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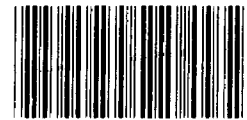
General Accounting Office

Federal Funds Promised, Provided, And Used In Dade County, Florida, After The May 1980 Civil Disturbances

In May 1980, widespread rioting erupted in Dade County, Florida, resulting in considerable damage in several black communities. In June 1980, President Carter said that the federal government would help rebuild the areas most heavily damaged. GAO tried to determine the exact amount of federal assistance promised, provided, and spent.

Considerable confusion existed in 1980--and still exists--concerning the exact amount of federal funds promised to the Dade County area for riot relief. Announcements about federal commitments were made at different times in different places by different officials. Some commitments were based on anticipated actions--such as congressional appropriations, receipt of eligible loan applications, and reprogramming funds from other areas--which did not take place or which resulted in lower amounts being available than anticipated. Furthermore, local officials and residents did not always clearly understand what was being promised, the amounts involved, and the purposes for which the funds were intended.

GAO estimates that about \$116 million in federal funds was promised and about \$70.6 million spent after the riots.



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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-220262

The Honorable William Lehman
The Honorable Claude Pepper
The Honorable Dante B. Fascell
House of Representatives

Your October 5, 1984, letter requested that we report on federal funds provided to Dade County, Florida, after the May 1980 civil disturbances. You specifically asked that we determine

- what federal assistance was promised,
- what federal assistance was provided, and
- where and how the funds were used.

You expressed particular interest in knowing whether a significant portion of the funds was spent outside the black community.

Considerable confusion existed in 1980--and still exists--regarding the federal assistance promised and provided to Miami/Dade County as part of the civil disturbance relief effort. On the basis of White House press releases and other public announcements primarily by the on-site White House coordinator, we determined that the federal assistance promised totaled about \$116 million from eight federal agencies. However, these announcements were partly based on anticipated appropriations, estimated reprogrammable funds, estimated amounts for which eligible loan applications would be received, and funds incorrectly identified as being part of the civil disturbance relief effort.

The funds made available were less than what was promised in part because of lower-than-anticipated appropriations, changes in projections of reprogrammable funds, and budget cuts. In some instances, federal funds promised were made available, but were not used because some applications for federal assistance were for projects considered to be not essential or not a priority activity and were not approved. Similarly, some of the funds promised were made available but did not benefit the riot-torn communities. In contrast, some funds made available benefited the riot-torn communities although these funds were not identified as part of the relief effort.

Of the \$116 million promised, about \$70.6 million in federal funds was expended, of which at least \$43.2 million went to or benefited the communities affected by the civil disturbances. About \$8 million in assistance was used in other communities because several businesses that received disaster loans relocated outside the riot-torn areas. Also, in accordance with agreements reached before the disturbances, \$1.9 million was used to construct a Job Corps center in a predominately Cuban community. Although we could not determine if the \$17.5 million of remaining funds provided were specifically used in the riot-affected areas, we believe most of these funds probably provided employment and training opportunities to residents of these areas. A more detailed display of federal funds promised and provided is shown in table 1 on pages 5 to 9.

BACKGROUND

On May 17, 1980, after the acquittal of four Dade County policemen on charges stemming from the death of a black insurance executive, sporadic and widespread civil disorders erupted in several Dade County black communities. After 9 days of violence had subsided, 18 persons had been killed, and local officials estimated damages of about \$100 million.

While trying to deal with the impact of the riots, Dade County was faced with other extraordinary problems. In May 1980, the county manager reported to the mayor and county commissioners that more than 35,000 Cuban refugees had settled in the area in a 30-day period. Also, the director of the Dade County Community Action Agency reported that about 30,000 Haitians had arrived within about 8 years, and an additional 6,000 to 7,000 arrived between January and September 1980. These new arrivals added to the strain on housing, labor market competition, and social services.

In early June 1980, President Carter promised that the federal government would help rebuild the Liberty City community, the area most heavily damaged during the civil disturbances. An interagency task force was formed to coordinate the overall federal response.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our review objective was to determine the federal assistance promised¹ and provided to Miami and Dade County in response to the civil disturbances. As part of this effort, we determined where local recipients used the federal assistance. We did not attempt to assess the effectiveness of programs or methods used by federal or local agencies in providing funds or their accomplishment of anticipated goals. Nor did we determine the amount of funds contributed to the rebuilding effort by state and local governments and private sources.

We conducted our review at headquarters, regional, and local offices of federal agencies involved in the response to the disturbances. We researched supplemental appropriations hearings and legislation for fiscal year 1980 and reviewed appropriate files obtained from agency headquarters and congressional staff members. Also, we interviewed numerous officials from federal agencies, the City of Miami and Dade County, and contractor representatives to determine their understanding of the federal assistance promised and the manner in which it was provided.

At the Miami District Office of the Small Business Administration (SBA), we determined the number and amounts of loans made to businesses and homeowners suffering losses during the riots, the ethnic identity of loan recipients, and the number of businesses rebuilt at preriort sites or relocated in or out of the riot-torn areas. We also obtained information on the current status of payments for the loans and the operating status of most business loan recipients.

Similarly, at local agencies using federal funds to promote and support economic development projects, we developed data showing how many and what amounts of loans were made by the ethnic identity of recipients, whether loans were current or delinquent, and whether businesses were still operating. At each site we performed reliability assessments to determine the usefulness of agency-generated reports and computerized data.

¹To accomplish our objective of determining the assistance promised, we identified the amounts contained in press releases and other "announcements" of federal "commitments." Thus, the terms "promised," "announced," and "committed" are generally synonymous when referring to the federal response.

<u>Agency and assistance promised and/or provided</u>	<u>Date announced</u>	<u>Amount promised</u>	<u>Amount expended</u>	<u>Discussion</u>
<u>Department of Transportation</u> (See app. III.)				
Construction of Miami rapid transit system	6-27-80	\$14,200,000	\$8,000,000	The amount promised was based on the assumption that the Congress would pass a 1980 supplemental appropriation such that \$71 million would be available for the Miami transit system and that 20 percent would be set aside specifically for minority contractors. The Congress appropriated less than anticipated, and only \$40 million was made available by the Urban Mass Transportation Administration for the Miami system and 20 percent (or \$8 million) was set aside for minority contractors.
Acquisition of land for rapid transit system	6-27-80	3,100,000	3,100,000	This amount was already earmarked for land acquisition before the civil disturbances, but was announced as part of the riot relief package.
Design and construction of bus maintenance facility in Liberty City	10-11-80	3,000,000	3,000,000	This amount and \$8,755,200 more were provided to construct the maintenance facility using minority contractors. However, only \$3,000,000 was part of the riot relief package.

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Table 1

Summary of Federal Funds Promised to
and Expended in the Dade County Area
After the May 1980 Civil Disturbances

<u>Agency and assistance promised and/or provided</u>	<u>Date announced</u>	<u>Amount promised</u>	<u>Amount expended</u>	<u>Discussion</u>
<u>Small Business Administration</u> (See app. I.)				
Loans to businesses and individuals suffering physical damages or losses or economic injury	6-27-80	\$40,000,000	\$16,953,000	SBA officials advised us that the entire \$40 million promised was available but additional loans were not made because applicants did not meet program criteria.
<u>Department of Housing and Urban Development</u> (See app. II.)				
Antirime efforts in public housing	6-27-80	1,300,000	1,300,000	This amount was identified as being part of the riot relief package, but later determined to have been obligated to the Miami/Dade County area before the riots occurred.
Secretary's discretionary funds to address needs resulting from riots	7-14-80	10,000,000	2,316,000	The City of Miami and Dade County submitted applications to HUD for use of the entire \$10 million, but HUD did not approve several projects because it felt they were not essential, not eligible for assistance, or not priority activities. The approved amounts totaled \$2,330,000.
Refurbish and subsidize low-income housing in Dade County	9-17-80	12,300,000	12,300,000	This amount was announced as being part of the riot relief package, but later determined not to have been for riot relief.

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For employment and training programs, health and human services programs, and criminal justice programs, we analyzed agency reports regarding use of these federal funds and discussed the magnitude of the programs with responsible officials. We also discussed these programs and services provided with Miami and Dade County officials and with selected community leaders.

