

112TH CONGRESS
1ST SESSION

S. 1565

To establish the National Competition for Community Renewal to encourage communities to adopt innovative strategies and design principles to programs related to poverty prevention, recovery and response, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 15, 2011

Mr. CASEY introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To establish the National Competition for Community Renewal to encourage communities to adopt innovative strategies and design principles to programs related to poverty prevention, recovery and response, and for other purposes.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “National Opportunity and Community Renewal Act”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Purposes.
- Sec. 4. Definitions.

TITLE I—NATIONAL AND LOCAL OPPORTUNITY BOARDS

- Sec. 101. National Opportunity Board.
- Sec. 102. Local Opportunity Boards.

TITLE II—NATIONAL COMPETITION FOR COMMUNITY RENEWAL

- Sec. 201. Establishment.
- Sec. 202. Duration.
- Sec. 203. Local opportunity funds.
- Sec. 204. Waiver program.
- Sec. 205. Tax incentives.
- Sec. 206. Application and administration.

TITLE III—COMMUNITY RENEWAL INCENTIVES

- Sec. 301. Community renewal savings.
- Sec. 302. Community tax incentives.
- Sec. 303. Renewal employer refundable credit.
- Sec. 304. Unrelated business taxable income deduction.
- Sec. 305. Qualified community renewal contribution.
- Sec. 306. High school graduation tax credit.
- Sec. 307. Modified new markets tax credit.
- Sec. 308. Earned income tax credit.
- Sec. 309. Community renewal bonds.
- Sec. 310. Anticorruption provision.

TITLE IV—COMPETITIONS FOR INNOVATION IN CLIENT ADVOCACY AND EVALUATION

- Sec. 401. Client advocacy competition.
- Sec. 402. Evaluation competition.

TITLE V—REPORT TO CONGRESS

- Sec. 501. Report to Congress.

TITLE VI—DEFICIT NEUTRAL EFFECT ON APPROPRIATIONS

- Sec. 601. Deficit neutral effect on appropriations.

1 **SEC. 2. FINDINGS.**

2 Congress makes the following findings:

- 3 (1) Recent data found that 43,600,000 Ameri-
- 4 cans were living in poverty, with 15,500,000 children
- 5 living in poverty.

1 (2) The 2009 Federal Poverty Level for a
2 household of 4 was set at \$22,050.

3 (3) Poverty in America has changed remarkably
4 since the last major transformative policy debate on
5 the issue.

6 (4) The 1996 welfare reform bill ultimately did
7 not create new systems nor did it drive market-based
8 solutions.

9 (5) The economic downturn has exposed the
10 weakness of poverty reduction programs that are not
11 market-driven.

12 (6) Effective and meaningful investment in pov-
13 erty prevention programs will result in greater effi-
14 ciencies at the Federal level.

15 (7) Any new poverty prevention program should
16 produce savings for taxpayers and not add to the
17 Federal budget deficit.

18 **SEC. 3. PURPOSES.**

19 It is the purpose of this Act to—

20 (1) establish demonstration projects to enable
21 10 diverse communities to redesign their local serv-
22 ice delivery model in a way that is silo busting, in-
23 creases access to opportunity for those in need by
24 building on current assets and encourages implemen-

1 tation of innovative poverty reduction and prevention
2 programs;

3 (2) enable holistic approaches that more accu-
4 rately and adequately meet the needs of the individ-
5 uals served;

6 (3) incentivize local markets and communities
7 to invest in local poverty prevention and alleviation
8 efforts;

9 (4) establish a standard framework for meas-
10 urement of outcomes that will allow for investment
11 in and growth of programs that have demonstrated
12 results; and

13 (5) ensure taxpayer dollars are being invested
14 in results-driven programs and policies that truly lift
15 people out of poverty and onto a path of sustainable
16 self-reliance.

17 **SEC. 4. DEFINITIONS.**

18 In this Act:

19 (1) BOARD.—The term “Board” means the Na-
20 tional Opportunity Board established under section
21 101.

22 (2) ELIGIBLE AREA.—The term “eligible area”
23 means a city, county, town, township, parish, village,
24 or other general purpose political subdivision of a
25 State, including the District of Columbia and insular

1 areas, that meets criteria to be established under
2 this Act by the Board.

3 (3) **HOLISTIC.**—The term “holistic” means en-
4 compassing health, education, labor, housing, justice
5 and food.

6 (4) **HUMAN DEVELOPMENT INDEX.**—The term
7 “Human Development Index” means a summary
8 composite index that measures an area’s average
9 achievements in 3 basic aspects of human develop-
10 ment (health, knowledge, and a decent standard of
11 living) and is currently calculated on a global scale
12 by the United Nations Development Program and
13 other organizations.

14 (5) **LOCAL GOVERNING BODY.**—The term “local
15 governing body” means the executive office of any
16 city, county, town, township, parish, village, or other
17 general purpose political subdivision of a State, in-
18 cluding the District of Columbia and insular areas.

19 (6) **LOCAL OPPORTUNITY PLAN.**—The term
20 “Local Opportunity Plan” means a detailed spend-
21 ing plan, to be developed by the Local Opportunity
22 Board and submitted to the National Opportunity
23 Board under guidelines to be established by the Na-
24 tional Opportunity Board.

1 (7) NATIONAL COMPETITION.—The term “Na-
2 tional Competition” means the National Competition
3 for Community Renewal established under title II.

4 (8) PROGRAM PERIOD.—The term “program
5 period” means a period of 5 years, beginning on the
6 date of the selection of an eligible area by the
7 Board.

8 (9) QUALIFIED AREA.—The term “qualified
9 area” means an eligible area that has been approved
10 under the National Competition by the Board.

11 (10) QUALIFIED MILITARY INSTALLATION.—
12 The term “qualified military installation” means any
13 military installation or facility the number of mem-
14 bers of the Armed Forces of the United States as-
15 signed to which, as of the date of enactment of this
16 Act, is not less than 1,000.

17 (11) RESPONSIBLE LOCAL OFFICIAL.—The
18 term “responsible local official” means the local offi-
19 cial appointed by the Local Opportunity Board to
20 administer the funds in the local opportunity fund
21 for the qualified area involved. Such official shall be
22 so appointed if such official is responsible for admin-
23 istering the majority of funding under the waived
24 programs specified under section 203(b)(2)(B) for
25 the area involved.

