit the needs of the hub if the wheel work is ever going to smoothly and efficiently and get people where they need to be.

My image of the legislation under consideration is that you are attempting to create a vehicle or mechanism at the Federal level, the Interagency Review Council, which could cut through and make the spokes fit into the hub. The hub being the integrated assistance plan which flows from the bottom up. It is making the center work, through a wholistic program, which has to be the concern when the individual spokes don't fit because of rules, regulations and requirements. Individual programs which are usually designed in isolation from the whole.

I think what happens is that various agencies create well intended programs from the perspective of one spoke. Those of us working in the trenches have to put several spokes in place to make the wheel work. Several spokes because the needs of people are complex and interrelated.

For example, CCN recently closed the financing on a 1.7 million dollar acquisition and rehabilitation of 36 units of rental housing for low income families. In order to finance this project, we had to piece together over a dozen sources of financing. The heart of the finance plan was the use of the low-income housing tax credit, which I assume comes out of the Treasury Department. However at the time we put the pieces together HUD had a new program, HOME, which could if we integrated these two programs really make for some rental housing units for very low income families.

We could not do it. Why? Because the regulations were at odds with one another. In the Home program you had to increase the rent when the tenant's income, for whatever reason, exceeded the maximum allowable rent. While with the tax credit financing you could not increase the rent or it would be out of compliance. So you had several non-profit housing developers faced with a very real and difficult decision to make ... one or the other options, rather than both which together truly addressed the housing needs of very low income families.

There is a happy ending to this story but it took well over a year to change the regulations so that the programs could work together for the benefit of people.

I am sure there are countless examples where the needed and most costs effective use of resources could not be put together precisely because program regulations and requirements, eliminate using programs together. Why does this happen, well I think that program designers in correcting one problem unknowingly create another. It is often only when the practitioners begin to use programs in a integrated and wholistic way that one finds that the spokes are square pegs and they don't fit into round holes. No one's fault, people of good will, but often designing the spoke from one perspective. What I think this Interagency Review Council wants to do is remove the obstacles to making the square

spoke fit the round hole. If an Interagency Review Council can cut through the red tape and bureaucracy and force a change may the Force be with you!

I further think that the knowledge gained from the agencies working together could set the stage for the realization that agencies must work together in designing programs which address the needs of people in a wholistic way.

It is my experience that when the Federal regulations are interpreted at the state and local level, it becomes even more difficult to have programs fit together. People at the state and local level, I think, tend to interpret very narrowly when it comes to federal programs and their rules, regulations and requirements. What happens when at the state level regulations are more restrictive than the federal level? Will the Federal Interagency Review Council address this?

I would hope that having a process where an integrated assistance plan which has to be signed off at both the local and state level does not run the risk of never seeing the light of day. Comments are one thing, approval is another. Please do not make approval mandatory.

We in the development world find a very fragmented set of potential resources. We struggle to address complex and interrelated problems. It is heartening to know that the fragmentation is being recognized and legislation is being considered that could help us access the necessary resources in providing an integrated and wholistic assistance plan for people.

Thank you

Mr. TOWNS. Let me thank all the witnesses for your testimony.

At this time I would like to yield to the chairman of the full committee, Congressman Conyers, who is also the author of the legislation.

Mr. CONYERS. Thank you, Mr. Chairman. Thank you very much, Mr. Towns, I appreciate this. I enjoyed the witnesses.

I have just circulated for your attention a measure that we started off with in combining all of the job programs. We found that there are \$10 billion and—over a 100 different jobs programs in the Federal system alone.

I was up here talking with the gentleman from Florida, our colleague on the committee, and we were talking about JOBS and JTPA. That is only two. There are 98 more, if you're agricultural you come up for another dozen in the Department of Agriculture. If you're somewhere else you could possibly qualify.

And so we have brought to your attention another activity that we in the Government Operations Committee are doing because everything is jobs, politically and realistically, jobs is how we do create independent people.

And this is one example which we are going to be bringing forward, and I think it will come to Ed Towns' subcommittee and we will be interested in you following this with us.

And if you are interested sufficiently, we would like to reinvide you either to give testimony or submit written statements continuing the good advice that you have given us.

Sister Blaquiere, your statement is instructive because you point out that in the community in which you work in Detroit two-thirds of the people are either young or old and therein lies the rub.

Are you saying, and I think this is consistent with the census data in most cities, that the cities have now become places where many people who need more assistance than they are paying into the governmental systems for are crowded there and there you have the immediate tension?

Young people need help. Seniors need help. So then you have the highest structural unemployment of any industrial city in the country, and the longest running, and you don't have to go any farther to see why nonprofit associations, churches, charitables become extremely important in pulling all this together.

And so I need everybody to advise me on that phenomenon and how we deal with that over and above the specific measure that is before this subcommittee.

Another thing that comes to my mind is that you pose the problem of how it took us a year to get through the regulations. Tell us, take us through that agonizing process. I know psychologically you would rather, perhaps, never have to think about it again, but tell us how it really happened in the real world.

Sister BLAQUIERE. I described that project, which is finally closed, as giving birth to a porcupine full-blown. The process was—actually the Local Initiative Support Corp. went to bat for the helping HUD to understand, one, those two programs that fit together. So we had a national group working with us.

Mr. CONYERS. Now who is the Local Initiative?

Sister BLAQUIERE. Local Initiative Support Corp. is a national organization and has local chapters that really goes about getting

corporations involved in understanding how they can use the tax credit legislation to in fact help low income housing. It is really the only thing we have right now going for low income housing, with the disappearance of the subsidy, a subsidy which I think is absolutely critical.

But I keep saying you can't house low income people without subsidy, and the tax credit is that which gives us the subsidy. In other words, it give us the low income money in order to do the projects. But trying to piece together where you have tax credit, where you have the State authority involved in it, where you have financial institutions putting in a piece, where you have foundations putting in a piece, trying to satisfy everybody's requirements was just a horrendous effort.

Mr. CONYERS. Well, who is the person, the Local Initiative Support person?

Sister BLAQUIERE. It is Evelyn Brown at the local level. She is with the Detroit LISC. There is a LISC, I think, in Baltimore. There are several LISCS—Local Initiative Support Corp.'s—around the country, and they not only get the financing in place, but they also provide us technical assistance to help groups like ourself understand how to do very complex housing development deals.

Mr. CONYERS. Now, whom did she interface with in terms of—

Sister BLAQUIERE. I am sorry?

Mr. CONYERS. Whom did she work with in Detroit to help untie the red tape?

Sister BLAQUIERE. There is a national LISC, and it was the national, at the national level that they helped change—HUD to its regulations so they could get together.

Mr. CONYERS. So she went to HUD. Did she go to the Detroit HUD, or did she come to Washington?

Sister BLAQUIERE. No, I think this had to be done at the national level, because it also was looking at the implications of changing the low income housing tax credits. So you had that coming out of Treasury and you had home coming out of HUD, so you had to educate two arms in order to—so it could fit together.

Mr. CONYERS. And would you characterize HUD as being cooperative or was this a painful exercise for a year? Or did they sympathize with you?

Sister BLAQUIERE. I think there was a desire—I wasn't in on that at that level, but I think there was a desire to make it work, and that was the glue that held it together.

In other words, once people recognized the problem that it created, then both began to say there is got to be a way to put these together. In other words, it was like the mission of getting the housing out there that had to hold both HUD and the tax credit, Treasury, together. It is like the common mission that has to say we have got to struggle through the differences.