We did not request the various federal agencies involved to review and officially comment on our draft report. However, we requested responsible federal officials to review draft summaries to ensure that we accurately presented the matters discussed. Their comments have been incorporated where appropriate.

We conducted our fieldwork from January to June 1985 in accordance with generally accepted government auditing standards.

THE FEDERAL ASSISTANCE
PROMISED AND PROVIDED

Because of confusion and conflicting or incomplete information regarding assistance actually promised and the time that has elapsed since the promises were made, we found it difficult to reconstruct precisely the total amounts promised and provided to the Miami/Dade County area for riot relief. We believe, however, that table 1 reasonably describes the amounts promised and provided.

<u>Agency and assistance promised and/or provided</u>	<u>Date announced</u>	<u>Amount promised</u>	<u>Amount expended</u>	<u>Discussion</u>
<u>Department of Labor</u> (See app. IV.)				
Summer jobs for youths, public and private job creation efforts, and support for construction of Job Corps center to serve Dade County black and Latin communities	6-27-80	\$ 4,280,000	\$4,257,000	Labor provided \$2,339,000 to the South Florida Employment and Training Consortium for 1,000 summer jobs for youths and 800 public service employment jobs, of which 400 were in the Liberty City area. Funds for the Job Corps center were committed before the riots occurred. The center was constructed with federal participation totaling \$1,918,000 in the "Little Havana" area of Miami—a predominately Cuban community.
Job program for low-income senior citizens	7-14-80	750,000	750,000	Labor officials advised us that Job Corps participants included whites, blacks, and Hispanics.
Funds to assist residents in obtaining jobs and encourage creation of minority owned and managed businesses	10-11-80	10,300,000	2,612,000	On October 6, 1980, the Secretary of Labor announced that Labor was prepared to commit \$10.3 million to the South Florida Employment and Training Consortium to be delivered over a 4-year period, subject to the availability of funds. In February 1981, due to budget cutbacks and Labor's decision to phase out the public service employment program, only \$3.1 million was obligated, of which \$2.6 million was expended.
<u>Department of Commerce</u> (See app. V.)				
Creation of revolving loan fund	6-27-80	5,000,000	5,000,000	—

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<u>Agency and assistance promised and/or provided</u>	<u>Date announced</u>	<u>Amount promised</u>	<u>Amount expended</u>	<u>Discussion</u>
Public work projects, technical assistance, and planning	7-14-80	\$5,000,000	\$4,880,400	—
<u>Department of Justice</u> (See app. VI.)				
Commitment to permit state to reprogram to riot areas funds already awarded for other purposes	6-27-80	2,000,000	0	The state did not reprogram these funds to the Miami/Dade County area.
Technical assistance and project grants to improve criminal justice system and police- community relations	7-14-80	3,000,000	2,832,000	The Department of Justice awarded a \$3 million grant, but only \$2.8 million was expended.
<u>Department of Health and Human Services</u> (See app. VII.)				
Work incentive program	6-27-80	400,000	315,000	The state requested and was granted HHS approval to reprogram up to \$400,000 to create public service jobs. The state reprogrammed \$350,000, including \$315,000 in federal funds and \$35,000 in state contributions.
Summer head start program	6-27-80	250,000	250,000	—
Youth employment in Liberty City	6-27-80	100,000	—	Regional HHS officials had no information on these funds.

<u>Agency and assistance promised and/or provided</u>	<u>Date announced</u>	<u>Amount promised</u>	<u>Amount expended</u>	<u>Discussion</u>
Cuban/Haitian entrants	6-27-80	\$ 500,000	\$ 500,000	While this amount was announced as being part of the federal commitment to the riot-torn area, it was not part of the response to the civil disturbances.
Mental health services for children and adults	—	—	1,100,000 ^a	—
Day care services	—	—	174,200 ^a	In October 1981 the state reprogrammed \$450,000 to Dade County for expanded day care services in Liberty City. Because of delays in amending the state's day care contract with Dade County, plus a requirement that the funds be used by June 30, 1982, only \$232,274 could be expended. The federal share of this amount was \$174,200.
Urban rat control	—	—	310,000 ^a	—
Emergency food, clothing, etc.	—	—	50,000 ^a	—
<u>Department of the Interior</u> (See app. VIII.)				
Improvements in neighborhood parks	10-28-80	<u>600,000</u>	<u>600,000</u>	—
Total		<u>\$116,080,000^b</u>	<u>\$70,599,600^b</u>	

^aThese funds were provided by HHS in response to the civil disturbances, although they were not included in White House announcements as part of the federal commitment.

^bOf this total, at least \$43.2 million went to or benefited the communities affected by the civil disturbances.

There was no clear understanding on the part of federal, state, and local officials and local residents about the nature of the federal assistance promised to the riot-torn areas, the amounts involved, and the purposes for which the funds were intended. Some public announcements were made by White House officials and some by the on-site White House coordinator. In addition, the state of Florida Washington Office issued a memorandum to selected state and local officials providing information on the amounts earmarked or presumed to be available for riot relief.

Regarding the lack of understanding concerning the nature of the federal assistance promised, on June 27, 1980, White House officials announced the initial commitment of federal resources to assist in rebuilding the riot-torn areas of Miami, including \$40 million in SBA funds "for small businesses impacted by the civil disturbances . . ." SBA regional officials told us that \$40 million and more was available for loans primarily to large and small businesses that qualified and had suffered economic losses or physical damages. The announcement did not, however, point out that SBA regulations did not restrict the relocation of businesses being rebuilt--that is, require them to stay in the riot-torn areas. Regarding the lack of a clear understanding concerning the purpose for which federal funds were intended, the on-site White House coordinator announced that \$10 million in HUD funds was available for disaster assistance. However, when Dade County and Miami applied for these funds, HUD approved \$2.3 million because it felt some proposed projects were not essential, not eligible for assistance, or not priority activities.

To further confuse the situation, some of the federal funds discussed involved newly appropriated money, others involved reprogrammed money, and still others involved money approved before the disturbances for the riot-torn areas. For example, the June 27 White House announcement included \$5 million in newly appropriated Department of Commerce funds, \$2 million in Department of Justice funds that the agency reportedly was prepared to permit the state of Florida to reprogram from other areas, and \$1.3 million in Housing and Urban Development funds that had been approved about 9 months before the civil disturbances.

Also, the June 27 White House announcement included funds identified for riot relief which were actually for other purposes. For example, the \$1,250,000 identified for health and human service efforts in the affected areas included \$500,000

for assistance to Florida for Cuban/Haitian entrants. Moreover, these funds represented award of a project whose request was pending before the civil disturbances.

In addition, some money promised depended on later congressional action to appropriate specific amounts. When the Congress appropriated less than anticipated, fewer funds were delivered. For example, the state of Florida Washington Office reported that \$17.3 million promised in the June 27 White House announcement included \$14.2 million from the Department of Transportation for minority contractors. This was based on the anticipated availability of \$71 million for the Miami transit system upon subsequent passage of the 1980 supplemental appropriations bill. When less was appropriated, the amount made available by the Urban Mass Transportation Administration for the Miami system dropped to \$40 million, and funds available to minority contractors decreased proportionately to \$8 million.

In another instance, funds promised were significantly reduced as a result of budget cuts. For example, in October 1980, the Department of Labor announced that it was prepared to commit \$10.3 million over a 4-year period for various employment and training programs primarily in communities affected by the civil disturbances. This amount was reduced to \$3.1 million in February 1981 due to budget cuts, and \$2.6 million was expended--all in 1 year.

Local officials said the black community lacked a clear understanding of what was being promised or what was involved in getting federal assistance. For example, the assistant county manager for Dade County told us that the black community did not fully understand SBA's policy for making disaster loans. He said that SBA rejected many applications from small black businesses because of their questionable ability to repay loans or because they could not produce adequate records. This increased the black community's negative perception of SBA.

WHERE AND HOW RECIPIENTS
USED THE FUNDS PROVIDED

Recipients of the federal assistance generally used the funds in the riot-torn communities. At least \$43 million of the \$70.6 million provided went into, or otherwise benefited, these communities. The funds were provided for disaster relief and economic development loans, urban transportation facilities, criminal justice and community relations improvements, and health and community development services.