1 (12) RURAL AREA.—The term “rural area”
2 means an eligible area within a public use microdata
3 area that meets the definition of “rural area” as de-
4 termined by the Census Bureau for the most recent
5 Census for which data is available.

6 **TITLE I—NATIONAL AND LOCAL**
7 **OPPORTUNITY BOARDS**

8 **SEC. 101. NATIONAL OPPORTUNITY BOARD.**

9 (a) ESTABLISHMENT.—There is established a bipar-
10 tisan, independent entity to be known as the “National
11 Opportunity Board” to develop and administer the Na-
12 tional Competition.

13 (b) COMPOSITION.—The Board shall be composed of
14 7 members, of which—

15 (1) 1 member shall be the President’s Domestic
16 Policy Advisor;

17 (2) 1 member shall be appointed by the Presi-
18 dent in consultation with the majority and minority
19 leaders of the House of Representatives and the
20 Senate, who shall serve as the Chair of the Board;

21 (3) 1 member shall be appointed by the minor-
22 ity leader of the Senate in consultation with the mi-
23 nority leader of the House of Representatives, who
24 shall serve as the Vice-Chair of the Board;

1 (4) 1 member shall be appointed by the senior
2 Democratic member of the Senate leadership;

3 (5) 1 member shall be appointed by the senior
4 Republican member of the Senate leadership;

5 (6) 1 member shall be appointed by the senior
6 Democratic member of the House of Representatives
7 leadership; and

8 (7) 1 member shall be appointed by the senior
9 Republican member of the House of Representatives
10 leadership.

11 (c) APPOINTMENTS.—The members appointed to the
12 Board under subsection (b) shall, to the extent practicable,
13 include—

14 (1) representatives of nonprofit organizations;

15 (2) members of the poverty reduction advocacy
16 community;

17 (3) experts in the area of philanthropic giving;
18 and

19 (4) members with experience relative to local
20 government administration.

21 (d) EX OFFICIO MEMBERS.—

22 (1) IN GENERAL.—The following individuals or
23 their designees shall serve as ex officio members of
24 the Board:

1 (A) The Secretary of Health and Human
2 Services.

3 (B) The Secretary of Commerce.

4 (C) The Secretary of Housing and Urban
5 Development.

6 (D) The Secretary of Labor.

7 (E) The Secretary of Agriculture.

8 (F) The Secretary of Education.

9 (G) The Attorney General.

10 (2) LIMITATIONS.—Ex officio members of the
11 board shall—

12 (A) not have a vote with respect to the ac-
13 tivities of the Board; and

14 (B) be required to attend all meetings of
15 the Board.

16 (3) DESIGNEES.—An individual who is not at
17 least an Assistant Secretary may not be designated
18 to serve as an ex officio member of the Board under
19 paragraph (1).

20 (e) DISMISSAL, QUORUM, VACANCIES.—

21 (1) IN GENERAL.—Each member of the Board
22 appointed under subsection (b) shall serve for a term
23 of 6 years, except that—

24 (A) a member of the Board may be re-
25 moved by a unanimous vote of all remaining

1 voting members of the Board, and only for
2 cause;

3 (B) if an individual is appointed to fill a
4 vacancy occurring prior to the expiration of the
5 term of the individual's predecessor, that indi-
6 vidual shall serve only for the remainder of the
7 predecessor's term; and

8 (C) any such appointment to fill a vacancy
9 shall be made within 60 days after the vacancy
10 occurs and shall be made in the same manner
11 in which the original appointment was made.

12 (2) QUORUM.—A majority of the members of
13 the Board appointed under subsection (b) shall con-
14 stitute a quorum to conduct business.

15 (3) MEETINGS.—The Board shall meet at the
16 call of the Chair or a majority of the members ap-
17 pointed under subsection (b), and commence oper-
18 ations as soon as practicable and after its initial
19 meeting.

20 (f) DUTIES.—

21 (1) GUIDELINES FOR THE NATIONAL COMPETI-
22 TION.—The Board shall design and establish written
23 guidelines for establishing and implementing the Na-
24 tional Competition, including the following:

1 (A) Criteria for establishing eligible areas,
2 including, to the extent practicable, the use by
3 the Board of the Human Development Index or
4 the Supplemental Poverty Measurement to be
5 established by the Census Bureau as a criteria
6 for determining eligible areas.

7 (B) Application requirements to enable eli-
8 gible areas to apply for assistance under the
9 National Competition, including the design and
10 content of the Local Opportunity Plan, as de-
11 scribed in section 102(d)(1).

12 (C) Criteria for evaluating applications
13 submitted under the National Competition.

14 (D) Eligible program development costs.

15 (E) Criteria for accountability measures
16 for eligible areas selected to participate in the
17 National Competition.

18 (F) Reporting requirements for eligible
19 areas selected to participate in the National
20 Competition.

21 (2) RULEMAKING.—The Board shall have the
22 authority to promulgate regulations for establish-
23 ment and administration of the National Competi-
24 tion.

1 (3) ADMINISTRATION OF NATIONAL COMPETI-
2 TION.—The Board shall administer the National
3 Competition, including—

4 (A) awarding assistance, waivers and tax
5 incentives to eligible areas based on developed
6 criteria; and

7 (B) evaluating the performance of partici-
8 pating eligible areas in accordance with this
9 section.

10 (4) EVALUATIONS.—

11 (A) IN GENERAL.—Not later than 3 years
12 after the date of enactment of this Act, and an-
13 nually thereafter, the Local Opportunity Board
14 shall submit to the National Opportunity Board
15 a comprehensive report on the implementation
16 of a spending plan as described in section
17 102(d)(1)(A).

