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Opening Statement

Chairman Michael G. Oxley

Committee on Financial Services

Subcommittee on Housing and Community Opportunity

"A Review of the Current Status of Empowerment Zones and Renewal Communities"

Wednesday, April 10, 2002

Thank you Madame Chairwoman.

Today the Housing Subcommittee reviews a very important program that revitalizes distressed communities, both in rural and urban areas: the Empowerment Zones/Enterprise Communities, as well as Renewal Communities.

While Empowerment Zones were created in 1993, the impetus first started with former Congressman and HUD Secretary Jack Kemp who promoted using tax incentives and deregulation as a lever to incentivize the private sector to invest in community pockets where poverty and unemployment were dominant factors of everyday life. He called them Enterprise Zones. It was a belief that private and public investment could strengthen communities and provide a hook to the economy for those traditionally left behind.

Since 1993, Congress has created many Empowerment Zones, Enterprise communities and Renewal Communities, all with different mechanisms to achieve the same goal of revitalizing communities. Up until the creation of Renewal Communities in 2000, the Empowerment Zones were also provided Federal funding for social services, as administered by the Department of Health and Human Services.

Moreover, there was some concern early-on about the politicization of the Empowerment Zone process and whether social service Federal block grant funding was necessary. It appears that in the last nine years, however, there have been some successes, such as in Harlem, New York, and in some cases, disappointment. It is unclear to what extent an improved economy contributed to the renewal of these communities or what can be solely attributed to the creation and Federal funding of Empowerment Zones.

We do know, however, that we appropriated $1 billion for Round I Zones, with smaller allotments for Enterprise Communities. Moreover, we've appropriated approximately $330 million for 15 Round II urban Empowerment Zones in 1997 and approximately $40 million for 5 Round II rural zones.

At issue today in these hearings is the Administration's proposal to suspend funding in FY 2003 for Round II Empowerment Zones. As I understand, when these additional 15 urban and 5 rural zones were created in 1997, there appeared to be a misunderstanding about whether Congress promised to provide the same amount of funding for Social Service Block Grants as the $1 billion in Round I.

While it is not clear whether the suspension of a FY 2003 funding request is related to whether promises were made to fund Round II zones, it does appear to be an appropriate opportunity for this Committee to assess the Empowerment Zone program and determine how Congress should move forward.

I look forward to hearing the testimony to assist this Committee. I would like to welcome my colleagues Messrs. LoBiondo of New Jersey, my fellow Ohioan Ted Strickland, and Financial Services Committee Member Mrs. Shelley Moore Capito.

Finally, I want to extend a special welcome to Ms. Cathy Burns who is the Executive Director of the Huntington, West Virginia-Ironton, Ohio Empowerment Zone. We appreciate your work to improve the communities bordering our state.

Thank you Madame Chairwoman for your leadership on this issue.

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