Of 202 loans made by SBA totaling \$16,952,950, 143 loans totaling \$8,807,665 went to businesses that rebuilt or relocated in riot-affected areas. Thirty-nine loans totaling \$7,888,430 went to businesses that relocated outside the areas. We were unable to determine whether five businesses that received loans totaling \$154,600 relocated, rebuilt, or reopened. Also, we found that two loans totaling \$44,400 should not have been charged to this disaster. The other 13 loans totaling \$57,855 were made to individuals or homeowners for personal property losses.

Funds provided by HUD, Commerce, Justice, and Interior, totaling about \$29.2 million, benefited the riot-affected areas. Except for \$500,000 for Cuban/Haitian refugees, funds provided by HHS (\$2.2 million) also went to the riot-affected areas.

Labor funds totaling about \$5.7 million were for employment and training programs, and recruitment efforts for these programs were targeted to predominantly black communities. Although we could not determine if they were used specifically in riot-affected areas, the funds were available to and most likely used to serve residents of these areas.

About \$3.1 million in Transportation funds provided were to acquire land for Miami's rapid transit system. About \$8 million represented amounts to be set aside for minority contractors working on this system. Because these funds represented only a small portion of the total funds awarded for construction of Miami's rapid transit system, we could not determine whether they were used specifically in riot-affected areas. The funds, however, may have produced employment for some residents of these areas. In addition, Transportation provided the \$3 million promised, and \$8.7 million more, for a bus maintenance facility in Liberty City.

More detailed information regarding the assistance provided and the programs and activities funded by each agency participating in the federal response to the Dade County civil disturbances is included in appendixes I through VIII.

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As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report without your specific instruction until 7 days from its issue date. At that time, we will send copies to the Director, Office of Management and Budget; the heads of the federal departments and agencies that participated in the response to the Dade County civil disturbances; the mayors and managers of Miami and Dade County; and interested congressional committees and members. We will also make copies available to others upon request.



Richard L. Fogel
Director

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ABBREVIATIONS

BTC	Belafonte Tacolcy Center
CETA	Comprehensive Employment and Training Act
EDA	Economic Development Administration
EDCO	Economic Development Corporation of Dade County
FSMV	Florida State Minority Ventures
GAO	General Accounting Office
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
LEAA	Law Enforcement Assistance Administration
MCDI	Miami Capital Development, Inc.
OEDC	Overtown Economic Development Corporation
SBA	Small Business Administration
TEDC	Tacolcy Economic Development Corporation
UMTA	Urban Mass Transportation Administration

THE SMALL BUSINESS ADMINISTRATION

Responding to the May 1980 civil disturbances in Dade County, Florida, White House officials announced on June 27, 1980, that the Small Business Administration (SBA) would make \$40 million available to help rebuild the riot-damaged areas. SBA was to use its disaster loan program to assist businesses and individuals suffering physical damages or losses, and small businesses suffering economic injury, as a direct result of the disturbances. From July 23, 1980, through May 19, 1981, SBA approved 231 loans totaling \$22,641,858, including 205 loans (\$21,233,470) for physical damage losses to businesses, personal property, and homes and 26 loans (\$1,408,388) for economic injury to businesses. However, 29 loans and portions of 31 others totaling \$5,688,908 were canceled after approval. Thus, actual SBA disbursements totaled \$16,952,950, or 42.4 percent of the \$40 million. SBA officials advised us that, while other applications were received, additional loans were not approved because applicants were not considered eligible under program criteria.

Our review disclosed that 143 loan recipients who obtained about \$8.8 million--an average of \$61,592--rebuilt their businesses at original sites or relocated to new sites within the communities damaged by the civil disturbances. Another 39 loan recipients who obtained about \$7.9 million--an average of \$202,267--relocated their businesses outside the damaged communities. Excluding a \$3.3 million loan to one of these businesses reduces this average to \$120,501. Two loans totaling \$44,400 should not have been charged to this disaster. The other 18 loans, amounting to about \$213,000, were for damages to personal property, to businesses that did not reopen, or where we could not determine whether the business reopened or relocated.

BACKGROUND

On May 22, 1980, the SBA Administrator declared Dade County a disaster area because of the physical damage caused by riots and widespread civil disorder beginning on or about May 17, 1980. This initial declaration permitted eligible persons and organizations to file applications for physical damage loans until July 21, 1980, and for economic injury loans until February 23, 1981. The declaration was later amended to extend the date for physical damage loan applications through September 22, 1980.

Title 15 U.S.C. 636, as amended, authorizes SBA to make or guarantee loans to victims of natural or physical disasters, civil disorders, and other catastrophies to rehabilitate or replace damaged or lost physical property or assist in the adjustment to or recovery from economic injury from various causes, when a disaster declaration is issued and an appropriate application is received. The required disaster declaration may be

- a major disaster designation by the President,
- a natural disaster designation by the Secretary of Agriculture, or
- a physical disaster designation by the SBA Administrator.

Purpose of loans

SBA makes loans for physical damage or loss and for economic injury. Applicants for physical disaster loans may include, but are not limited to, home or property owners, businesses of any size, and nonprofit institutions.

SBA regulations state that the purpose of a physical disaster loan is to restore a victim's home or business property as nearly as possible to its predisaster condition. Accordingly, the proceeds of homeowner loans may be used to repair or replace furniture, other household belongings, or personal effects. Similarly, business loans may be used to repair or replace damaged or destroyed buildings, machinery, equipment, or inventory. Furthermore, if the disaster victim elects to construct a new home, or new business facilities on a different site, the loan may be used for such a purpose.

An applicant for an economic injury loan must be a small business concern, independently owned and operated, which is not dominant in its field of operation and which meets other criteria established by the SBA Administrator. Economic injury loans may be used for working capital and to pay financial obligations the borrower would have been able to pay had it not been for revenue loss due to a disaster.

SBA ASSISTANCE PROMISED

In early June 1980, President Carter promised that the federal government would play a role in rebuilding the Liberty City community. White House officials announced on June 27, 1980, the federal government's initial commitment of resources

to assist in rebuilding riot-torn areas of Dade county. This initial commitment included \$40 million available through SBA disaster loans. No further promise of SBA assistance was made.

Through the 1980 Supplemental Appropriations and Rescission Act (Public Law 96-304), the Congress appropriated about \$1.2 billion, generally without fiscal year limitations, for SBA's disaster loan fund and administrative expenses to be used in response to disasters, including the Mount St. Helens eruption, mud slides in California, tornadoes in Michigan and Nebraska, and riots in Florida. According to the Supplemental Appropriations Conference Report (No. 96-1149) dated July 2, 1980, none of these funds were reserved for any specific disasters.

SBA ASSISTANCE PROVIDED

SBA reported receiving about 600 inquiries and more than 400 loan applications following announcements that assistance was available for disaster victims in Dade County through SBA's disaster loan program. SBA had no data regarding applications withdrawn or denied. SBA officials told us that as a general rule, such applications are destroyed after 2 years.

Information on loans approved and disbursed follows:

- 192 approved loans, totaling \$21,175,615 and ranging from \$1,000 to \$3.3 million, were for physical losses or damages to businesses. Of these loans, 164 were fully or partially disbursed in amounts totaling \$15,832,707.
- 26 approved loans, totaling \$1,408,388 and ranging from \$1,000 to \$242,000, were for economic injury to businesses. Of these loans, 25 were disbursed (2 partially) in amounts totaling \$1,062,388.
- 13 approved loans, totaling \$57,855 and ranging from \$450 to \$10,000, were for physical losses or damages to personal property, including homes and vehicles. All of these loans were fully disbursed.

More detailed information regarding SBA's disaster loans is shown on pages 6 through 10.

Most loan recipients remained
in the disaster area

Most of the 189 SBA business disaster loan recipients rebuilt their businesses at original sites or relocated to new sites within the damaged communities. For example, 126 business loans (\$7,452,986) were disbursed to recipients that rebuilt or rehabilitated their businesses at original sites and 17 loans (\$1,354,679) were disbursed to businesses that relocated to new sites within the damaged communities. Thus, 143 (75.7 percent) of the business loans disbursed went to recipients who retained their businesses in the damaged areas. These loans totaled \$8,807,665 or 52.1 percent of the \$16,895,095 disbursed for business loans.

Another 39 (20.6 percent) business disaster loans were disbursed to businesses that relocated outside the affected communities. These 39 loans included 33 of 164 physical damage loans and 6 of 25 economic injury loans. The 39 loans totaled \$7,888,430, or 46.7 percent of the \$16,895,095 disbursed for business loans.