18 (B) CANCELLATION OF NATIONAL
19 AWARD.—Based on information received in the
20 report under subparagraph (A), the National
21 Opportunity Board may revoke qualified area
22 status and access to assistance, waiver, and tax
23 incentives provided under title II and title III if
24 the Board determines that—

1 (i) the Local Opportunity Board of
2 the qualified area fails to provide the infor-
3 mation required under subparagraph (A),
4 or the information provided by the chief
5 elected official is inadequate;

6 (ii) the Local Opportunity Board of
7 the qualified area failed to comply with the
8 provisions established under the Local Op-
9 portunity Plan as established under section
10 102(d)(1); or

11 (iii) the Local Opportunity Board of
12 the qualified area failed to meet any addi-
13 tional criteria to be established by the Na-
14 tional Opportunity Board.

15 (C) REPAYMENT OF AMOUNTS.—The Na-
16 tional Opportunity Board may, in accordance
17 with this subsection, require a qualified area to
18 repay any amounts that were not expended by
19 the qualified area in accordance with the Local
20 Opportunity Plan as established under section
21 102(d)(1), and any such funds shall be re-
22 turned to the general fund of the Treasury.

23 (D) GUIDELINES.—The National Oppor-
24 tunity Board shall establish guidelines for the
25 conduct of an independent audit, after the sec-

1 ond program year, of any qualified area partici-
2 pating in the National Competition. Such guide-
3 lines shall require that the qualified area be au-
4 dited in accordance with generally accepted au-
5 diting standards by independent certified public
6 accountants and that all books, accounts, finan-
7 cial records, reports, and files necessary to fa-
8 cilitate the audits shall be made available to the
9 person or persons conducting the audits.

10 (g) PERSONNEL MATTERS.—

11 (1) COMPENSATION AND EXPENSES.—

12 (A) IN GENERAL.—Except as provided in
13 this paragraph, a member of the Board shall
14 serve without compensation.

15 (B) TRAVEL EXPENSES.—Each member of
16 the Board shall be reimbursed for travel and
17 per diem in lieu of subsistence expenses during
18 the performance of duties of the Board while
19 away from home or his or her regular place of
20 business, in accordance with applicable provi-
21 sions under subchapter I of chapter 57 of title
22 5, United States Code.

23 (C) FEDERAL EMPLOYEES.—A member of
24 the Board who is an officer or employee of the
25 Federal Government shall serve without com-

1 compensation in addition to the compensation re-
2 ceived for the services of the member as an offi-
3 cer or employee of the Federal Government.

4 (2) STAFF.—Subject to such rules as the Board
5 may prescribe, the Chair of the Board, without re-
6 gard to the provisions of title 5, United States Code,
7 governing appointments in the competitive service,
8 and without regard to the provisions of chapter 51
9 and subchapter III of chapter 53 of such title (relat-
10 ing to classification and General Schedule pay
11 rates), may appoint and fix the pay of a staff direc-
12 tor and such other personnel as may be necessary to
13 enable the Board to carry out its functions; except
14 that no rate of pay fixed under this subsection may
15 exceed the maximum rate of basic pay payable for
16 GS–15 of the General Schedule.

17 (3) ADMINISTRATION.—Not more than 5 per-
18 cent of the total amount appropriated for the Na-
19 tional Opportunity Board may be expended for the
20 costs of administration, including costs related to
21 the requirements in section 101(h).

22 (4) STAFF OF FEDERAL AGENCIES.—Upon re-
23 quest of the Chair of the Board, the head of any de-
24 partment or agency described under section 101(d)
25 may detail, on a nonreimbursable basis, any of the

1 personnel of that department or agency to the Board
2 to assist it in carrying out its functions under this
3 Act.

4 (h) OMBUDSMAN.—

5 (1) ESTABLISHMENT OF A NATIONAL OMBUDS-
6 MAN OFFICE.—The Board shall establish an Office
7 of Ombudsman, to be directed by an Ombudsman. It
8 shall be the function of the Office of Ombudsman to
9 receive individual complaints, grievances, and re-
10 quests for information submitted by any person with
11 respect to any program or requirement under this
12 Act.

13 (2) AUTHORITY TO RENDER ASSISTANCE.—The
14 Ombudsman shall render assistance with respect to
15 the complaints, grievances, and requests submitted
16 to the Office of Ombudsman, and shall make appro-
17 priate recommendations to the Board, including but
18 not limited to investigating complaints of corruption
19 and fraud arising from the creation of a Local Op-
20 portunity Board for a qualified area and throughout
21 the duration of qualified area status.

22 (3) REPORT TO THE NATIONAL OPPORTUNITY
23 BOARD.—If the Ombudsman makes a finding that a
24 complaint has merit, the Ombudsman may rec-
25 ommend to the National Board corrective action, in-

1 including the revocation of National Award, qualified
2 area status and access to assistance, waivers and tax
3 incentives provided under title II of this Act.

4 (i) GRIEVANCE PROCEDURES; FEDERAL RESPONSIBILITY.—
5 BILITY.—

6 (1) MODELS.—The Board shall, through a
7 process that includes consultations with qualified
8 areas and public and private experts in grievance
9 procedures, arbitration, and mediation, develop
10 model grievance procedures that may be imple-
11 mented by the Local Opportunity Boards. Such
12 model procedures shall describe the elements that
13 must be addressed in establishing local grievance
14 procedures and provide grantees with flexibility in
15 the design of such local procedures.

16 (2) REVIEW.—The Board shall review grievance
17 procedures established by the Local Opportunity
18 Boards and grantees to determine if such procedures
19 are adequate. In making such a determination, the
20 Board shall assess whether such procedures permit
21 legitimate grievances to be filed, evaluated, and re-
22 solved at the local level.

23 (3) GRANTEES.—To be eligible to receive assist-
24 ance under this Act, a grantee shall develop griev-
25 ance procedures that are determined by the National

1 Opportunity Board to be consistent with the model
2 procedures developed under paragraph (1).

3 (j) AUTHORIZATION OF APPROPRIATIONS.—Subject
4 to section 601 of this Act, for the purposes of carrying
5 out this section, there are authorized to be appropriated
6 \$1,000,000 for fiscal year 2011, and \$2,500,000 each of
7 fiscal years 2012 through 2016.

8 **SEC. 102. LOCAL OPPORTUNITY BOARDS.**

9 (a) ESTABLISHMENT.—To be eligible to receive as-
10 sistance, waivers and tax incentives under this Act, the
11 chief elected official of an eligible area shall establish a
12 Local Opportunity Board.