Mr. CONYERS. OK. Finally, how about your relationship with city government? Here is where I imagine most of the interfacing goes on, Sister. You talk about jobs. You talk about housing. You talk about social programs. Most of those are block granted in through the State, and Detroit being big enough has its own operation. And it is my thought that that is where you make most of the governmental contact. Is that a correct view?

Sister BLAQUIERE. That is a correct view. I think what happens at the local level is that, for instance, JTPA comes out of Employment and Training in Detroit. The HUD dollars block grant comes through another, and I don't know as those arms always work with one another. I don't know if it is true of a lot of cities, but it is like everybody's working in isolation, and at the local level where the actual thing is being done, we have got to negotiate with all of these separately.

And, if we could have from the Federal level saying you have got to bring it together, separate programs with financing, but you come together with those resources. That is what we need and maybe the Federal level can set that example for the cities. Because it is just very difficult at the very local level, the grassroots. You end up negotiating with all these people separately where there is nothing that brings it together. I want to make sure we don't lose the resources of the independent ones, but they have to be brought together.

Mr. CONYERS. Now, are you still executive director of Core City?

Sister BLAQUIERE. Correct.

Mr. CONYERS. Describe a little bit of what are the services you provide?

Sister BLAQUIERE. Core City Neighborhoods provides—we do housing services like counseling to homeowners. We have a lease-purchase program. We also have housing development where as an organization we are developing housing both rehabilitation, and now we are going to go into new construction. We do small business counseling with 175 microbusinesses in our area. We do some crime prevention. Like I am very interested in finding out about the Community Policing Act. How can we integrate that into a holistic approach. We do leadership development because we really feel that unless the people can somehow understand their own power and design their own plans and then implement it then—we just believe in the development of people, and we also have a youth program, which is an after school program for young people.

So we are trying to put together several—it is like reweaving the fabric, so you need all of those pieces together. So it is a holistic—

Mr. CONYERS. Do you cover the whole city? What is your geographical area?

Sister BLAQUIERE. We have a 3½ square mile area on the near west side of the city.

Mr. CONYERS. Describe those boundary lines, roughly?

Sister BLAQUIERE. It is intersected by both expressways, both the north and the south and the east and west, so you have created like quadrants. It is—how do I describe it? I think I did it in the first part of the paper.

It is one-third 18 and younger and one-third 65 and older, about 4,000 households. The housing stock is 90 years old. You have seniors living in homes where they have not been having—couldn't have the disposable income to keep those homes up. It is a blighted area.

Mr. CONYERS. Is it a downtown area? Do you go all the way to Dearborn?

Sister BLAQUIERE. Where the first community, right outside of the downtown area. Right outside of it.

Mr. CONYERS. So about how many people are in that area?

Sister BLAQUIERE. We probably have about 10,000 residents and 4,000 households.

Mr. CONYERS. Right. OK. Thanks a lot.

Sister BLAQUIERE. Thank you.

Mr. TOWNS. Thank very much.

I yield to Congressman Clinger, who is also one of the authors of this legislation.

Mr. CLINGER. Thank you very much, Mr. Chairman, and I want to thank the panel for all your testimony. Certainly we appreciate your support of the legislation, and your very thoughtful comments and suggestions as to how we might improve the legislation.

I think we agree that this is an idea whose time has come. I certainly don't think, however, that we can underestimate the resistance that may be met along the way both here in the Congress and also, it seems to me, in the local community. I mean we, after all, are talking about a fairly significant change in the way we go about distributing resources and over the years, of course, the committees here in the Congress have developed a certain, you know, jealousy over sharing or allowing their power to go elsewhere, and I think it is true in the local communities. You have many groups that are involved in delivering resources and delivering programs.

How do we—you talked about the problem you had, Sister. How are we going to overcome that inertia that is going to exist at the local community? I think we are going to have to grapple with it here. But how would you go about ensuring that we could implement this without having warring camps vying for control over what will be a more integrated program? Anybody.

Ms. FOX. I would just comment that as I was listening to some of the discussion this morning I was thinking of the definition that we joke about at home of collaboration as an unnatural act between nonconsenting adults. But I think the way that we do achieve collaboration is through the leadership of our elected officials.

The example of job training programs being in different entities brought to mind that in our jurisdiction they are not. We have project independence, which is our JOBS program, combined with our JTPA program in our private industry council, and I think part of that is because of the leadership of our chief elected official who insists that we coordinate and collaborate, and who uses funding sometimes as a carrot and stick to be sure that this kind of coordination does take place.

So I think that the single greatest impetus for collaboration is the leadership of the elected officials who say that, you know, you must collaborate.

Mr. CLINGER. But we are talking about also integrating the non-profit corporations as well, nongovernmental units.

Ms. FOX. Yes. For a specific example on the nonprofit organizations, we provide assistance to a number of nonprofit organizations through the HUD community development block grant process. And, for example, last year, we had several applications from various organizations serving our growing Hispanic population. The county executive met with each of them and said to each of them,

I will entertain your proposals, but I will fund your proposals only to the extent that you cooperate with one another and that your services do not duplicate those of the others. So there are ways—

Mr. CLINGER. As a little incentive to do that?

Ms. FOX. Right.

Mr. CLINGER. OK. A carrot and stick approach, in fact.

Ms. FOX. Exactly.

Mr. CLINGER. Well, of course, the objective of this bill is to use what are clearly limited resources more effectively to get, as has been indicated, more bang for the buck. We are not talking about increased funding here.

So do you really think—well, to what extent does, in your dealing with all of the myriad programs that are out there now, largely categorical, that red tape, recordkeeping, form filing, how large a part is that of your overall activity?

Mr. MONTEITH. Well, it represents a lot of our time and a lot of our attention, particularly if you—if you assume that the end result is going to be that you are going to have less numbers of programs and less physical sites, if that is the end result that you are aiming for, then you are going to see some considerable savings in terms of administrative energy as well as dollars that can be spent on the programs themselves in a more beneficial way.

I think you're exactly right. This should be revenue neutral. It shouldn't increase the cost. We ought to be able to do a lot more with the same amount of dollars, and we strongly believe that in my community.

Mr. CLINGER. Mr. Monteith, one of the things that you talked about was your concern that the interagency review council would bog down and become, you know, an impediment rather than a facilitator of the program, and talked about an expedited procedure for proposals under a certain cap.

One thing that we always have to be worried about here is accountability, and, you know, I think one of the things that caused the downfall of revenue sharing, which was perhaps the most open-ended grant program the Federal Government ever had, was the fact that some communities were using that in a way that was not really contemplated. They were using the revenue sharing for operating expenses rather than for capital improvements.

How would you ensure the kind of accountability below the cap that you might establish? You see what I am getting at? In other words, you are going to say a lot of the programs would be approved somewhere other than at the Federal level. How would you do that?

Mr. MONTEITH. Well, one of the things that you might do, you would keep your basic philosophy of the bill which says that combinations are intended to foster the purposes of the individual programs that are being combined. If it doesn't result in a better program by combining the programs, you shouldn't do it.

And so if you maintain that as your philosophy and you require that all of those programs regardless of the dollar amount have to develop the same integrated services plan with the same kinds of details, the same measurements for the success, et cetera, then the one thing that would keep those things from occurring would be if a review said that these things are substantially different than and

do not foster the intent of the programs that are being put together.

So you wouldn't probably build bridges with daycare money—unless it was some incredibly unusual program that was developed.

So you would have that kind of review, but it wouldn't be the same kind of detailed review that would have to go into a multibillion dollar program where you are combining AFDC and food stamps and other large welfare programs. It just seems to me that you have—this is easy for me to say, but you have to have a little trust in local governments and in nonprofits and in community groups to be able to want to do what is right for their community.