Two loans, totaling \$44,400, should not have been charged to this disaster because the businesses had not suffered riot-related damages or losses. We could not determine whether five businesses, which received a total of \$154,600, rebuilt, relocated, or reopened following the riot.

SBA does not restrict relocations

SBA regulations do not restrict the relocation of businesses benefiting from the disaster loan program. According to SBA regulations, a disaster victim may use a disaster loan to construct a new home or business on a different site.

An SBA official told us the disaster loan program is designed primarily to help businesses or homeowners recover from natural disasters, such as floods and tornadoes. The loan applicant whose damaged business or home was located in an area determined to be flood-prone would be allowed, or in some instances encouraged or required, to relocate to a site less likely to suffer future flood damages. This is to give SBA some control over making disaster loans repeatedly in the same area and in areas where defaults would be high due to later disasters.

SBA officials told us that, while a loan recipient was allowed to relocate, the amount approved for any loan was based

fully on estimated losses--physical or economic--not on the cost of any planned or actual relocation. Also, SBA officials said that while not encouraging loan recipients to relocate, neither do they discourage it because the opportunity to establish a more economically viable operation in a less depressed area could enhance the probability of loan repayment.

SBA's nonmonetary relief efforts

SBA supplemented its disaster loan activities with additional initiatives directed specifically to the black community. During efforts to provide disaster loan information services, SBA officials observed that, in addition to financial assistance, the black community needed viable, trained, and qualified applicants for entrepreneurial assistance. Addressing this need, SBA structured and sponsored a Black Entrepreneurship Training Program to give qualified, selected applicants the opportunity to receive training in basic managerial and business decision-making skills. The 30-hour program was designed for blacks who were in prebusiness--that is, had applied for licenses and checked potential sites--or who had been in business for 1 year or less. Fifty-nine of 65 enrollees completed the program.

SBA also established other initiatives to assist the black community. For example, SBA officials:

- Attended community meetings to explain SBA programs and help build a coordinated community response to problems.
- Met with black professionals, community organizations, political leaders, and academic, state, and federal representatives.
- Met with local bank officials to urge involvement in loan guarantee programs and solicit commitments for other programs.
- Coordinated a training program for licensure of minority contractors.
- Assigned a staff member to Liberty City on a 1-day-a-week basis to provide loan information to potential applicants.
- Established a news column in the major local black newspaper to promote and explain SBA's assistance programs and to counter adverse comments made about SBA after the disturbances.

--Developed a newsletter to familiarize the black community with all phases of SBA's program and to present projects addressed specifically to the black business community.

--Assisted a local economic development organization in formulating a Minority Enterprise Small Business Investment Company through county and other sources.

Table I.1

Disbursements of SBA Disaster Loans in
Dade County by Status and Location of Use
as of May 1985

Status of the SBA loans	Rebuilt at original site	Relocated		Other ^b	Number of loans	Total of loans disbursed
		Within target areas ^a	Outside of target areas			
Paid in full	\$ 157,125	\$ 0	\$ 38,500	\$ 15,780	21	\$ 211,405
Current	3,870,345	671,179	6,959,130	70,400	93	11,571,054
Past due	1,116,550	21,900	132,500	0	19	1,270,950
In liquidation	1,687,066	565,400	517,300	138,300	35	2,908,066
Charged off as bad debts	621,900	96,200	241,000	32,375	34	991,475
Total	<u>\$7,452,986</u>	<u>\$1,354,679</u>	<u>\$7,888,430</u>	<u>\$256,855</u>		<u>\$16,952,950</u>
No. of loans	<u>126</u>	<u>17</u>	<u>39</u>	<u>20</u>	<u>202</u>	

^aThese target areas were communities that local and state officials identified as being affected by the civil disturbances. SBA's disaster declaration applied to all of Dade County, making businesses and individuals having proof of civil disturbance-related losses eligible for disaster loans without regard to where they were in the county or whether they relocated.

^bThis category includes:

- Businesses that did not reopen.
- Loans for damages to homes or for personal property, such as cars, trucks, and tools.
- Loans for which we could not determine if the business reopened or relocated based on information in the file.

Table I.2

Percentages of Dollar Value of SBA Disaster Loans
Disbursed by Status and Location of Use
as of May 1985

Status of the SBA loans	Rebuilt at original site	Relocated		Other ^b	Total of loans disbursed	
		Within target areas ^a	Outside of target areas			
Paid in full	74	0	18	8	\$ 211,405	
Current	33	6	60	1	11,571,054	
Past due	88	2	10	0	1,270,950	
In liquidation	58	19	18	5	2,908,066	
Charged off as bad debts	63	10	24	3	991,475	
					<u>\$16,952,950</u>	
Current or paid in full) >)	34	6	59	1	\$11,782,459
Past due, charged off, in liquidation)) >)	67	13	17	3	<u>5,170,491</u>
					<u>\$16,952,950</u>	

^aSee footnote on table I.1.

^bSee footnote on table I.1.

Table I.3

Disbursement of SBA Disaster
Loans in Dade County
as of May 1985

	<u>Number of loans</u>	<u>Amount</u>
Loans approved	231	\$22,641,858
Loans canceled with no disbursement	29	\$3,391,660
Portions of approved loans that were canceled (never fully disbursed)	—	<u>2,297,248</u>
Total of approved loans not disbursed		(5,688,908)
Total SBA disaster loans fully or partly disbursed	<u>202</u>	<u>\$16,952,950</u>

Table I.4

Approved SBA Disaster Loans Made in
Dade County After the
May 1980 Civil Disturbances

<u>Type of loan</u>	<u>Number of loans</u>	<u>Amount</u>
Physical damage:		
Businesses	192	\$21,175,615
Personal property and homes	<u>13</u>	<u>57,855</u>
Total physical damage	205	21,233,470
Economic injury (businesses)	<u>26</u>	<u>1,408,388</u>
Total approved loans	<u>231</u>	<u>\$22,641,858</u>
Recap of approved loans:		
Businesses	218	\$22,584,003
Personal property and homes	<u>13</u>	<u>57,855</u>
Total	<u>231</u>	<u>\$22,641,858</u>

Table I.5

Ethnic Background of Applicants
Approved for SBA Disaster Loans in Dade County

<u>Ethnic background</u>	<u>Physical damage</u>		<u>Economic injury</u>		<u>Total approved loans</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Black	34	\$ 650,000	3	\$ 15,600	37	\$ 665,600
Hispanic	45	2,421,400	7	408,816	52	2,830,216
Asian	4	147,400	0	-	4	147,400
Undetermined minority	24	1,254,700	2	39,600	26	1,294,300
Other (including white)	98	16,759,970	14	944,372	112	17,704,342
Total	205	\$21,233,470	26	\$1,408,388	231	\$22,641,858

Table I.6

Disbursements of SBA Disaster Loans in Dade County
by Status of Business and Status of Loan
as of May 1985

	<u>Still in business</u>		<u>Out of business</u>		<u>Not applicable^a</u>		<u>Not determined^b</u>		<u>Total amount disbursed</u>	<u>Total number loans</u>
	<u>Amount disbursed</u>	<u>Number loans</u>	<u>Amount disbursed</u>	<u>Number loans</u>	<u>Amount disbursed</u>	<u>Number loans</u>	<u>Amount disbursed</u>	<u>Number loans</u>		
Paid in full	\$ 172,700	13	\$ 2,400	1	\$ 15,780	5	\$20,525	2	\$ 211,405	21
Current	10,212,374	71	1,210,800	14	70,400	5	77,480	3	11,571,054	93
Past due	1,179,350	16	91,600	3	-	-	-	-	1,270,950	19
In liquidation	1,690,716	17	1,217,350	18	-	-	-	-	2,908,066	35
Charged off as bad debts	8,000	1	967,400	28	16,075	5	-	-	991,475	34
Total	\$13,263,140	118	\$3,489,550	64	\$102,255	15	\$98,005	5	\$16,952,950	202

^aIncludes 13 loans made for damages to homes or personal property and 2 loans totaling \$44,400 improperly charged to this program.

^bStatus of business is unknown because owner's current address or phone number are unavailable.