13 (b) COMPOSITION.—The Local Opportunity Board
14 shall consist of not more than 5 members, to be appointed
15 by the chief elected official of the eligible area, and shall
16 include representatives of—

17 (1) State government;

18 (2) nonelected community leaders, particularly
19 those providing poverty-related services, including
20 advocates and experts; and

21 (3) the head of the lead agency (or his or her
22 designee) in one or more of the following programs
23 operating in the eligible area—

24 (A) health programs;

25 (B) labor programs;

1 (C) housing programs;

2 (D) agriculture programs;

3 (E) justice programs; or

4 (F) commerce programs.

5 (c) CHAIR.—The members of the Local Opportunity
6 Board shall select a Chair form among such members.

7 (d) DUTIES.—The Local Opportunity Board shall—

8 (1) develop and submit to the Board a Local
9 Opportunity Plan, that at a minimum includes—

10 (A) a detailed spending plan for any funds
11 and assistance approved under the National
12 Competition by the Board;

13 (B) a description of how the spending plan
14 meets the criteria listed for grant eligibility as
15 defined by the Board and including the criteria
16 listed in section 204(a);

17 (C) a description of coordination with
18 other Federal, State, and local government as-
19 sistance programs available in the jurisdiction
20 in which the eligible area is located; and

21 (D) any other elements as required by the
22 Board;

23 (2) submit an application (including the Local
24 Opportunity Plan), pursuant to guidelines estab-
25 lished by the Board, to the Board for approval; and

1 (3) establish a reporting system, as described in
2 section 101(f)(1)(F), through which the Chair of the
3 Local Opportunity Board shall report to the Na-
4 tional Opportunity Board in compliance with that
5 subsection.

6 (e) NATIONAL SERVICE.—As a result of being award-
7 ed qualified area status, a qualified area and the Local
8 Opportunity Boards shall be eligible for community serv-
9 ices provided pursuant to the National and Community
10 Service Act of 1990 (42 U.S.C. 12501 et seq.). Such serv-
11 ices shall include, but are not limited to AmeriCorps slots
12 provided in such Act.

13 **TITLE II—NATIONAL COMPETI-**
14 **TION FOR COMMUNITY RE-**
15 **NEWAL**

16 **SEC. 201. ESTABLISHMENT.**

17 The Board shall develop and publish guidelines for
18 the establishment of the National Competition for Com-
19 munity Renewal to provide for the awarding of qualified
20 area status, assistance, targeted waivers, and targeted tax
21 incentives.

22 **SEC. 202. DURATION.**

23 The National Competition shall be effective beginning
24 with the first fiscal year that begins after the date of en-

1 actment of this Act and ending after the fifth such fiscal
2 year.

3 **SEC. 203. LOCAL OPPORTUNITY FUNDS.**

4 (a) ESTABLISHMENT.—To be eligible to receive as-
5 sistance under this Act, the Local Opportunity Board for
6 the qualified area shall—

7 (1) establish a local opportunity fund; and

8 (2) otherwise comply with the requirements of
9 this section.

10 (b) AMOUNTS IN FUND.—

11 (1) IN GENERAL.—Prior to awarding qualified
12 area status, the Local Opportunity Board of the eli-
13 gible area shall have established a local opportunity
14 fund.

15 (2) DEPOSITS.—There shall be deposited into
16 the local opportunity fund funds made available for
17 use during the program period in the qualified area
18 under the following:

19 (A) The Community Services Block Grant
20 Act (42 U.S.C. 9901 et seq.).

21 (B) The Head Start Act (42 U.S.C. 9831
22 et seq.).

23 (C) The Low-Income Home Energy Assist-
24 ance Act of 1981 (42 U.S.C. 8621 et seq.).

1 (D) The supplemental nutrition assistance
2 program under the Richard B. Russell National
3 School Lunch Act (7 U.S.C. 2011 et seq.).

4 (E) The Weatherization Assistance for
5 Low-Income Persons Program under the En-
6 ergy Conservation and Production Act (42
7 U.S.C. 6861 et seq.).

8 (F) The Jobs Corps program under sub-
9 title C of title I of the Workforce Investment
10 Act of 1998 (29 U.S.C. 2881 et seq.).

11 (G) The Temporary Assistance to Needy
12 Families Program under title IV of the Social
13 Security Act (42 U.S.C. 601 et seq.).

14 (H) The Workforce Investment Act of
15 1998 (29 U.S.C. 2801 et seq.).

16 (c) ACCOUNTING REGULATIONS.—The Board shall
17 promulgate regulations with respect to accounting for the
18 amounts in the local opportunity funds established under
19 subsection (a).

20 (d) USE OF FUNDS.—Assistance provided under sub-
21 section (a) may be used for the following activities relating
22 to poverty prevention:

23 (1) Assisting the needs of low-income individ-
24 uals including the homeless, migrants and the elder-
25 ly.

1 (2) Planning and coordinating initiatives re-
2 lated to the elimination of poverty in a manner re-
3 sponsive to local needs and conditions.

4 (3) Providing comprehensive child development
5 services to economically disadvantaged children and
6 families, with a special focus on helping develop
7 reading and math skills.

8 (4) Alleviating hunger and malnutrition
9 through supplemental nutrition assistance programs.

10 (5) Assisting low income families with home en-
11 ergy needs, and increasing energy efficiency of dwell-
12 ings owned or occupied by low income persons to re-
13 duce their total energy expenditures and improve
14 their health and safety.

15 (6) Providing vocational training, in order to
16 secure and hold employment.

17 (7) Providing assistance and counseling to
18 needy families to help end the dependence on gov-
19 ernment benefits by promoting job preparation and
20 work.

21 (8) Any other activities included in a Local Op-
22 portunity Plan approved by the National Oppor-
23 tunity Board.

24 (e) FIDUCIARY RESPONSIBILITY FOR ADMINISTRA-
25 TION OF FUNDS.—The responsible local official shall have

1 a fiduciary responsibility to administer funds in the local
2 opportunity fund established under subsection (a)—

3 (1) in accordance with the Local Opportunity
4 Plan (as approved by the Board); and

5 (2) notwithstanding the provisions of law re-
6 ferred to in subsection (b)(2).