Obviously, there is two messages that I think that you and I at the local level and the Federal level are getting from our citizens. One is that they are tired of waste and abuse. But on the other hand, they want to see some efficiency. In order to get the efficiencies you have to provide the ability to have some creativity, and that means allowing people to exercise some individual judgment.

So it is a fine line that you and we at the local level operate in trying to make those programs work. But it is one that we have to err on the side of allowing people to take some risk. And we're going to have—some things are going to go wrong. Even your program as devised now, there is going to be some failures and we have to prepare ourselves for that and be willing to say yes, that is a failure and we're going to build on that failure.

Mr. CONYERS. We are perfect here, sir. We are not going to make any mistakes. Trust us. Don't worry about a thing.

Mr. MONTEITH. Good.

Mr. CLINGER. You know, obviously, this bill contemplates vesting a lot of trust and a lot of responsibility at the local level, and I think that is because we really feel that you know better how to solve your individual problems. And the problems vary from community to community that make it very difficult to have a cookie cutter approach, which, unfortunately, is what we have too often tried. This is going to provide for that flexibility.

Just one final thought. You talked about performance, the need for a performance evaluation, and I think that is very critical. In fact, we have enacted a law, or we have enacted a bill here that really for the first time makes performance evaluation a part of Federal activity, and I think it may be the most significant piece of legislation we passed. It went very quickly with no opposition, but I think it is really a very important thing.

To what extent is performance evaluation a part of the way you do business? Under Federal guidelines, is that given emphasis? Do you do any kind of performance evaluation now, or do you find that that is not what really drives your activities?

Sister BLAQUIERE. Certainly in the evaluation of programs you look at it. I mean when you start your program you look at how you are going to evaluate the end results. I mean I think this is built into, I think, responsible programming.

Mr. CLINGER. I guess I am saying to what extent do Federal requirements and red tape and so forth impede you from really doing an objective evaluation of what you are doing, whether you are really helping people?

Mr. MONTEITH. Just one brief comment. It seems to me that all too often in our programs the customer becomes the Federal Government or the State government or whoever gives the program to us because we spend all of our time trying to meet their requirements and not nearly as much time trying to meet our customers', clients. And I think anything that you can do to help us focus more on the end result—if it is measurements that we have to develop, those have to be good measurements—you know, that is something that we need to be doing.

Sister BLAQUIERE. One of the things that I liked about the—several things about the legislation, is that technical assistance which would be provided from the individual spokes, and I like my image, because you need the strength of the individual departments and agencies but working at the common. Again it is the common that has to hold us together. And if there is clarity about the common trying to do, say, a certain population, then each of the agencies can bring their strength to that, that strengthens the whole thing.

In some ways I don't think it is going to be cheaper. I mean if we are out to make it cheaper, it isn't going to be because the needs are not going to be changed. There is still going to be the needs for those program elements. But maybe the way we deliver it might be some cost savings, but we can't think of it, I think, as going to be a—we still need those financial resources.

Mr. CLINGER. I yield back, Mr. Chairman.

Mr. TOWNS. Thank you very much, and also thank you for your offering of this legislation.

Let me just sort of raise some questions that are sort of on my mind. Some of this reminds me of the old model cities program. Any of you remember that?

And I think about it and I look at the old model cities program and I sort of ask myself the question, Where did we go wrong? as I look at this. Can any of you evaluate the successes and failures of that program and suggest any changes that we might make in this legislation to make certain that we do not get caught again in those pitfalls?

Let me also say that I am one that believe because we have a program and one municipality or agency makes a mistake, it does not mean that the entire program is bad. And I think that that is something that we must sort of get over. Because anytime that there is some criticism of a program, we are prepared to change it altogether. I think that we have made a lot of mistakes by doing that.

So I just want to make that statement to let you know that it is not one of those questions that is sort of a hidden kind of agenda. I am concerned about the fact that, you know, we need to just make certain there are sort of safeties there, a safety net is there to build in to make certain that there is not a whole lot of abuse without being able to recognize it, but also understanding the fact that these things do occur.

So look at the model cities program. What can we do to make certain this works?

Ms. FOX. I came into government service sort of just as model cities was ending, but I do know sort of the history of model cities in Prince George's County and some other communities, and it

strikes me that one of the problems there is the problem of attitude. I think for a long time there was an attitude that programs that served poor people could be poor programs. That they could be poorly managed, and that they were job opportunities for poor people to become middle-class people, but that they didn't need to be held accountable in the same way that, say, transportation programs were.

And I think over time that that attitude has changed as we have reinvented government and as we have seen the change in citizen and taxpayer attitudes where they are demanding accountability. I think that the change in attitude where we are starting to value scarce resources and try to use them more effectively is what would preclude having some of the kinds of problems that we saw in model cities.

Mr. TOWNS. Let me, and I want to direct this basically to you, I guess, Ms. Lipscomb. The bill requires the Governor of the State in which the local government is located to comment on the application. What weight should the interagency review council give to the Governor's comments?

Ms. LIPSCOMB. Well, I think what's critical is to have a full sense of how familiar and the kind of relationships that that government has with the local community. And if, indeed, it has been advised, instructed, involved with the community in their own processes of both identifying where the barriers are and identifying the kind of problems that they are experiencing in their communities and what they themselves are offering as solutions. And often what we find is that the kind of recommendations that come from the government do not fully include any kind of interaction or engagement of the community itself and they arrive at their own decisions and conclusions, and often they do that from behind their desk.

So I think that the thing that you want to make certain of, and an example of this could be the minigrant program that is a part of, you know, the process for a housing authority, for example, to document its involvement of residents in the decisionmaking of its program that they hold these public hearings. Often you find that the public hearings either have not been held, if they have been held there have been some hand picked people that the housing authority has gone out and identified that would just automatically bless whatever position the housing authority wanted to take on the program. So the point is that the deal is stacked.

I think that there has got to be some way to make a very clear, honest determination on what was the real level of interaction that that agency had had with the community to get the kind of input that really would justify, validate, whatever the recommendation would be on the part of that agency.

Mr. CONYERS. Would the chairman yield—

Mr. TOWNS. I would be delighted to yield.

Mr. CONYERS [continuing]. On that point?

I want to thank Ms. Lipscomb for raising the reality factor into this hearing because the truth of the matter is we are talking about tens of thousands of political jurisdictions where there are all kind of personalities and political ideas, and people of all kind of varying interests and abilities. And so it is kind of hard, as Mr.

Clinger was getting at, how is everybody going to be good and do their job and not violate the rules.

Let's face it. There are some local jurisdictions, Mr. Chairman, that are going to go wrong. I mean it is just in the nature of things.

The response that we got from Ms. Lipscomb, it is what she is saying. There are local heads of some governments that don't care about what we are talking about. They aren't interested in it. And I hate to remind you of American political history. There are local political machines that could care less about good government.

Is that shocking? Or is that permissible to put into the record here?

I mean we don't have any Tammany Halls, or out in Missouri and Kansas we had some very famous machines. Chicago is long remembered, perhaps, mostly for the longest operating political machine in American history.

Let's face it. Would that it would be so easy that people of good motive and high intention like us from local and Federal Government get together and, hey, in this theoretical world of good men and women, we work out high cooperation and all of that. But there are people that can say, hey, we don't want to cooperate. We are running this program. It is bringing in a half million bucks, and so I am not giving it up to any multiple agency that is going to sit down and work out how we cooperate. We don't want to cooperate because we don't want Blaquiére's program to get the money. OK? We are going to give it to Joe Schmoe, who is our political buddy, and forget the fact that Core City Neighborhoods is doing a good job and could really put this to good use.