Table I.7

Disbursement of SBA Disaster Loans
by Status and Ethnic Background

Status of the SBA Loans	Ethnic background						Other (including white)		Undetermined		Total Loans	
	Black		Hispanic		Asian		Number	Amount	Number	Amount	Number	Amount
Paid in full	5	\$ 9,925	6	\$ 70,400	0	0	8	\$ 117,180	2	\$ 13,900	21	\$ 211,405
Current	11	302,200	22	1,319,500	2	109,000	49	8,916,032	9	924,322	93	11,571,054
Past due	4	54,600	5	513,650	0	0	6	652,400	4	50,300	19	1,270,950
In liquidation	5	130,300	9	286,816	0	0	19	2,450,650	2	40,300	35	2,908,066
Charged off as bad debts	9	103,475	7	243,800	0	0	12	600,900	6	43,300	34	991,475
Total	34	\$600,500	49	\$2,434,166	2	\$109,000	94	\$12,737,162	23	\$1,072,122	202	\$16,952,950

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENTHUD ASSISTANCE PROMISED

On June 27, 1980, White House officials announced that, as part of the federal resources to assist in rebuilding the communities damaged by the Dade County disturbances, \$1.3 million would be available for anticrime efforts in public housing projects in Liberty City. Information obtained from Dade County officials indicates that the \$1.3 million identified in the White House announcement had been approved in September 1979, about 9 months before the civil disturbances. The officials indicated these funds were received in July 1980 and used to provide crime prevention activities in the housing projects for which intended.

The Miami Herald on July 15, 1980, reported that the federal government had announced an additional \$19 million for the civil disturbance relief effort and quoted the on-site White House coordinator as stating "the biggest chunk of new money is \$10 million in discretionary funds from the Department of Housing and Urban Development [HUD]" The former coordinator confirmed making this announcement. A July 28, 1980, memorandum from the Dade County manager to the mayor and board of commissioners of Dade County identified \$10 million as being available from HUD's discretionary fund for assistance to riot-affected areas of Dade County.

HUD ASSISTANCE PROVIDED

The on-site White House coordinator announced in September 1980 the availability of \$12,300,000 in HUD funds as part of the federal riot relief effort. However, during our review, the coordinator said these funds were mistakenly announced as being part of the federal riot relief effort, when in fact they were regular program funds for which local governments would normally apply.

Dade County officials advised us that they received the \$12.3 million and furnished documentation showing how \$10.2 million was spent in the riot-affected areas. Dade County and HUD officials told us that the additional \$2.1 million was also spent in such areas.

Discretionary funds requested

Based on SBA's emergency declaration, after the May 1980 riots, governmental units in south Florida qualified and applied

for HUD Community Development Disaster Assistance pursuant to title 24, part 570.407, of the Code of Federal Regulations. About October 1980, the City of Miami and Dade County submitted a joint application requesting \$10 million (\$5 million each) in HUD discretionary funds to address needs resulting from the riots.

In January 1981, HUD approved \$2,330,000 in discretionary funds. The City of Miami received \$1,160,000 and Dade County \$1,170,000 for use in revitalizing areas affected by the riots.

The amounts requested and approved for various program activities are shown in table II.1.

WHERE AND HOW HUD FUNDS WERE USED

Of the \$2,316,282 in HUD funds expended (see table II.1), the City of Miami and Dade County used \$2,099,550 (91 percent) to establish three separate revolving loan funds:

- Two for low-interest loans to minority businesses in the affected communities.
- One for working capital loan and bond guarantees for minority contractors.

In addition, Dade County used funds for a maintenance/improvement project, and the City of Miami used funds for loans to firms located or locating in Miami.

Of the \$1,160,000 HUD approved (see table II.1), the City of Miami used \$912,500 for a low-interest revolving loan program administered through its lending arm, Miami Capital Development, Inc. (MCDI). In addition, MCDI used \$20,500 to capitalize a local development corporation. The city used \$200,000 to match an Economic Development Administration (EDA) grant to the Contractors Training and Development, Inc., for a minority contractor's bonding and working capital program. The city charged off \$14,500 to administrative costs and will return the balance of \$12,500 to HUD.

Of the \$1,170,000 HUD approved (see table II.1), Dade County used \$766,550 for a low-interest revolving loan program implemented by the Economic Development Corporation of Dade County (EDCO), an agency created by the county specifically to administer this revolving loan fund. EDCO used an additional \$33,450 for planning. The county awarded \$148,782 to the Opportunities Industrialization Center for property and site improvements. Dade County also matched the Contractors Training and Development, Inc., EDA grant with \$200,000. The county charged off another \$20,000 to administrative costs. HUD will cancel the remaining \$1,218 once the grant is closed out.

Table II.1

HID Projects Funded in Response to the May 1980 Riots in Dade County

Project	Funding levels						HID remarks
	City of Miami			Dade County			
	Requested	Approved	Expended	Requested	Approved	Expended	
Property Acquisition/ Redevelopment	\$1,175,000	\$ 0	\$ 0	\$1,125,000	\$ 0	\$ 0	This project is not essential for the immediate restoration of the community.
Infrastructure Improvements	500,000	0	0	500,000	0	0	Without the funding of Property Acquisition/Redevelopment, there is no need for Infrastructure Improvements.
Reimbursement Costs	250,000	0	0	450,000	0	0	Reimbursement Costs are not eligible for assistance.
Interim Assistance - Maintenance/Improvements	200,000	200,000	0	200,000	200,000	148,782	
Business Development Assistance: Insurance Subsidies Limited Grants/Interest Subsidies Loan and Loan Guarantees Low-Interest Minority Business Financing	2,000,000	750,000	933,000	2,100,000	750,000	766,550	For businesses in the riot area and affected by the riots or new businesses replacing old businesses leaving the riot area. Loan and Loan Guarantees and Low-Interest Minority Business Financing was not recommended for funding because the activities deal with establishing new business beyond the predisaster conditions.
Minority Contractor Bonding/ Revolving Loan Fund	200,000	200,000	200,000	200,000	200,000	200,000	The activity should run through a nonprofit development corporation based in the riot-affected area to insure assistance is targeted to black minority contractors.
Public Services	200,000	0	0	225,000	0	0	Not considered a priority activity for funding.
Planning Costs	275,000	0	0	100,000	0	33,450	Not considered a priority activity for funding.
Administration	200,000	10,000	14,500	100,000	20,000	20,000	
Total	\$5,000,000	\$1,160,000	\$1,147,500	\$5,000,000	\$1,170,000	\$1,168,782	

Miami Capital Development Inc.

An analysis of the MCDI HUD Revolving Loan Fund portfolio as of February 28, 1985, provided information on amounts and status of loans, how funds were distributed by ethnic group, and whether funds were spent in target areas.

Thirty-three loans totaling \$1,107,652 had been approved. This figure includes loans made with initial grant funds and additional loans made from repayments of principal and interest recycled into the revolving loan fund.

Our analysis showed that:

- Blacks received 70 percent (23) of the loans totaling \$749,152, Hispanics received 15 percent (5) totaling \$186,500, and whites received 15 percent (5) totaling \$172,000. The average loan amount made to blacks was \$32,572; to Hispanics, \$37,300; and to whites, \$34,400. (See table II.2.)
- Of the \$895,408 outstanding balance, 17 loans totaling \$302,442 were current and 16 loans totaling \$592,966 were delinquent. The delinquency rate among blacks was 61 percent, Hispanics 40 percent, and whites 0 percent. (See table II.3.)
- Of the total loans, 42 percent (14) had been transferred to MCDI's attorneys for collection attempts or foreclosure. Also, 21 percent (7) of the loan recipients had gone out of business.

Table II.2

MCDI HUD Revolving Loan Fund Portfolio--
Summary of Loan Amounts by Ethnic Groups
(Feb. 28, 1985)

<u>Ethnic group</u>	<u>Number of loans</u>		<u>Total value</u>	<u>Average</u>	<u>Maximum</u>	<u>Minimum</u>
	<u>Number</u>	<u>Percent</u>				
White	5	(15)	\$ 172,000	\$34,400	\$100,000	\$7,000
Black	23	(70)	749,152	32,572	250,000	7,000
Hispanic	5	(15)	186,500	37,300	75,000	4,000
Total	33	(100)	\$1,107,652	33,565		

Table II.3

MCDI HUD Revolving Loan Fund Portfolio—
Status of Outstanding Loan Amounts by Ethnic Groups
 (Feb. 28, 1985)

Ethnic group	Current			Delinquent			Total	
	Number of loans	Subtotal	Average	Number of loans	Subtotal	Average	Number of loans	Amount
White	5	\$124,674	\$24,935	0	\$ 0	\$ 0	5	\$124,674
Black	9	140,008	15,556	14	487,434	34,817	23	627,442
Hispanic	3	37,760	12,587	2	105,532	52,766	5	143,292
Total	<u>17</u>	<u>\$302,442</u>	17,791	<u>16</u>	<u>\$592,966</u>	37,060	<u>33</u>	<u>\$895,408</u>

HUD required the City of Miami to adhere to the following contract condition when approving loans:

"Low interest loans are to be limited to those businesses located in the riot area and affected by the riots, or new businesses locating in the riot area to replace those businesses not planning to remain in the area."