7 (f) STATE FUNDS.—The Local Opportunity Plan de-
8 scribed in section 102(d)(1) shall provide satisfactory as-
9 surance that Federal funds and assistance made available
10 under this title shall not be commingled with State funds.

11 **SEC. 204. WAIVER PROGRAM.**

12 (a) ESTABLISHMENT.—The Board shall develop and
13 publish guidelines to provide for a waiver of the applica-
14 tion of any or all of the provisions of law described in sub-
15 section (c), with respect to a qualified area under the Na-
16 tional Competition.

17 (b) AUTHORIZATION.—The Board shall grant a waiv-
18 er to a qualified area that has been selected by the Board
19 as a winner under the National Competition.

20 (c) PROVISIONS OF LAW TO BE WAIVED.—The pro-
21 visions of law described in this subsection are the fol-
22 lowing:

23 (1) The Community Services Block Grant Act
24 (42 U.S.C. 9901 et seq.).

1 (2) The Head Start Act (42 U.S.C. 9831 et
2 seq.).

3 (3) The Low-Income Home Energy Assistance
4 Act of 1981 (42 U.S.C. 8621 et seq.).

5 (4) The supplemental nutrition assistance pro-
6 gram under the Richard B. Russell National School
7 Lunch Act (7 U.S.C. 2011 et seq.).

8 (5) The Weatherization Assistance for Low-In-
9 come Persons Program under the Energy Conserva-
10 tion and Production Act (42 U.S.C. 6861 et seq.).

11 (6) The Jobs Corps program under subtitle C
12 of title I of the Workforce Investment Act of 1998
13 (29 U.S.C. 2881 et seq.).

14 (7) The Temporary Assistance to Needy Fami-
15 lies Program under title IV of the Social Security
16 Act (42 U.S.C. 601 et seq.).

17 (8) The Workforce Investment Act of 1998 (29
18 U.S.C. 2801 et seq.).

19 (d) HOLD HARMLESS.—Notwithstanding any other
20 provision of law, the Local Opportunity Board for the
21 qualified area shall ensure that the amount received by
22 an individual under this Act in any program year shall
23 not be less than the amount that individual would other-
24 wise have received under any provision of law described
25 in subsection (c) during such year.

1 **SEC. 205. TAX INCENTIVES.**

2 A qualified area that is selected to participate in the
3 National Competition by the Board shall be eligible for
4 targeted tax incentives as established under title III.

5 **SEC. 206. APPLICATION AND ADMINISTRATION.**

6 (a) DESIGN PRINCIPLES.—In approving an applica-
7 tion for participation in the National Competition under
8 this title, the Board may give preference to eligible areas
9 that include the creation of an individual opportunity plan
10 (as described in subsection (b)) as well as the following
11 design principles as contained in the Local Opportunity
12 Plan (as established in section 102(d)(1)):

13 (1) Basing poverty reduction and prevention
14 services on the Human Development Index as a
15 measure of the level of poverty for individuals and
16 households.

17 (2) A model of poverty reduction and preven-
18 tion that includes the varying levels of service for in-
19 dividuals and is adjusted to reflect the needs of indi-
20 viduals and households at different stages of pov-
21 erty. The different levels of service may be struc-
22 tured to reflect the following levels of assistance:

23 (A) For low-income individuals and fami-
24 lies requiring services to prevent reliance on
25 more expensive government programs, services
26 shall focus on intervention, including such serv-

1 ices as mortgage assistance, debt relief, housing
2 and voucher assistance, and job development
3 and placement.

4 (B) For low-income individuals and fami-
5 lies currently relying on at least one govern-
6 ment program for basic needs such as food or
7 housing, services shall be tailored to meet spe-
8 cific needs identified in a unique individual op-
9 portunity plan adopted by intensive client advo-
10 cacy.

11 (C) For individuals at or below the Federal
12 Poverty Guidelines, the continued provision of
13 long term services shall be made available.

14 (3) An individual opportunity plan (as provided
15 for in subsection (b)).

16 (4) Intensive client advocacy, as defined in
17 guidelines to be developed and published by the
18 Board.

19 (5) Detailed evaluation practices, as defined in
20 guidelines to be developed and published by the
21 Board.

22 (6) A plan that describes ways in which techno-
23 logical upgrades will be made, including but not lim-
24 ited to installing infrastructure, purchasing hard-

1 ware and software, utilizing technical assistance, and
2 professional development.

3 (b) INDIVIDUAL OPPORTUNITY PLANS.—The Board
4 shall develop and publish guidelines for the establishment
5 of individual opportunity plans, which, at a minimum shall
6 consist of—

7 (1) an assessment of the unique strengths and
8 needs of the individual and the identification of serv-
9 ices appropriate to meet such needs; and

10 (2) a written individualized opportunity plan
11 developed by a multidisciplinary team, including a
12 description of measurable results and outcomes ex-
13 pecting to be achieved as a result of implementation
14 of the plan.

15 (c) PARTICIPATION IN NATIONAL COMPETITION.—
16 The Board shall select a total of 10 qualified areas for
17 participation in the National Competition. Such areas
18 shall include—

19 (1) not less than 3 rural areas as defined by
20 this Act; and

21 (2) not less than 1 qualified area that is located
22 in a county in which a qualified military installation
23 or a county adjacent to a qualified military installa-
24 tion is located.

1 **TITLE III—COMMUNITY**
2 **RENEWAL INCENTIVES**

3 **SEC. 301. COMMUNITY RENEWAL SAVINGS.**

4 (a) IN GENERAL.—Each Local Opportunity Board
5 shall implement a method to calculate the community re-
6 newal savings achieved through the implementation of its
7 Local Opportunity Plan.

8 (b) COMMUNITY RENEWAL SAVINGS.—For the pur-
9 poses of this Act, the term “community renewal savings”
10 means the present dollar value of the net Federal and
11 State funds directly or indirectly saved by the Local Op-
12 portunity Board for individuals successfully assisted
13 through the Local Opportunity Plan.

