

development, social/human services, transportation, housing, sustainable community development, public safety, drug abuse prevention, and educational and environmental concerns will be addressed in a coordinated fashion.

The strategic plan must identify how government resources will be used to support the plan. Specifically, the plan must indicate:

(1) How Social Service Block Grant (SSBG) funds for designated Zones and Communities, tax benefits for designated Zones and Communities, State and local resources, existing Federal resources available to the locality and additional Federal resources believed necessary to implement the strategic plan will be utilized within the Empowerment Zone or Enterprise Community;

(2) The level of commitment necessary to ensure that these resources will be available to the area upon designation; and

(3) The Federal resources being applied for or for which applications are planned.

The plan must identify private resources committed to its implementation, including:

(1) Private resources and support, including assistance from businesses, non-profit organizations and foundations, that are available to be leveraged with public resources; and

(2) Assurances that these resources will be made available to the area upon designation.

The plan must address changes needed in Federal rules and regulations necessary to implement the plan, including:

(1) Specific paperwork or other Federal program requirements that need to be altered to permit effective implementation of the strategic plan; and

(2) Specific regulatory and other impediments to implementing the strategic plan for which waivers are requested, with appropriate citations and an indication whether waivers can be accomplished administratively or require statutory changes.

The plan must demonstrate how State and local governments will reinvent themselves to help implement the plan, by:

(1) Identifying the changes that will be made in State and local organizations, processes and procedures, including laws and ordinances, to facilitate implementation of the plan; and

(2) Explaining how different agencies in State and local governments will work together in new responsive ways to implement the strategic plan.

The plan must provide details as to the manner in which the plan will be implemented and indicate what benchmarks will be used to measure progress, by:

(1) Identifying the specific tasks necessary to implement the plan;

(2) Describing the partnerships that will be established to carry out the plan;

(3) Explaining how the strategic plan will be regularly revised to reflect new information and opportunities; and

(4) Identifying the baselines, benchmarks and goals that will be used in evaluating performance in implementing the plan.

III. Differences Between Final Rule and Interim Rule

This final rule makes appropriate corrections to the January 18, 1994 interim rule. As will be discussed in the following section of this preamble, USDA received several good suggestions and recommendations of matters that the rule should address or expand upon, or terms that should be defined. These changes are largely directed at the nomination process, the eligibility process, the contents of the strategic plans, and evaluations of the strategic plans or policies associated with the use of EZ/EC funds.

The technical changes made by this final rule are largely directed to that section of the rule (§ 25.200(d)) which addresses the use of EZ/EC SSBG funds and therefore are relevant even after the designation process is complete. The following provides a list of editorial/technical changes made to the interim rule by this final rule.

1. In § 25.200 (Nominations by State and local governments), USDA sets forth the procedures for nominations by State and local governments of areas for designation as an Empowerment Zone and/or Enterprise Community. Paragraph (d) of the section addresses the elements of the strategic plan which must be developed as part of the application for designation, and paragraph (d)(12) specifically addresses how the Social Services Block Grant (SSBG) funds for designated Empowerment Zones and Enterprise Communities will be utilized. Several technical errors were made in paragraph (d)(12), and these are as follows:

a. Paragraph (d)(12)(i)(A) discusses the commitment concerning the use of EZ/EC SSBG funds. The rule provides for the commitment to be made by the "applicant as well as by the State government(s)." In this paragraph, USDA inadvertently omitted reference to the full range of nominating entities that would have to make this commitment, and only listed "State

governments." (Note that § 25.501 provides for nomination by States and local governments and § 25.502 provides for nominations by State-chartered economic development corporations.) Accordingly, the final rule corrects this paragraph to include not only State governments, but local governments and State-chartered economic development corporations. The final rule also explains that the "services or activities" referenced in this paragraph are the "services or activities which can be used to achieve or maintain the goals set forth in paragraph (d)(12)."

b. Paragraph (d)(12)(ii) provides, in error, that Empowerment Zone or Enterprise Community SSBG funds (EZ/EC SSBG funds) may be used to achieve certain goals set forth in the paragraph by "undertaking one of the below specified options." The correct wording should provide that States and local governments may undertake "one or more" of the options set forth in the paragraph. One option available to States and local governments for the use of EZ/EC SSBG funds was inadvertently omitted from the interim rule. This option provides for the use of EZ/EC SSBG funds to promote the economic independence of low-income residents, such as capitalizing revolving or micro-enterprise loan funds for their benefit.

c. In paragraph (d)(12)(ii), the interim rule provides that EZ/EC SSBG funds "may" be used to maintain the goals set forth in paragraph (d)(12). The rule should have stated that the EZ/EC SSBG funds "must" be used to maintain the goals set forth in paragraph (d)(12), and that the goals "may be achieved" by undertaking the program options listed in (d)(12)(ii).

d. The interim rule inadvertently omitted the paragraph that provides guidance concerning how designated Empowerment Zones and Enterprise Communities may meet the goals specified in paragraph (d)(12). This paragraph does not dictate how the goals may be met, but offers guidance as to how they may be met. This rule makes this correction by adding a new paragraph (iii), and by redesignating the succeeding paragraphs accordingly.

e. In paragraph (d)(12)(v) of the interim rule, the Department provided that the State must obligate EZ/EC SSBG funds in accordance with the strategic plan within two years from the "date of designation of the Empowerment Zone or Enterprise Community." This time frame is incorrect. This paragraph should have provided that the State must obligate funds two years from the date "the funds are paid to the State." This paragraph is also corrected by this