Now that is the real world. And if we don't take that into consideration by building in some penalties and some enforcement mechanisms so that we nail the bad actors, then everybody is going to be penalized. Then you will have the rising up, as you did against Federal revenue sharing because some city was building swimming pools. But most cities were doing the right thing. But you only need a couple of bad examples and then everybody is saying, Hey, look what they did in Palm Springs, CA. Look at this, a golf course. Now, that is what is happening. And then "60 Minutes" gets a hold of it and everybody is writing their Congressperson, "Get rid of Federal revenue sharing. Did you see that program where this city is building golf courses and swimming pools?" And there we are.

We have to anticipate this as we go forward in this enterprise. What do you think?

Ms. LIPSCOMB. Oh, I agree with you 100 percent. I think that an issue was raised relative to political leadership. That is certainly a part of a bit, but back to Mr. Towns' question about the model cities program. We don't embrace enough responsibility and accountability for leadership at all levels, and particularly at the community level, which is one of the ways that we define empowerment.

You know, the communities that are the recipients of programs, the agencies that are running the programs, even when congressional Representatives go back to visit in their districts and with their constituencies I think that you need to be challenging both the communities and the service providers on their level of responsibility and accountability and proficiency and productivity in deliv-

ering those programs and making certain that they are doing it with the intent of the program.

And the other thing we are concerned about is that as we move into the future communities should not become dependent on these programs for a lifetime. They have got to be posturing and positioning themselves to create some building blocks off of programs so that the programs enable a degree of self-sufficiency within those communities versus a longlasting mode of working to survive off of those particular programs.

You can look at that from the point of view of welfare programs, but then I think it runs the gamut of a whole host of other programs as well. And what we don't do is try to empower these communities to use the programs as tools to then get into the market and do the things they need to do versus working to use the programs as their life-support system.

Mr. CONYERS. Well, Ms. Lipscomb, let's look at your excellent suggestions. Do you know how much trouble you could get me in going back to Detroit evaluating several hundred or maybe, let's just take several dozen programs. That is assuming I got a lot of time to go be back to do that. But I go back there I find all kind of inefficiencies, and so I suggest to the mayors of the city of Detroit and Harper Woods and Grosse Pointe and Dearborn that you guys are wasting our money. I mean this is terrible what I am witnessing here. And I think it is a bad thing and I am going to suggest, after I help fight to get these programs, that we take them away from you and my constituency. Does that suggest that I may be creating some real big problems?

And then I would look at it and say, "And how long has this program been going on?"

They say "About 6 years."

I say, "Ah, that is about—you should have sunlighted—this should have been sunseted a couple of years ago." In other words, we now create the programs and now we close them down.

I would rather do it another way. In other words, you could be getting ready for some large transitions of Members of Congress who take you at your word and go out here and really oversight their program.

How about us having you tell us what is going wrong? Because there is no way in the real world for me to, with six cities, and we have just conceded that there are hundreds of programs, and I have got nine people working in my district office, and we have a lot of people that just walk through the door, and call up on the phone, plus the events that are going on, you just created in this wonderful dialog we are having the biggest problem I had never thought about before I came to the hearing this morning.

Mr. TOWNS. That is what hearings are for, Mr. Chairman.

Mr. CONYERS. Yes, but not for me to get problems. I am supposed to be solving other people's problems. She just gave me a problem. This thing is going in the wrong direction. [Laughter].

Ms. LIPSCOMB. Well, what I know is that, again, you can take the housing arena, for example, and you can go into any given public housing community and they can tick off a laundry list of the HUD programs that are available to them, and then you look at the situation both economically and socially in that community. But yet

you have this laundry list of programs that are worth X millions of dollars, going toward billions of dollars, but the problems are there.

And so the point is what is the best utility of the programs that are in place, how accessible are they to the residents of those communities, how they feel those programs help them, how do they feel those programs hinder them.

And absolutely, you are right that the instruction and dialog from that should be coming from the community. They ought to be able to stand there and tell you what works for them and what doesn't work for them, and when something doesn't work what should happen in order for it to work better.

So I am talking about a dual accountability here where the community has to participate in these programs based on being able too to offer some feed back and personal experience evaluation on the value and the utility of those programs. Either it is there or it is not.

We can put more programs on line, you know, infinitum, but if we don't see the problems healing themselves, then we are doing something wrong here. And I think that our responsibility both at your level as a Congressman, at my level in participating in the kind of organization that I do, that we have got to figure out where the problem is.

Sister BLAQUIERE. You know there are may be a way we you build an incentive into the bill, that if you can pull together at a local level like a planning team that has community mental health and housing. Again, it is the needs of the people, and if there is an incentive built into it so if I bring you an assistance plan, that I have been able to get the key players together and together we work out a plan that, in fact, does provide people with the resources and the skills to eventually make it out of poverty, then that plan goes to the head of the class and gets funded or whatever.

You build in something that says to me at a local level: Look. I better be talking to community mental health and I better be talking to my school system because the problems facing the people are all interrelated.

So build me in an incentive and you will find us lining up for it. And that is going to sort, I think, what happens out here. Give me incentives, positive incentives, we will go for it.

The other thing I would say is that you have at local level people are saying we have got to work together. I mean in a world of limited resources people are starting to say, "Gee, how can we work together on this?" If that does not jeopardize my getting the resources. In other words, you don't just put a pool and everybody kills one another for it. It is that I can bring in these resources and by bringing it in they are going to be strengthened. I am not going to be penalized by having my own individual resources taken away. You build in those incentives to make us cooperate and we will cooperate.

Mr. MONTEITH. Maybe I missed—may have missed something in this bill, but it seems to me that the intent of the bill is, No. 1, you don't have to avail yourself as a local government or a non-profit of this bill if you don't want to. If you don't have any interest

in cooperating with anybody else, then you just don't pay this bill any attention, and you continue to use your individual programs the way you think that they are working.

And some of those programs in some of the communities are working very, very well. I can point at programs that are doing a great job and we probably wouldn't want to do anything with them. But if a community gets together and says things aren't working and we want to modify these things to make them work better, and one of the things that we might want to do is put these things together and somehow develop a better program than the two individual programs are by themselves, then this bill, the uniqueness about this is it allows you to do that. And so there is the incentive.

First, it requires you as a community to get your act together. And then second, it requires you to get people to think that working together is important. If you can't do that, you are not going to take advantage of this bill in the first place.

Mr. TOWNS. Let me just go back to the line of questions that I was pursuing early on. Being most of you are too young to remember model cities, let me try another one. The community development block grant program. Many members of this body here, the Congress, argued that we gave local governments too much discretion in using Federal dollars and, as Congressman Conyers pointed out, that they were building swimming pools for the wealthy, golf courses, and high-rise buildings and all of that.

How can we avoid the pitfalls this time in this bill? How can we avoid the pitfalls?

Ms. LIPSCOMB. Identifying the kind of penalties for misusing the funds and then enforcing those penalties. For example, when the riots broke out in Los Angeles a couple years ago, I was at HUD at the time. I got detailed out to Los Angeles. The city was asking for millions and millions of dollars more for CDBG funds.

But yet, what we found out is that they had millions and millions of dollars for the past 4 years locked into their pipeline that they had not begun to spend a dime of, but yet they were asking for additional dollars to work on the problem.

And you know what happened? They got the additional dollars. Now how much sense does that make? They can have these dollars stuck there for years that they haven't spent a nickel of, say that, well these problems exist because we didn't have enough money, then have an emergency bill passed to get them some more dollars.

Mr. TOWNS. Is that because of the fact that the structure at the local level almost prevented them from being able to use it in a timely fashion? Was that the reason?