Based on the information provided by MCDI, we determined that all of the loans went to borrowers establishing or having businesses in the riot areas.

Economic Development Corporation
of Dade County

EDCO is under investigation by the Dade County Organized Crime Division and the Dade County District Attorney's Office. EDCO's files have been subpoenaed for this investigation, so we did not have access to any loan files relating to the HUD revolving loan fund. However, the HUD Area Office in Jacksonville and the Office of Community and Economic Development, Dade County, provided us with information on the number of loans, loan amounts, and the ethnic identity of borrowers. Also, we analyzed EDCO's revolving loan fund portfolio based on a final grant status report submitted to HUD in July 1984 and a loan portfolio list submitted to Dade County as part of an EDCO/Investment Summary report dated January 1984.

EDCO approved nine loans to seven businesses totaling \$766,550. All of the loans were approved for black-owned businesses located in the riot area and affected by the riots or new businesses locating in the riot area.

Contractors Training and Development, Inc.

The City of Miami and Dade County approved \$436,000 in matching funds, including \$400,000 in HUD discretionary funds, to Contractors Training and Development, Inc., to establish a working capital and bond guarantee program for minority contractors. Additional funds received from the Department of Commerce brought the total project funding to \$836,000.

We analyzed loan portfolio data provided by the Finance Director, Contractors Training and Development, Inc., to develop information on the number of loans, loan amounts, ethnic identity of borrowers, and the status of the loan amount. We found that as of May 30, 1985, Contractors Training and Development, Inc., had approved 39 loans totaling \$1,602,655, including 31 working capital loans totaling \$873,009 and 8 bonds totaling \$729,646.

Our analysis showed that blacks received 87 percent (34) of the loans totaling \$1,239,655, Hispanics received 10 percent (4) totaling \$138,000, and others (Indians) received 3 percent (1) totaling \$225,000. The average loan amount to blacks was \$36,460 and to Hispanics \$34,500. (See table II.4.)

HUD required that the nonprofit development corporation be based in the riot-affected area to ensure that assistance was targeted to black contractors. Contractors Training and Development, Inc., is located in Liberty City, and as summarized in table II.4, most loans approved went to black contractors.

Table II.4

Contractors Training and Development, Inc.
HUD Revolving Loan Fund Portfolio--
Summary of Loan Amounts by Ethnic Groups
(May 30, 1985)

<u>Ethnic group</u>	<u>Number of loans</u>		<u>Total value</u>	<u>Average</u>	<u>Maximum</u>	<u>Minimum</u>
	<u>Number</u>	<u>Percent</u>				
Black	34	(87)	\$1,239,655	\$ 36,460	\$237,985	\$ 2,312
Hispanic	4	(10)	138,000	34,500	50,000	20,000
Other	1	(3)	225,000	225,000	225,000	225,000
Total	<u>39</u>	<u>(100)</u>	<u>\$1,602,655</u>	41,094		

THE DEPARTMENT OF TRANSPORTATIONTRANSPORTATION ASSISTANCE PROMISED

On June 27, 1980, White House officials announced the availability of \$17.3 million in Department of Transportation, Urban Mass Transportation (UMTA), funds to help rebuild Liberty City and other riot-torn areas of Miami and Dade County. According to a July 15, 1980, memorandum from the state of Florida Washington Office to selected state and local officials, the \$17.3 million included:

--\$14.2 million based on the assumption that a fiscal year 1980 supplemental appropriation would be passed making available \$71 million in grants to the Miami transit system and that 20 percent of this would be set aside specifically for hiring minority contractors.

--\$3.1 million already earmarked to purchase land for transit facilities.

On October 11, 1980, a White House official announced an additional \$3 million UMTA grant to be used to design and construct a bus maintenance facility in Liberty City.

TRANSPORTATION ASSISTANCE PROVIDED

When the 1980 supplemental appropriation was passed, UMTA allocated \$40 million for the Miami transit system and set an \$8 million goal for minority business enterprise participation. An UMTA official advised us that the \$40 million was provided for the transit system and that the 20-percent minority business enterprise participation goal was achieved. The official also said that UMTA provided an additional \$120 million to the Miami transit system during fiscal year 1980. This apparently included the \$3.1 million for land acquisition purposes discussed above.

Grant for bus maintenance facility

On October 11, 1980, a \$3 million UMTA grant was awarded to Metropolitan Dade County to expand a mass transit maintenance facility in Liberty City. In notifying the county that the grant had been approved for initial construction work on the maintenance facility, UMTA said that the funds should be used to hire Liberty City residents and minority contractors and to continue support of minority entrepreneurship.

Dade County submitted its proposal for grant implementation to UMTA on December 5, 1980. Because the county intended to achieve 100-percent black participation in the project, it requested that UMTA (1) approve the restriction of competitive bidding to black contractors and (2) approve waivers to conventional bonding requirements that had discouraged minority participation in previous projects. UMTA supported the county's plans, and on December 23, 1981, the contract for constructing the Liberty City facility was awarded to a black-owned firm from another state.

WHERE AND HOW TRANSPORTATION
FUNDS WERE USED

The Liberty City bus maintenance facility was completed in June 1983 at a cost of \$14,694,000. Funds provided for the project (including the \$3 million UMTA grant discussed above) are shown in table III.1.

Table III.1

Funds for Liberty City Bus Maintenance Facility

	<u>Amount</u>	<u>Percent</u>
UMTA	\$11,755,200	80
Florida Department of Transportation	1,469,400	10
Dade County	<u>1,469,400</u>	<u>10</u>
Total	<u><u>\$14,694,000</u></u>	<u><u>100</u></u>

The project completion announcement indicated that the contractor had used 25 local black-owned firms for various construction elements. The announcement also said the contractor conducted a Dade County-sponsored skills training program to provide opportunities for local minority firms and Liberty City youths to prepare for jobs in the construction industry.

THE DEPARTMENT OF LABORLABOR ASSISTANCE PROMISED

On June 27, 1980, White House officials announced that in response to the May 1980 Dade County civil disturbances, \$4.28 million would be available from the Department of Labor for employment and training programs. On July 15, 1980, the state of Florida Washington Office advised selected state and local officials that the administration's package for the Miami civil disturbance included \$4.1 million in Labor funds to be used as follows:

- \$3 million to fund 1,000 summer job slots for youths and to fund programs that link public- and private-sector job creation efforts.
- \$1.1 million to fund a new Job Corps center to serve the black and Latin communities in Dade County.

On July 15, 1980, the Miami Herald quoted the on-site White House coordinator as saying Labor was providing \$750,000 for a jobs program for low-income senior citizens. On October 11, 1980, White House officials announced that "The Department of Labor has today committed a total of \$10.3 million in Comprehensive Employment and Training Act (CETA) funds to the citizens of Miami and Dade County." The funds were to be used for

- a skills training center to serve unemployed and out-of-school young people and adults,
- an out-of-school education program to assist young people in getting their high school diplomas or general equivalency diplomas to enhance their employment prospects, and
- an entrepreneurial training program to provide intensive management training, which would encourage the creation of minority-owned and managed businesses.

LABOR ASSISTANCE PROVIDED

Funding for the Job Corps center had been committed before the civil disturbances. The center was constructed with federal participation totaling \$1,917,803 in the "Little Havana" area of Miami--a predominately Cuban community.