14 (c) FACTORS.—The community renewal savings shall
15 be measured by criteria identified by the Local Oppor-
16 tunity Board in valuing the effectiveness of each program
17 in the Local Opportunity Plan, but shall include the fol-
18 lowing:

19 (1) Present dollar value of increasing the in-
20 come of an individual successfully assisted by a
21 Local Opportunity Plan.

22 (2) Present dollar value of an individual grad-
23 uating high school.

24 (3) Funds expended by the jurisdiction to assist
25 an individual in each Local Opportunity Plan.

1 (4) Funds expended if an individual does not
2 graduate high school.

3 (d) ALLOCATION.—The community renewal savings
4 of a Local Opportunity Board shall be allocated as follows:

5 (1) 50 percent to reduce the public deficit.

6 (2) 25 percent to fund community tax incen-
7 tives.

8 (3) 25 percent to fund, reinvest in, and expand
9 programs and services under this Act.

10 (e) PROGRAM COST-BENEFIT RATIO.—Each Local
11 Opportunity Board shall calculate the program cost-ben-
12 efit ratio for each program under the Local Opportunity
13 Plan, which shall be the ratio of—

14 (1) the cost of the program measured by dol-
15 lars; over

16 (2) the benefit of the program expressed in dol-
17 lars.

18 (f) EXAMPLE.—The program cost-benefit ratio of a
19 job training program is equal to the cost of the program
20 in dollars over the amount the program raises the earnings
21 of the enrollee during his or her lifetime, taking into ac-
22 count what the individual would have earned without the
23 job training program using local job market data.

1 **SEC. 302. COMMUNITY TAX INCENTIVES.**

2 (a) IN GENERAL.—A dollar amount equal to 25 per-
3 cent of the community renewal savings shall be allocated
4 to the community tax incentives.

5 (b) COMMUNITY TAX INCENTIVES.—The community
6 tax incentives shall consist of the following:

7 (1) Renewal employer refundable credit.

8 (2) Unrelated business taxable income deduc-
9 tion.

10 (3) Qualified community renewal contribution.

11 (4) High school graduation tax credit.

12 (5) Modified new markets tax credit.

13 (6) Community renewal bonds.

14 **SEC. 303. RENEWAL EMPLOYER REFUNDABLE CREDIT.**

15 (a) IN GENERAL.—In the case of any taxable year
16 during the program period, there shall be allowed a cur-
17 rent year business credit in the amount of \$3,000 under
18 section 38(b) of the Internal Revenue Code of 1986, with
19 respect to each retained worker employed by a qualified
20 opportunity employer with respect to which subsection
21 (b)(4) is first satisfied during such taxable year.

22 (b) RETAINED WORKER.—For purposes of this sec-
23 tion, the term “retained worker” means any individual—

24 (1) whose principal place of abode is within the
25 qualified area;

1 (2) substantially all of the services performed
2 by such individual during the taxable year are ren-
3 dered within the qualified area;

4 (3) who begins employment with a qualified oppor-
5 tunity employer after the commencement of the
6 program period;

7 (4) who certifies by signed affidavit, under pen-
8 alties of perjury, that such individual has not been
9 employed for more than 40 hours during the 90-day
10 period ending on the date such individual begins
11 such employment;

12 (5) who is not employed by the qualified oppor-
13 tunity employer to replace another employee of such
14 employer unless such other employee separated from
15 employment voluntarily or for cause;

16 (6) who is not an individual described in section
17 51(i)(1) of the Internal Revenue Code of 1986 (ap-
18 plied by striking “taxpayer” and inserting “qualified
19 opportunity employer” each place that term ap-
20 pears);

21 (7) who was employed by the qualified oppor-
22 tunity employer on any date during the taxable year;

23 (8) who was so employed by the qualified oppor-
24 tunity employer for a period of not less than 52
25 consecutive weeks;

1 (9) whose wages (as defined in section 3401(a)
2 of the Internal Revenue Code of 1986) for such em-
3 ployment during the last 26 weeks of such period
4 equaled at least 110 percent of such wages for the
5 first 26 weeks of such period; and

6 (10) who receives health benefits at least equal
7 to essential health benefits, as defined under section
8 1302 of the Patient Protection and Affordable Care
9 Act.

10 (c) QUALIFIED OPPORTUNITY EMPLOYER.—

11 (1) IN GENERAL.—For purposes of this section,
12 the term “qualified opportunity employer” means
13 any employer—

14 (A) having a place of business in the quali-
15 fied area;

16 (B) subject to remit withholding and em-
17 ployment taxes to the United States; and

18 (C) designated by the Local Opportunity
19 Board, at its sole discretion, as a qualified op-
20 portunity employer based on its hiring stand-
21 ards, employee benefits, and employee retention
22 statistics.

23 (2) TYPES OF QUALIFIED OPPORTUNITY EM-
24 PLOYERS.—A qualified opportunity employer in-
25 cludes any person employing individuals within the

1 qualified area as long as such person meets the re-
2 quirements under paragraph (1) and is not limited
3 to persons subject to income tax under subpart A of
4 the Internal Revenue Code of 1986.

5 (d) LIMITATION ON CARRYBACKS.—No portion of the
6 unused credit under section 38 of the Internal Revenue
7 Code of 1986 for any taxable year which is attributable
8 to the increase in the current year business credit under
9 this section may be carried to a taxable year beginning
10 before the date of the enactment of this section.

11 **SEC. 304. UNRELATED BUSINESS TAXABLE INCOME DEDUC-**
12 **TION.**

13 (a) IN GENERAL.—In the case of any taxable year
14 during the program period, there shall be allowed a deduc-
15 tion under section 512(a) of the Internal Revenue Code
16 of 1986 equal to the amount of 25 percent for any commu-
17 nity renewal expenditure during such taxable year.

18 (b) COMMUNITY RENEWAL EXPENDITURE.—For
19 purposes of this section, the term “community renewal ex-
20 penditure” means an expenditure made by a qualified op-
21 portunity organization in furtherance of a qualified oppor-
22 tunity program or service.