Ms. LIPSCOMB. Well, I think there were several reasons. One, that we found that these community development entities within the local cities and housing authorities cater to one constituency and not to the broader constituency that the legislation, in fact, requires them to do. And so in that regard there were certain other kinds of communities that were automatically locked out of having the opportunity to access some of those dollars, and that in itself as was a problem. And that was a mind-set within the bureaucracy of the entity within the department that was managing those dollars.

Mr. TOWNS. Thank you very much.

Let me yield now to Congressman Mica from Florida.

Mr. MICA. First of all, I want to thank the chairman of the committee for recommending this type of legislation. I agree with the concept. Some of the details I would have to work out with him. As he knows, we have agreed from time to time on some issues. Also, we have disagreed, sometimes on even testify staffing of this committee, but I might say that the concept and what he is trying to achieve here, his objective, I am totally committed to trying to work with him as a member of the minority so that we can accomplish some of these goals.

Actually, this has been one of the best hearings that I have heard serving in 10 months as a Member of Congress. Actually, Sister Blaquiere—if I pronounce it correctly—and Ms. Lipscomb have described how the United States of America has institutionalized welfare in our Federal programs.

Your testimony and the description you gave of dealing with the system of how it is to work with it and develop some unity in giving birth to a porcupine was so eloquent. And as I heard Ms. Lipscomb go down what we have created as far as impediments to people being productive human beings. She mentioned, if I might repeat them, our policies, Federal policies are designed to keep people on welfare, we shuffle people from program to program, we lock them into the welfare system, we discourage and penalize savings.

She spoke about the importance of small business programs and how they actually lift people out of the cycle, and the inability to achieve that, and the multiple layers of bureaucracy.

So we have heard in two testimonies here what we have created, a monster basically, and it denies people even the basic opportunity to succeed in this country.

I think that developing a program that allows flexibility addresses some of the issue. The chairman has spoken to 100 programs of job training that costs \$10 billion. Could you imagine what we could do if that was available to business to employ in the form of a tax credit or small entrepreneurial loans to get started and get out of this welfare mess?

The question also that we are addressing here today is the consolidation or flexibility among 350 to 400 Federal welfare programs, is that correct? So we raise two issues here today. One is the question of flexibility which this bill addresses. The other is consolidation. Should we be looking at consolidating some of these duplicate programs?

So I ask you, maybe Ms. Fox, or some of the others, what should be our emphasis here? Should we as a Federal Government be looking at both this flexibility and also the question of consolidation?

Ms. FOX. I think there is a real need to look at the potential for consolidation. I think job training programs are a prime example of a lot of splintered, fragmented programs each serving supposedly different clientele, yet in many instances overlapping clientele with different priorities, different goals, different measures of success, and I really do think that a systematic review of which programs could be consolidated and possibly—I know it is a dirty word—but block granted.

I have to defend the community development block grant program because in Prince George's County we have found it to be extremely effective. We have a lot of community participation in putting together our annual plan and we serve about 50 different municipalities, private, nonprofit organizations, et cetera, during any given year.

And we have been able to spend our money in a timely fashion and we have done a lot toward meeting our local priority of revitalizing our inner Beltway area and providing economic opportunity to some of our lower income residents. So I think block granting some of these programs may be something that ought to be considered.

Mr. MICA. Mr. Monteith.

Mr. MONTEITH. There is more than 600 categorical grants right now operating and every administration, almost without exception, has attempted to try and reduce that number, and many have been successful. The last two or three administrations in their initial year created block grants and general revenue sharing, et cetera, and unfortunately, all of those efforts have failed. At the end of each of those administrations there have been more categorical grants than when they went into office.

I think then that that strategy, although times do change and the environment of the Nation is much different, it seems to me that it is very, very difficult at the Federal level to try and decide how you block Federal money for spending on domestic programs.

As an example, today family and children is an issue that is on everybody's lips, and so if you are going to do a block grant that probably would logically be one of the areas that you would fund money toward. But 5 years ago, just 5 years ago families and children was not on anybody's agenda. And so 5 years ago if you were doing this you would not have blocked money around families and children.

The issues change, communities change, communities are different, environments are different, and what we have to be able to do is allow the flexibility at the point where customers are being served to let programs be modified so that they will work efficiently. I don't think that anybody is able at the Federal level, has the wisdom to be able to determine in advance how those moneys ought to be put together so that they can be efficiently used. We have to make them flexible enough.

I think it is important that the Federal Government lead. I think it is important that they say here are the important issues for our country. But once you say that then let the people who are dealing with the customers develop the programs and the strategies to make those visions that you have happen. And so I think flexibility is the more important issue.

Sister BLAQUIERE. I would agree with that. I think what we need at the local level is the greatest flexibility. I just could not agree more.

Ms. LIPSCOMB. Flexibility is important, but again I would return to the issues of leadership. And I think the Sister hit on it earlier. That part of what we have got to be challenging the local communities to do is to cooperate and work together and share resources.

I participated in an effort where we surveyed something like 114 urban cities around the country to find out what kind of programs were being offered at the very grassroots level for youth, and we often found that there could be programs that were literally right around the corner from one another and they were not aware of one another. Not only were they not aware of one another, they probably in most instances were then competing for the same resources, but then each program had a different level of capacity.

And we argued that first of all if you work together you probably could joint venture and go after more funding together, particularly where they all had different kinds of strengths and different kinds of weaknesses and that either enabled them to be able to come to the table and get access to dollars or not.

Also, that if you looked at what that youth population was in that given community there was no integrated way to capture that youth through a period of years of that youth's life to make certain that they were being constantly embraced all the way along the line in that community to be involved in productive activities and productive behaviors. But that kind of opportunity does exist if the organizations and the families are all kind of working in tandem and have a better sense of awareness in terms of what is available in their backyard and the resources that are there.

So with flexibility I think communities have to be challenged to be flexible enough to do a lot more cooperating. And, if you are talking about interagency cooperation at the Federal level relative to how you implement the programs, that same kind of demand has got to be operating at the local level as well for the overall process to work in a way that will be efficient.

Mr. MICA. What if we went—a final question here—instead of the massive bureaucracy we have at the Federal level administering these programs, establish some general outlines, say, for these programs and send the funding directly?

We talked about one-stop job shopping and one-stop welfare. If we sent the money to the local jurisdictions and they operated the programs according to the general Federal outlines, would you favor something of that sort?

Sister BLAQUIERE. That presupposes that the local level's agenda is that which is the people's agenda, and I am not sure that is always—

Mr. MICA. Well, we have 600 programs to choose from. We would have the general outline but you would get the money and the authority and flexibility to conduct any of those programs in a unified fashion, just so long as you—we might have to simplify them some. But you would be the master of your own welfare or job training fate. What do you think? Well, is this radical?

Mr. MONTEITH. As a city administrator, I think that would be a good first step. The second step a la Alice Rivlin, would be complete evolution and looking at how you would also then turn over also development of some of the revenues to generate those things.

And so, you know, based on my 20 years in local government, my first question would be does that mean you are going to cap the funding and as the programs grow I am not going to get any more money, or am I going to have the opportunity to develop revenues to support those programs?

I personally, as a city administrator, believe that we are never going to be very successful in this country until each community, each citizen takes responsibility for what is happening in that community and tries to make it better. We can't count on the Federal Government to be the savior of our cities. We can't count on the States.

We have to count on our people who are in the communities to do that, and that is working with our nonprofit brothers around sisters, it is working with everybody in the community to make that happen. I think that is a philosophy that is growing stronger and stronger every day. I am reading more about it. I am seeing it more often. I am hearing people say things about it that support that position, and that is why I think this bill is just the perfect, perfect timing.