Labor provided \$2.3 million to the South Florida Employment and Training Consortium for 1,000 summer jobs for youths and 800 public service employment jobs, of which 400 were in the Liberty City area. Labor officials advised us that the \$750,000 for jobs for low-income senior citizens was delivered as promised. The money was redirected to Dade County from funds that otherwise would have been shared by Miami and other Florida cities. Labor announced on October 6, 1980, that it was prepared to commit \$10.3 million to the Consortium to be disbursed over a 4-year period, subject to the availability of funds. Due to budget cutbacks and Labor's decision to phase out the public service employment program, only \$3.1 million was obligated, of which \$2.6 million was expended as discussed below.

Assistance to the Consortium

The funds committed to the Consortium were to provide special assistance to meet the employment and training needs of the black community in Dade County. The programs to be funded and the funds to be provided are shown in table IV.1.

Table IV.1

CETA Funds to Be Provided to the Consortium

<u>Program</u>	<u>Fiscal year</u>				<u>Total</u>
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	
Skills training program	\$3,000,000	\$2,000,000	\$1,500,000	\$1,000,000	\$ 7,500,000
Out-of-school program	1,000,000	1,000,000	500,000	-	2,500,000
Entrepreneurial training program	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total	<u>\$4,300,000</u>	<u>\$3,000,000</u>	<u>\$2,000,000</u>	<u>\$1,000,000</u>	<u>\$10,300,000</u>

Participants for the skills training program could enter the program either directly or while participating in or after completing the out-of-school program. The skills training program was designed to serve adults or youths who either had a high school diploma or obtained one, where practical, before leaving the program. A skills training center designed to serve 600 people was to be established in Liberty City for this program.

The out-of-school youth program was planned to enable black youths to obtain a general equivalency diploma or to encourage them to return to school. The program was to give participants work experience in addition to their education. It was anticipated that many participants who completed this program would enter the skills training program.

The entrepreneurial program was intended to train minority individuals who were residents of the targeted areas to own and operate businesses.

In February 1981, following the change in administration, Labor advised the Consortium that a freeze had been placed on funds for various programs, which included the \$3 million pledged for the skills training program in fiscal year 1981. In March, Labor advised the Consortium that funds for the out-of-school youth program and the entrepreneurial training program remained committed, but were limited to use in fiscal year 1981.

Labor provided 61 percent of the fiscal year 1981 funds for the skills training center. This reduced the \$3 million allocation for the program to \$1.8 million, which Labor required to be expended by September 30, 1981. Furthermore, Labor canceled funds for the program for fiscal years 1982-84. Accordingly, the 4-year, \$7.5 million program originally planned for the skills training program was reduced to \$1.8 million to be expended in less than a year.

The 3-year, \$2.5 million program planned for out-of-school training was reduced to \$1 million to be expended in fiscal year 1981. The \$300,000 entrepreneurial program planned for fiscal year 1981 remained unchanged. Overall, the \$10.3 million promised was reduced to \$3.1 million. According to a Consortium official, the actual amount expended was \$2,611,576, which included \$1,557,947 for the skills training program, \$792,671 for the out-of-school program, and \$260,958 for the entrepreneurial training program. Moreover, the original plans to establish a skills training center in Liberty City were abandoned.

WHERE AND HOW LABOR ASSISTANCE WAS USED

Statistics the Consortium submitted to Labor on participation in the programs are shown in table IV.2.

Table IV.2Participation in Consortium Programs
by Ethnic Identity

<u>Ethnic identity</u>	<u>Skills training program</u>	<u>Out-of-school program</u>	<u>Entrepre- neurial training program</u>	<u>Total</u>
White	2	0	1	3
Black	596	271	43	910
Hispanic	25	2	0	27
Asian or Pacific Islands	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Total	<u>624</u>	<u>273</u>	<u>44</u>	<u>941</u>

The 4-year plan for the three programs called for training 3,000 residents from Dade County's black community. Table IV.3 illustrates the extent that individuals who participated in the programs during fiscal year 1981 completed training and obtained jobs compared to planned results.

Table IV.3Planned versus Actual Results of Participants
in the Consortium Programs

	<u>Skill training</u>		<u>Out-of-school program</u>		<u>Entrepreneurial program</u>		<u>Total</u>	
	<u>Planned</u>	<u>Actual</u>	<u>Planned</u>	<u>Actual</u>	<u>Planned</u>	<u>Actual</u>	<u>Planned</u>	<u>Actual</u>
Entered private-sector employment	306	58	145	28	26	6	477	92
Entered public-sector employment	50	3	24	7	0	0	74	10
Return to continue full-time school	32	25	15	19	2	0	49	44
Transfer to other programs	59	2	28	1	5	0	92	3
Additional positive terminations	<u>4</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>7</u>	<u>3</u>
Total placements	451	89	214	57	34	6	699	152
Not entering employment	<u>142</u>	<u>482</u>	<u>67</u>	<u>205</u>	<u>10</u>	<u>36</u>	<u>219</u>	<u>723</u>
Program graduates	593	571	281	262	44	42	918	875
Nongraduates	<u>0</u>	<u>53</u>	<u>0</u>	<u>11</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>66</u>
Total program participants	<u>593</u>	<u>624</u>	<u>281</u>	<u>273</u>	<u>44</u>	<u>44</u>	<u>918</u>	<u>941</u>

THE DEPARTMENT OF COMMERCEEDA ASSISTANCE PROMISED

On June 27, 1980, White House officials announced that EDA, within the Department of Commerce, would provide \$5 million as part of the federal response to the Dade County civil disturbances. A July 14, 1980, announcement by the on-site White House coordinator identified an additional \$5 million in EDA assistance as being available for this purpose. Senior officials in EDA's Atlanta regional office, however, told us they were not aware of any specific promise other than the initial \$5 million.

EDA ASSISTANCE PROVIDED

EDA, as authorized under the Public Works and Economic Development Act of 1965 (Public Law 89-136, as amended), awarded nine grants for eight projects, totaling \$9,880,400, in the communities affected by the riots. The projects related to public works and development facilities, technical assistance, state and local economic development planning, and sudden and severe economic dislocation or long-term economic deterioration.

To coordinate EDA's involvement with the overall federal response for riot relief in Dade County, the Assistant Secretary for Economic Development established an EDA Miami Coordination Task Force. The chairman of this task force was involved in the initial postriot on-site assessment and served as the EDA representative to the Intergovernmental Task Force on the Civil Disturbances in Miami/Dade County.

A September 8, 1980, project status report developed by the EDA task force identified the projects considered for funding. This report estimated the EDA funding amount at \$10,525,000 for eight projects. (See table V.1 for a list of the projects and the funding levels proposed/approved in fiscal year 1980.) As negotiations between City of Miami, Dade County, and EDA officials progressed, the projects considered for funding did not change significantly, but the total funding was reduced by \$644,600.

Table V.1

EDA Summary of Projects Funded in Response to the
May 1980 Dade County Riots

<u>Grantee</u>	<u>Project</u>	<u>Funding</u>			<u>Remarks</u>
		<u>Proposed</u>	<u>Actual</u>	<u>Difference</u>	
City of Miami	Summer Jobs Initiatives	\$1,000,000	\$1,000,000	\$ 0	
City of Miami/ Janus Associates	Economic Adjustment Plan	100,000	100,000	0	
Dade County/Contractors Training and Development, Inc.	Contractors Working Capital and Bond Revolving Loan Fund Program	400,000	400,000	0	
Florida State Minorities Ventures	Earmarking of State-Wide Revolving Loan Fund for Minority Ventures	250,000	250,000	0	
City of Miami/Overtown Economic Development Corporation	Neighborhood/Commercial Revitalization of Minority Area (Overtown/Gulmer)	1,825,000	1,580,400	244,600	Overtown Shopping Center
City of Miami	Trade Fair	150,000	0	150,000	
City of Miami/Belafonte Tacolcy Economic Corporation and Dade County	Neighborhood/Commercial Revitalization of Minority Area (Liberty City)	1,800,000	1,550,000	250,000	Edison Plaza (Old Pantry Pride) \$800,000; Industrial Park \$750,000
Miami Capital Inc.	Direct Business Revolving Loan Fund Program	<u>5,000,000</u>	<u>5,000,000</u>	<u>0</u>	
Total value		<u>\$10,525,000</u>	<u>\$9,800,400</u>	<u>\$ 644,600</u>	

WHERE AND HOW EDA FUNDS WERE USED

The fiscal year 1980 supplemental appropriations act provided EDA \$5 million to establish a revolving loan fund program for businesses in communities damaged by the Dade County disturbances. EDA also used \$4,880,400 from its regular funding authority, under titles I and IX of the Public Works and Economic Development Act of 1965, to fund projects affecting the riot-damaged communities. These projects included

- developing an economic adjustment plan for Miami and Dade County,
- establishing a contractors' revolving loan fund,
- establishing the Florida State Minority Ventures revolving loan fund,
- constructing or renovating two shopping centers,
- improving an industrial park, and
- participating in a summer jobs initiative project.