23 (c) QUALIFIED OPPORTUNITY ORGANIZATION.—For
24 purposes of this section, the term “qualified opportunity
25 organization” means an organization—

1 (1) which is described in section 501(c)(3) of
2 the Internal Revenue Code of 1986 and is exempt
3 from tax under section 501(a) of such Code (other
4 than a private foundation, as defined in section
5 509(a) of such Code, which is not an operating foun-
6 dation, as defined in section 4942(j)(3) of such
7 Code); and

8 (2) is designated by the Local Opportunity
9 Board as being an eligible recipient of qualified com-
10 munity renewal contributions based on the programs
11 and services it proposes to offer in furtherance of
12 the Local Opportunity Plan.

13 (d) **QUALIFIED OPPORTUNITY PROGRAM OR SERV-**
14 **ICE.**—For purposes of this section, the term “qualified op-
15 **portunity program or service”** means a program or service
16 **conducted by a qualified opportunity organization that is**
17 **designated by the Local Opportunity Board as contrib-**
18 **uting importantly in accomplishing the Local Opportunity**
19 **Plan.**

20 **SEC. 305. QUALIFIED COMMUNITY RENEWAL CONTRIBU-**
21 **TION.**

22 (a) **IN GENERAL.**—In the case of any taxable year
23 **during the program period, there shall be allowed a chari-**
24 **table contribution deduction under section 170(a) of the**
25 **Internal Revenue Code of 1986 equal to the amount of**

1 120 percent of any qualified community renewal contribu-
2 tion donated during such taxable year.

3 (b) QUALIFIED COMMUNITY RENEWAL CONTRIBU-
4 TION.—For purposes of this section, the term “qualified
5 community renewal contribution” means a charitable con-
6 tribution of property described in section 170(c) of the In-
7 ternal Revenue Code of 1986, by an individual or corpora-
8 tion to a qualified opportunity organization (as defined in
9 section 304(c)).

10 (c) INCREASED CHARITABLE CONTRIBUTION DEDUC-
11 TION LIMITATION.—For the purposes of this section, sec-
12 tion 170 of the Internal Revenue Code of 1986 is ap-
13 plied—

14 (1) in the flush language of subsection
15 (b)(1)(A), by striking “50 percent” and inserting
16 “75 percent”; and

17 (2) in subsection (b)(2)(A), by striking “10 per-
18 cent” and inserting “15 percent”.

19 (d) EXCLUSION FROM ALTERNATIVE MINIMUM TAX-
20 ABLE INCOME.—In any taxable year during which a quali-
21 fied community renewal contribution is properly claimed
22 or carried over, the amount of such qualified community
23 renewal contribution shall not be included in limiting the
24 claimant’s total itemized deductions under the Internal
25 Revenue Code of 1986 (other than under subsection (e))

1 and shall be excluded from the claimant's calculation of
2 alternative minimum taxable income under such Code.

3 **SEC. 306. HIGH SCHOOL GRADUATION TAX CREDIT.**

4 (a) IN GENERAL.—In the case of any taxable year
5 during the program period, there shall be allowed to any
6 eligible graduate or any taxpayer claiming an eligible grad-
7 uate as a dependent a credit against tax imposed by sub-
8 title A of the Internal Revenue Code of 1986 of a high
9 school graduation tax credit in the amount of \$500.

10 (b) ELIGIBLE GRADUATE.—For the purposes of this
11 section, the term “eligible graduate” means any individual
12 who graduates from a qualified opportunity school.

13 (c) QUALIFIED OPPORTUNITY SCHOOL.—For the
14 purposes of this section, the term “qualified opportunity
15 school” means—

16 (1) a secondary school located in the qualified
17 area that includes grade 12; and

18 (2) is designated by the Local Opportunity
19 Board as a qualified opportunity school based on
20 certain predetermined criteria, such as the average
21 graduation rate.

22 (d) NO LIMITATION.—The high school graduation
23 tax credit shall be considered a refundable tax credit under
24 the Internal Revenue Code of 1986 and is allowable based
25 solely on the requirements stated in this section.

1 **SEC. 307. MODIFIED NEW MARKETS TAX CREDIT.**

2 (a) IN GENERAL.—In the case of any taxable year
3 during the program period, the term “low-income commu-
4 nity” as defined in section 45D of the Internal Revenue
5 Code of 1986 shall include the area within a qualified
6 area.

7 (b) QUALIFIED EQUITY INVESTMENT.—A qualified
8 equity investment made pursuant to section 45D of the
9 Internal Revenue Code of 1986 in a qualified area in ac-
10 cordance with subsection (a) shall qualify as such at the
11 time of investment and shall not fail to be considered a
12 qualified equity investment upon termination of the Na-
13 tional Competition for Community Renewal.

14 **SEC. 308. EARNED INCOME TAX CREDIT.**

15 (a) IN GENERAL.—In the case of any taxable year
16 during the program period, a Local Opportunity Board
17 may submit to the National Opportunity Board proposed
18 revisions to section 32 of the Internal Revenue Code of
19 1986 that modify the eligibility or percentage require-
20 ments, or both, of the earned income tax credit allowable
21 to individuals residing in the qualified area.

22 (b) ADOPTION.—The National Opportunity Board, in
23 its sole discretion, shall evaluate the modifications pro-
24 posed by one or more Local Opportunity Boards and
25 whether to propose such modifications to Congress. The
26 National Opportunity Board shall base its decision to ap-

1 prove the Local Opportunity Board's proposed revisions
2 to the earned income tax credit on comprehensive data
3 presented to the National Opportunity Board indicating
4 that the proposed revisions will better serve the individuals
5 residing in the qualified area. The National Opportunity
6 Board shall include such data in a proposal to Congress,
7 which shall consider the proposal and supporting data in
8 the context of the purposes and goals of this Act.

9 (c) TERMINATION.—If Congress approves the pro-
10 posal made by the National Opportunity Board and modi-
11 fies section 32 of the Internal Revenue Code, then at the
12 end of the program period, any revisions made to the
13 earned income tax credit requirements under the authority
14 granted in this section shall terminate and individuals re-
15 siding in the qualified area shall be subject to the provi-
16 sions as stated in section 32 of the Internal Revenue Code
17 of 1986.