It is a perfect bill at a perfect time. Right now when people are talking about trying to get together and make things work together here is a bill that will help us do that.

Mr. MICA. A final comment. You all have to understand where I am coming from. I am a new Member of Congress. I have been in and out of politics a bit but been in business for over 20 years. And if you look at this whole problem and the situation that you are dealing with, and this Congress is dealing with, you have to remember that there is only one thing, in my opinion, that makes the country go and productive, and that is either business or somebody that has a job.

Not necessarily a government job because government jobs rely on business or somebody in a job paying the taxes to pay for that government job. So to make this country successful, continue to be successful, and what we have done so far is to get to the root of it, and that is jobs in the private sector, which will be paying taxes and revenue, will take people off of welfare.

There is no dignity in welfare or unemployment compensation or any of these government—public housing. So that is, I think, one of the things that we need to concentrate.

And education goes hand in hand because if they don't have basic skills they can't get a job or conduct business. So those are some of the things that I would like to see us concentrate on.

I admire what you are doing. I admire your testimony today, and thank you.

Thank you, Mr. Chairman.

Mr. TOWNS. I recognize Mr. Barrett of Wisconsin.

Mr. BARRETT. Thank you, Mr. Chairman. I applaud you for holding the hearing, and I applaud the chairman of the committee for introducing this bill.

My question goes to Ms. Lipscomb. In your prepared testimony, and I am sorry I wasn't here—I was in another hearing—you make reference to enabling units of government smaller than State government to apply for waivers, for example, for various programs. I assume that you are doing that because you think there will be more flexibility and perhaps more progressive requests for waivers.

Do you fear that you may also see some more punitive programs coming into effect?

Ms. LIPSCOMB. Punitive in what regard?

Mr. BARRETT. Just to give you an example, you may have a county that decides that they want to have a waiver and have AFDC payments only last 6 months, just to take an example. And frankly, in my State I am getting pressure from legislators who feel that the Governor is seeking waivers that are punitive and they are asking me to require that another hoop be jumped through by having the legislature approve any request for a waiver.

So I understand the direction you are going. I wonder whether you have evaluated any potential pitfalls.

Ms. LIPSCOMB. Well, certainly you have to take a close look at what the waiver is being requested for and what the intent of the waiver is and what is envisioned as an outcome if that waiver is granted. And I am certainly not advocating that waivers need to be offered across the board, but again I think that the plan has to be contemplated very carefully relative to, you know, what a local county or city is trying to achieve with that particular waiver, and more specifically, how is it going to address the overall problem that you are trying to tackle with getting that waiver.

In the welfare area that we are looking at in particular we are making certain that the cities that are asking for it or the kind of waivers that were being asked for when we had our particular symposium really dealt with wanting to make sure that the city or the local authority had the ability to shape and craft the program so that it was offering more job training and that sort of thing for the residents that were involved.

Mr. BARRETT. Thank you.

No further questions, Mr. Chairman.

Mr. TOWNS. Let me just sort of make certain that—you know, we have the author of the bill here and it is like talking about the flood and then looking up and seeing Noah in the room. It is my understanding that you cannot get a waiver for AFDC, according to the legislation.

Mr. CONYERS. That is right. They are no waivers permitted in the bill as far as individuals, so it wouldn't be, extended into what could be considered controversial, narrowing, diminishing, punitive kinds of actions as the gentleman from Wisconsin was asking about.

Mr. TOWNS. Thank you very much, Mr. Chairman.

I yield to the gentleman from Florida.

Mr. MICA. Mr. Chairman, I apologize for interrupting here, but I am going to have to leave but I would like to ask unanimous consent that the record be left open for an appropriate period. This has already sparked some interest for some additional input. And also that we be given the opportunity from the minority side to submit some questions for the record, also.

Mr. TOWNS. Without objection.

Mr. MICA. Thank you.

Mr. CONYERS. Would you make it for the majority side too while you are at it?

Mr. TOWNS. Without objection, so moved.

Let me just sort of ask this, and it will be my final question, to make certain, Ms. Fox, that I fully understand your comment when you talked about foster care.

Ms. FOX. Yes.

Mr. TOWNS. At first I said I was going to leave it alone. And you talked about it in terms of how do you prevent children from going into foster care, and then you went on to say in terms of the funding. And you said the funding, if I understood you correctly, should go to the department of family service and not to the department of social service. Why?

Ms. FOX. OK. My point is simply that at the local level there is an ability to make a decision about which agency is best prepared to offer which services, and that that ought to be a local decision, not a Federal decision. I believe the family preservation legislation just assumed that family preservation was being done by State welfare agencies and their local counterparts. That isn't the case in every jurisdiction in the country, and I am simply asking for local flexibility there.

We have a community plan for family preservation and the most intensive services are delivered by our department of family resources, or family services. Some of the less intensive services are done by our department of social services that does other welfare programs, the income maintenance programs.

Mr. TOWNS. Let me just that also, so you understand in terms of your—I am a social worker by profession, so you can see in terms of my interest in that.

Ms. FOX. Right.

Mr. TOWNS. I just sort of felt that when you have a department which is designed and named so, I mean that is the reason why I raised the question.

Mr. CONYERS. Mr. Chairman, could I ask Ms. Fox pursuant to her response to your question—

Mr. TOWNS. Be delighted to yield to the gentleman.

Mr. CONYERS [continuing]. To maybe suggest some language to us that might fit into the bill that would, if you think that we need some more language, why don't you submit that to the chair and we would be able to look at it.

Ms. FOX. OK. I would be glad to.

Mr. CONYERS. Because that is the whole idea of the bill, to accomplish flexibility. But when you start going into untying major programs and saying, Well, everybody at hundreds of thousands of local jurisdictions can all make their choice better than the autocratic Federal Government, you just untied some packages that maybe you didn't really mean to suggest.

Mr. Monteith caught me by surprise when he said that a number of years ago people weren't concerned about kids and families and programs. I bet you I could pull a string of bills going back a century that at the Federal, State, and local level. I didn't know we just started becoming interested in families and kids. We have got dozens of programs, going back centuries.

I mean there is a new focus because of the revelations now of abuse and things that have come out that have shown that there are few social patterns that show that the families aren't all these nice little categories that are written up in social science tracts and that there are all kinds of problems going on, and there are now programs and attempts to deal with them.

But it isn't that we just started funding families and kids programs.

Mr. MONTEITH. Certainly not. Your issue is exactly right, it is the new focus on families as the important element in trying to make things different. We have had, as you say, funding since day one on families and children in some way, individually. My point was if we were going to block programs 5 years ago I am not sure that families and children would have been where we would have blocked it.

We would have probably blocked it around some other issues. We would have blocked it around welfare. We would have blocked it around employment, or we would have blocked it around something. But I am not sure we would have dedicated it to something called families and children and put money into it.

Mr. TOWNS. Thank you very much.

I would also ask unanimous consent that a statement by Donald Borut, executive director of the National League of Cities be included in the record.

Mr. CONYERS. Is he for the bill?

Mr. TOWNS. Yes, he is for the bill.

Mr. CONYERS. OK.

Mr. TOWNS. No objections.

[The prepared statement of Mr. Borut follows:]



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Executive Director
Donald J. Borut

STATEMENT

by

DONALD BORUT

EXECUTIVE DIRECTOR

THE NATIONAL LEAGUE OF CITIES

ON

THE LOCAL FLEXIBILITY ACT OF 1993

before the

SUBCOMMITTEE ON HUMAN RESOURCES AND INTERGOVERNMENTAL RELATIONS

OCTOBER 13, 1993

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Mr. Chairman, Representative Clinger, and members of the committee, my name is Don Borut. I am the Executive Director of the National League of Cities, and I am submitting this testimony on behalf of the more than 150,000 elected city officials from cities and towns of all sizes we represent. We are pleased to have the opportunity to offer our comments in support of the Local Flexibility Act of 1993.

In our view, your proposed, bipartisan legislation shares many elements in common with proposals offered by the administration in its National Performance Review. Consequently, we hope these hearings will serve as an opportunity for your committee to work closely with the administration on a comprehensive approach to provide flexibility and reduce mandates on local governments.

We strongly support efforts to permit cities to make more flexible and efficient use of existing federal resources. Over the last decade, we have experienced a sharp drop in federal assistance, but a converse increase in federal requirements. Some of the requirements, or mandates, such as for stormwater permit requirements, were derived from one statutory paragraph. But the regulations are long, complex, and will impose billions of dollars of one-size-fits-all requirements on local governments--diverting scarce resources from local priorities.

We also support your efforts to direct the program benefits to permit cities to adapt federal programs towards those families in our cities most in need. As federal assistance has declined and federal mandates have increased, central cities have experienced a marked deterioration of local tax bases at the same time the percentages of families in poverty have increased substantially. We view any option to permit local governments the flexibility to tailor programs to meet unique poverty needs in cities as a positive step.

We are concerned, however, that the proposed legislation creates a large number of hoops for a local government to jump through. It puts both the federal government and states in a position to decide what is best for a community, rather than vice-versa. We believe the level of government with implementation responsibility is probably most able to determine the most effective and efficient way to deliver services.

Similarly, we are apprehensive that an approach that imposes so many requirements and different levels of sign-off is likely to discourage the least sophisticated communities to the benefit of the most sophisticated. The more the legislation can reflect varying levels of capacity, the more helpful and utilized its benefits will be.

After review of the proposed bill, we would like to offer a number of suggestions:

Recommendations

- To increase access and use of the flexibility in the proposed legislation, we recommend adoption of the "bottoms-up" approach recommended by Vice President Gore, so that any city or town would have authority to consolidate grants of less than \$10 million without any red tape or layers of bureaucratic approvals. We are concerned that the costs in terms of time, resources, and paperwork of complying with the requirements for approval for a smaller, poorer municipality would discourage participation, concentrating the benefits of the proposed legislation to larger and wealthier units of local government. We recommend delegating consolidation authority to the end user of the grant funds.

- In keeping with the intent of the bill, we would recommend a review of the requirements prerequisite to any approval of consolidation. We do not, for instance, see benefit of a requirement for plan submission to and approval by the governor of a purely local plan. Moreover, the statute would appear to preclude any city from applying in any instance where the governor did not submit the application and comments within 30 days. This adds a layer of bureaucracy, risk, and uncertainty that appear to us inconsistent with the intent of the bill. Likewise, the creation of a Community Advisory Committee could, in many instances, duplicate local committees that already exist.

- While we agree and support the intent to assist low income families, we note that it is difficult, especially in the categories of public infrastructure and economic development, to be precise with regard to beneficiaries. The guidelines for the new Empowerment Zone legislation appear to specifically preclude infrastructure improvements--even when they might be a vital component of community revitalization. We recommend that any report language balance these concerns.

- In Section 6(b)(2), we find it difficult to imagine circumstances which would permit a waiver and recommend consideration of a balancing test. For instance, waiver of Davis-Bacon requirements can make the difference between construction of a day care center or not, providing more benefits to low income families. The current proposed language would bar such a measure or test.

Mr. Chairman, we are grateful for your long-term efforts to restore greater flexibility to cities to ensure the most effective and targeted use of federal assistance. We appreciate your interest and leadership. I hope our comments are helpful.

Should you or your staff have questions, we would be pleased to respond.

Mr. TOWNS. Also, let me ask that the record be left open for 5 days for any other additional statements or remarks.

[The information can be found in the appendix.]

Mr. TOWNS. At this time I would like to thank the witnesses for their testimony. You have been very, very helpful in terms of being able to sort through this whole legislation and to be able to sort of strengthen it in a lot of ways. So let me thank you for your comments this morning.

And at this particular time the Subcommittee on Human Resources and Intergovernmental Relations will conclude.

[Whereupon, at 12:13 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING RECORD

HRIR -- Hearing
Rep. Donald M. Payne (NJ-10th)
H.R. 2856, the Local Flexibility Act of 1993
October 13, 1993

Good Morning. I would like to begin by commending the Chairman for his leadership in calling this hearing today. I would also like to extend my regards to the panel of witnesses who have agreed to testify today.

Last week's hearing on state and local ability to implement health care reform proved to be very insightful given the difficulty in considering the impact of newly imposed Federal mandates on local and state governments.

In preparing local and state budgets, these levels of government face constraints prescribed by law to raise revenue. They share responsibility with the federal government to deliver a broad scope of services essential to our communities -- welfare, education, police and fire departments. Having served at the local level on the Newark City Council, I know the balancing act that we have to perform.

House Majority Leader Gephardt commissioned the General Accounting Office to report on state and local finances. Last week, Majority Leader Gephardt discussed some of the GAO's findings. The GAO reported that over the period covering 1985 to 1991, state and local governments faced a challenge in responding to varied spending and revenue pressures. They found that almost all categories of program spending were growing while local revenues were shrinking. This trend reflected factors beyond the immediate control of state and local officials, such as rising health care costs and economic problems.

The sluggish economy has resulted in expanded use of various programs like Medicaid and unemployment compensation, among other social services programming. Additionally, many poorer jurisdictions are experiencing more fundamental long term difficulties. These areas have less capacity to maintain their police, fire, and other services at average levels because of their relatively low tax bases.

In order to levy average tax burdens at average levels, they would need additional outside funds equal to an estimated 36 percent of their tax revenues.

I commend full committee Chairman John Conyers and Ranking Member Bill Clinger for their efforts in relieving localities of the burdens of increasing demands on local services with fewer resources for these services. H.R. 2856 could potentially provide much needed relief to state and local levels of government by permitting waivers of Federal regulations for local jurisdictions that have developed plans to help low-income residents.

Again, I would like to thank Chairman Towns for calling this hearing today on this very important issue, and I look forward to the testimony of our witnesses.

**TESTIMONY OF
HON. THOMAS DAVIS
CHAIRMAN, BOARD OF SUPERVISORS
FAIRFAX COUNTY, VIRGINIA**
Submitted to the House Government Operations
Subcommittee on Human Resources and Intergovernmental Relations

Mr. Chairman, Members of the Subcommittee. I am privileged to serve as Chairman of the Board of Supervisors for Fairfax County, Virginia, the largest local government in Virginia and in the metropolitan Washington area. Fairfax's 399-square miles are home to more than 827,000 people and nearly 375,000 jobs.

I appreciate the opportunity to present testimony for the record in strong support for the intent of H.R. 2856, the Local Flexibility Act of 1993. The introduction of this important legislation by Chairman Conyers and the Ranking Member, Mr. Clinger, is particularly timely for Fairfax County. We have embarked on a comprehensive, bottom-up redesign of the citizen access (intake) for the County's Human Services System to pilot the concepts of Business Process Redesign.

In 1988 the Fairfax County Board of Supervisors adopted a basic, operative human services goal which would drive our human services policies; namely that "each individual should have the opportunity to achieve self-sufficiency and function to the limit of his or her ability, particularly in providing family stability through economic security." In furthering this goal, the County's leadership subsequently established a vision of "quality services, with solutions

in an innovative and timely manner, for the well-being and protection of individuals and families, through a holistic human services delivery system." This was the genesis of our effort to redesign our human services intake and service-delivery systems.