18 (d) REPORTS.—If Congress approves the proposal
19 made by the National Opportunity Board and modifies
20 section 32 of the Internal Revenue Code, then by the end
21 of each subsequent year following a taxable year of the
22 program period, the Local Opportunity Boards shall re-
23 port to the National Opportunity Board the number of
24 persons filing and the amount of credit allowed under the
25 approved revisions to the earned income tax credit as com-

1 pared with the same statistics in taxable years before the
2 commencement of the program period, and the National
3 Opportunity Board shall promptly provide an aggregate
4 report on such matters to Congress.

5 **SEC. 309. COMMUNITY RENEWAL BONDS.**

6 (a) **IN GENERAL.**—The National Opportunity board,
7 acting through the Local Opportunity Boards, is hereby
8 granted the authority to act on behalf of the Secretary
9 of Treasury to issue and sell community renewal bonds
10 in face value increments of \$100 up to a maximum
11 amount of \$50,000,000 to assist the financing of Local
12 Opportunity Plans. Community renewal bonds shall bear
13 a coupon rate of 25 percent.

14 (b) **COMMUNITY RENEWAL BONDS.**—Community re-
15 newal bonds shall be backed by the full faith and credit
16 of the United States Government.

17 (c) **ALLOCATION.**—Proceeds from the sale of commu-
18 nity renewal bonds shall be allocated evenly among the
19 Local Opportunity Boards.

20 (d) **TERM.**—Community renewal bonds shall have a
21 maturity date of 7 years from the date of issuance.

22 (e) **REPAYMENT.**—Repayment of community renewal
23 bonds allocated to each Local Opportunity Board shall be
24 made from a portion of the community renewal savings
25 allocated to the community tax incentives for such Board.

1 **SEC. 310. ANTICORRUPTION PROVISION.**

2 It shall be unlawful for any person—

3 (1) to claim a community renewal incentive who
4 does not meet the requirements set forth in this Act;
5 and

6 (2) to use funds appropriated under this Act
7 for any purpose for which such funds were not au-
8 thorized.

9 **TITLE IV—COMPETITIONS FOR**
10 **INNOVATION IN CLIENT AD-**
11 **VOCACY AND EVALUATION**

12 **SEC. 401. CLIENT ADVOCACY COMPETITION.**

13 (a) **IN GENERAL.**—The Board shall be authorized to
14 establish and administer a program to award competitive
15 grants, in the amount of \$5,000,000, to eligible entities
16 to provide for the development of a client advocacy and
17 consumer services technology platform.

18 (b) **ELIGIBLE ENTITY.**—The Board shall establish
19 criteria that an entity must comply with to be considered
20 an eligible entity for purposes of this section.

21 (c) **PRIORITY CONSIDERATION.**—The Board shall es-
22 tablish criteria for the awarding of grants under this sec-
23 tion and shall give priority consideration to eligible entities
24 that establish a platform which shall include—

25 (1) single source data entry that will be im-
26 ported into multiple data entry points;

- 1 (2) a user-friendly interface;
- 2 (3) data that is interoperable across numerous
- 3 programs;
- 4 (4) calculations based on the Human Develop-
- 5 ment Index or another alternative poverty measure-
- 6 ment;
- 7 (5) security requirements;
- 8 (6) assisting the case manager and consumer
- 9 with establishing short and long term goals;
- 10 (7) low-cost or cost-effective replication abili-
- 11 ties; and
- 12 (8) an implementation plan that includes an
- 13 analysis and upgrade, where necessary, of techno-
- 14 logical capabilities, and training for an organiza-
- 15 tion's staff that chooses to utilize this program.

16 (d) CLIENT ADVOCACY AND CONSUMER SERVICES
17 TECHNOLOGY.—In awarding grants under this section the
18 Board shall give preference to those eligible entities that
19 are, on the date of enactment of this Act, operating a cli-
20 ent advocacy and consumer services technology platform.

21 **SEC. 402. EVALUATION COMPETITION.**

22 (a) IN GENERAL.—The Board shall be authorized to
23 establish and administer a program to award competitive
24 grants, in the amount of \$5,000,000, to eligible entities

1 to provide for the development of a social services evalua-
2 tion method.

3 (b) ELIGIBLE ENTITY.—The Board shall establish
4 criteria that an entity must comply with to be considered
5 an eligible entity for purposes of this section, with pref-
6 erence to be given to those entities in academia or re-
7 search-oriented fields.

8 (c) SOCIAL SERVICE EVALUATION.—The Board shall
9 establish criteria for the awarding of grants under this
10 section and may consider, in establishing such criteria, the
11 extent to which the proposed social service evaluation
12 method to be developed under the grant would uniquely
13 measure social service interventions with high predict-
14 ability for programs that will be successful when serving
15 a high volume of individuals.

16 **TITLE V—REPORT TO CONGRESS**

17 **SEC. 501. REPORT TO CONGRESS.**

18 (a) BOARD.—Not later than 1 year after the end of
19 the third and fifth fiscal years during which the program
20 under this Act is implemented, the Board shall submit to
21 the Congress a report that—

22 (1) summarizes all activities carried out under
23 this Act; and

1 (2) sets forth any findings, conclusions, or rec-
2 ommendations of the Board as a result of such ac-
3 tivities.

4 (b) GOVERNMENT ACCOUNTABILITY OFFICE.—Not
5 later the end of the third and the fifth fiscal year during
6 which the program under this Act is implemented, the
7 Comptroller General of the United States shall submit a
8 report to Congress that contains—

9 (1) a description of the savings in Federal pro-
10 grams accrued as a result of this Act;

11 (2) a description of the success and effective-
12 ness of the reforms contained in this Act; and

13 (3) recommendations for improvement in the
14 administration of the programs under this Act.

15 **TITLE VI—DEFICIT NEUTRAL**
16 **EFFECT ON APPROPRIATIONS**

17 **SEC. 601. DEFICIT NEUTRAL EFFECT ON APPROPRIATIONS.**

18 For the purposes of carrying out this Act, there are
19 authorized to be appropriated such sums that may be nec-
20 essary for the first fiscal year in which the National Com-
21 petition is implemented, and for each of the 5 succeeding
22 fiscal years, provided that the National Opportunity Board
23 shall ensure, to the greatest extent practicable, that the

- 1 savings realized under section 301 exceed the amount of
- 2 appropriations authorized in this Act.

○