The County's analysis has identified the following problems within the existing human services delivery system:

- Current system is driven primarily by disciplines and functions of 13 separate County agencies;
- Service delivery is fragmented as a result of federal and state categorical funding streams (we are eligible to receive, either directly or through various state agencies, assistance from more than 400 individual federal programs/grants), often creating inconsistent/conflicting priorities, policies and procedures;
- Current services focus on treatment, with less attention to prevention;
- Currently, administrative and management functions are performed independently in each department, making Human Services-wide accountability and efficiencies difficult; and
- Currently, for some of the same reasons outlined above, there is minimal service

integration and excessive duplication in intake, case management and program supervision -- not only making programs administration costly and inefficient, but making the processes too complex for clients to understand and navigate.

Having identified the problems, we established a number of goals to be sought in planning and implementing our Human Services organizational redesign. While the overall goal of intake redesign is "to reduce the time from customer contact to initiation of customer services by 50 percent and to reduce the number of intake contacts to one..." Other goals intend for the overall redesigned Human Services delivery system to be:

- Prevention oriented in order to decrease client dependency;
- Community-based, which full-service intake/service delivery centers to be strategically located around the county in order to streamline access;
- Client/family-centered in order to more comprehensively address "needs" and eliminate redundancy;
- Results-oriented, collaborative and team-based in order to ensure efficient use of limited resources;

- Fully committed to system-wide quality assurance, consistent with the established human services goal adopted by the Board.

At the heart of the redesign intake process is the client service representative (CSR), who will be the person meeting the client at the "front door" of the human services system. CSRs will provide a comprehensive (rather than program-specific) service assessment, initiate and/or determine eligibility for services, provide enhanced referral services to ensure that clients are rapidly and more appropriately connected with both public and private human services, enroll clients for service in some cases, and follow-up with both clients and providers to ensure that the service connection has gone smoothly. Through the process, core client information required for both intake and service delivery will be collected, automated and shared, where appropriate, to eliminate unnecessary and resource-consuming data collection and irritating repetition of information by the client. The creation of an automated service record "portable" between programs and secured with the necessary protection of client confidentiality, will not only enhance efficiency but will serve as a service integrating factor as well.

A critical component of support for the redesign is the development of five computer applications which will serve as a core set of applications in an overall plan to fully integrate human services automation, a project which is slated to continue even after intake redesign is completed. The new automation applications are being developed using information

engineering (IE) and computer aided software engineering (CASE) and include a Human Services Resource System, Inquiry Screening System (to support eligibility prescreening), Client Profile Buildd System (automates "intelligent" collection of information relevant to client's service needs and options), Eligibility Determination/Service Match System (to automate and document the determination of eligibility), and Service Plan Development System (provides automated support for the client service plan development process).

Attached to my testimony are graphic depictions of the Fairfax County Human Services system as it is currently formulated and as it would function following redesign. We would be pleased to provide any additional, more detailed information or briefings for Members of the Committee and/or staff.

A Review of the Local Flexibility Act of 1993

As I have already stated, the human services assistance dollars which are administered by various County agencies come from wide variety of county, state, federal and private sources. As the County has sought to develop and implement process redesign changes to improve the efficiency and effectiveness of those diverse programs, we continue to face significant factors outside our control which challenge and threaten to limit our ultimate success. Any efforts which we might undertake to restore logic and efficiency to the process of delivering needed services to our citizens simply cannot succeed unless we are given increased flexibility and latitude under federal and state funded programs to identify and

address our local needs. Without that flexibility and the acknowledgement that it is the local government which can best determine local needs, we would continue to be frustrated by the unintended, collective burden of the myriad conflicting federal requirements and standards.

It is in this overall context that we were so heartened to learn of the introduction of the Local Flexibility Act by the Chairman and Ranking Member. It is, in its intent, precisely what the doctor ordered. We congratulate its sponsors for taking the initiative, we congratulate the Subcommittee for its hard work and clear commitment to the legislation and its principles, and we pledge to work with the committee in whatever ways possible as H.R. 2856 continues to work its way through the legislative process.

For your consideration in this process, we would like to identify a number of specific interest items which we hope can be considered for inclusion in the final marked-up vehicle. Specifically, the Act should:

- Provide for waivers of rules which explicitly or implicitly stipulate how services are to be administered in terms of organizational structures (i.e. JTPA by a separate Service Delivery Area Structure, Public Assistance by a separate public welfare agency). The Act needs to provide for and encourage a broad range of organizational structures which meet the intent of use of federal funds.

- Encourage a "flexible funds" concept encouraging local definition of use of funds in a manner which meets the intent of the law or program. This would carry with it a requirement that clauses in federal rules be waived where they stipulate that "funds under this act may only be used for the following types of expenditure....," and should allow local waiver plans to include local definition of use of funds within the intent of the law. Oversight of the intent is included within the waiver process (Federal Interagency Council).
- Provide for specific waivers for locally developed staffing patterns for delivering and administering services - including private and non-profit entities in partnership that still retain eligibility for federal reimbursement.
- Provide for a maximum of common administrative funds pooling without transaction-based (invoice by invoice, timesheet by timesheet) tie-backs to original source. It should also permit localities to develop local formula-based methods for allocating administrative costs back to the funding source. This would help to minimize costs and expenses of accounting and other administrative overhead items.
- Allow for the pooling of funds which support direct service provider costs that serve clients under multiple federal Acts and Categories of Assistance without transaction-based accounting tie-backs to the funding source.

- Provide specific authorizations for the appropriate sharing of client information within "integrated service systems," such as that planned by Fairfax County. We believe the clients right to privacy can still be honored without the point of control being organizationally- or service program-based.
- Specifically provide for and encourage the development of shared technology computer systems which streamline service delivery, eliminate data redundancy, and support integrated service delivery. Federal funding from one or many agencies should be authorized to support automation development which supports many federal programs. Currently, the Department of Health and Human Services has significant limitations on how FAMIS funding can be used for automation development for public welfare programs (different pools of funds, each supporting the development of different computer applications). Federal automation development funds should promote technology which supports service integration.
- Allow localities to develop specific integration plans which permit the coordination of administration of service standards. For example, there are federal rules governing Case Planning for some types of foster care and other rules governing local school system planning for special education children (IEP process). Children served in both systems have different standards. The Act should allow for waivers in order to integrate these standards and to consolidate processes where the local government has deemed appropriate.

- Encourage, and perhaps provide financial incentives, for states to include state programs within the pool of programs to be coordinated and/or integrated under the Local Flexibility Act in order to eliminate conflict barriers at the state level.
- Provide broad latitude to states and localities to join funds from two or more separate federal programs.
- Not mandate establishment of a community advisory committee (under Sec. 7). Many localities, including Fairfax County, have groups in place which can serve this purpose without the need to invent something new. In fact, such groups and Human Services clients have been active participants in the development of our redesign goals.

In conclusion, cities and counties of all sizes and at all levels of economic health are sagging under the burden of complex and costly regulations and requirements. The ultimate victims of this phenomena are the human services recipients themselves. Fairfax County has invested a significant level of time and financial resources in the development of our intake/service delivery redesign program -- a program which we are confident will serve as a model for transplanting in other communities around the nation. But we cannot hope to be truly successful in this effort without the basic framework for change presented in the form of the Local Flexibility Act of 1993. I am hopeful our testimony and the recommendations contained herein will be helpful as this legislation continues to mature.

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