EDA rejected one project, the City of Miami's proposal to finance the administrative costs (\$150,000) of producing a Trade Fair. Two other projects received reduced funding. The Neighborhood/Commercial Revitalization of Overtown/Culmer (now referred to as the Overtown Shopping Center) received \$1,580,400, or \$244,600 less than requested, and the Neighborhood/Commercial Revitalization of Liberty City (now referred to as the Edison Plaza Center and Liberty City Industrial Park) received \$1,550,000, or \$250,000 less than requested. These three changes account for the difference of \$644,600 between the total proposed amount of \$10,525,000 and the \$9,880,400 received.

Of the nine grants, the City of Miami received four, Dade County received two, MCDI (a lending arm of the City of Miami) received two, and Florida State Minority Ventures (a nonprofit economic development corporation based in Jacksonville) received one. All the projects identified used funds in the communities affected by the riots (target areas). Following are summaries of each project.

Establishment of the Miami Capital Development, Inc., Revolving Loan Fund

MCDI functions as a quasi-public agency under contract with the City of Miami's Department of Economic Development and International Trade. MCDI provides business development and loan packaging services to new and existing businesses in the City of Miami and Dade County area. These functions include developing business opportunities, arranging financial assistance for businesses, and developing financial programs and mechanisms to support business development. MCDI began operations about the time of the May 1980 riots.

In March and April of 1981, EDA approved grants totaling \$5 million to MCDI to establish a direct revolving loan fund. The fiscal year 1980 supplemental appropriations act provided EDA \$5 million for direct loans in areas of south Florida affected by the civil disturbances. Subsequently, at EDA's request, the House and Senate Appropriations Committees approved the reprogramming of these funds to provide \$4,800,000 as a revolving loan fund grant and \$200,000 in a technical assistance grant. The first grant was used to establish a revolving fund to provide loans for working capital, fixed assets, and guaranteed loans to businesses already in or willing to locate, reestablish, or expand in the communities affected by the May 1980 riots (target areas as defined by local officials). Repayments of principal were to be recycled into the fund for use in making additional loans. Interest collected could be used for making additional loans or for administrative expenses.

The technical assistance grant was used for MCDI's administrative expenses related to the revolving loan fund. Additional administrative expenses were covered by interest collected and contributions from local governments.

Special targeting criteria and financing policies

The administrative plan for the EDA Revolving Loan Fund Grant Program, dated March 1984, outlines elements of the program. MCDI concentrates its efforts on minority areas with high unemployment as well as underemployed rates. The administrative plan stipulates that the average size of a loan should be about \$50,000 and that no individual loan should be for more than \$200,000.

Analysis of the loan portfolio

We analyzed MCDI's EDA Revolving Loan Fund Portfolio as of February 28, 1985, to determine how the funds were distributed by ethnic group, amount of loan, and status of loan amounts and whether funds were spent in the target areas. We found that MCDI had loaned out the entire \$4,800,000 grant and was using repayments of principal and interest to make additional loans. As of February 28, 1985, 72 loans totaling \$4,860,437 had been approved.

Our analysis showed that blacks received 50 (69%) of the loans totaling \$2,641,687 (54%), Hispanics received 14 (19%) totaling \$1,555,750 (32%), whites received 6 (8%) totaling \$563,000 (12%), and other ethnic groups received 2 (3%) totaling \$100,000 (2%). The average loan to blacks was \$52,834, to Hispanics was \$111,125, to whites was \$93,833, and to other ethnic groups was \$50,000. (See table V.2.)

Table V.2

MCDI EDA Revolving Loan Fund Portfolio--
Summary of Loan Amounts by Ethnic Groups
 (Feb. 28, 1985)

Ethnic group	Number of loans		Total value	Average	Maximum	Minimum
	Number	Percent				
White	6	(8)	\$ 563,000	\$ 93,833	\$300,000	\$18,000
Black	50	(69)	2,641,687	52,834	250,000	3,000
Hispanic	14	(19)	1,555,750	111,125	295,000	8,000
Other	2	(3)	100,000	50,000	50,000	50,000
Total	<u>72</u>	<u>(100)</u>	<u>\$4,860,437</u>	67,506		

Of the \$4,112,672 total outstanding balance as of February 28, 1985, 37 loans totaling \$2,401,962 were current and 35 loans totaling \$1,710,710 were delinquent. The loan delinquency rate was 56 percent for blacks, 50 percent for whites, and 29 percent for Hispanics. (See table V.3.)

Table V.3

MCDI EDA Revolving Loan Fund Portfolio--
Status of Outstanding Loan Amounts by Ethnic Groups
 (Feb. 28, 1985)

Ethnic group	Current					Delinquent					Total	
	Number of loans	Subtotal	Average	Maximum	Minimum	Number of loans	Subtotal	Average	Maximum	Minimum	Number of loans	Amount
White	3	\$ 131,592	\$43,864	\$ 75,000	\$12,882	3	\$ 359,616	\$119,872	\$259,926	\$49,690	6	\$ 491,208
Black	22	1,209,484	54,977	250,000	0	28	1,045,504	37,339	214,610	5,526	50	2,254,988
Hispanic	10	974,343	97,434	253,799	1,136	4	305,590	76,398	245,873	7,871	14	1,279,933
Other	2	86,543	43,272	44,538	42,005	0	0	0	0	0	2	86,543
Total	<u>37</u>	<u>\$2,401,962</u>	64,918			<u>35</u>	<u>\$1,710,710</u>	48,877			<u>72</u>	<u>\$4,112,672</u>

Further analysis showed that 26 of the total loans (36 percent) had been transferred to MCDI's attorneys for collection attempts or foreclosure. Also, 16 of the borrowers (22 percent) had gone out of business.

Based on information provided by MCDI, we determined that all of the loans were approved for borrowers establishing or having businesses in the target area. However, one borrower moved outside the target area after receiving a \$40,000 loan.

Development of an economic adjustment plan

In September 1980, EDA approved a \$100,000 grant to the City of Miami to prepare an economic adjustment plan in response to the May 1980 riots. The total project cost, including local contributions, was \$125,000. The City used the EDA funds to hire a consultant, Janus Associates of Washington, D.C., to develop a plan.

In May 1981, Janus provided a detailed economic adjustment plan for the City of Miami and Dade County. This plan provided information on the economic and demographic profile of the entire area and a community assessment including barriers to development, opportunities, and challenges of the target areas affected by the riot. The report identified goals, objectives, strategies, and recommendations that the City of Miami and Dade County used to develop project proposals for funding with EDA grants.

In June 1981, the City of Miami and Dade County submitted a preapplication for economic adjustment funding to EDA. The preapplication listed 14 projects that could be funded with an EDA grant of \$5 million. The EDA Atlanta Regional staff reviewed each recommended project and concluded that two had merit for future funding consideration. These were the industrial park and a shopping center project. The first project involved constructing a sewer system, water lines, and street paving for an industrial park. The second involved renovating and developing a deserted Pantry Pride shopping center. Three of the projects had received EDA approval for funding before EDA's review of the preapplication document. These were the \$5 million revolving loan fund, a bond guarantee fund, and the Overtown Shopping Center project. EDA officials said the remaining nine projects could be funded by other federal agencies, local governments, or the private sector.

The City of Miami and Dade County submitted grant applications for the industrial park and the Pantry Pride (now called Edison Plaza) projects, which were funded by EDA.

Establishment of Contractors Training and Development, Inc., Revolving Loan Fund

In September 1980, EDA approved a \$400,000 grant to Dade County to establish a working capital and bond guarantee program for minority contractors. The total cost of the project was \$836,000, including local city and county matching funds totaling \$436,000.

The Contractors Training and Development, Inc., a nonprofit corporation funded by Dade County, provides start-up working capital for small and minority construction contractors residing in Dade County. Contractors Training and Development, Inc., did not use EDA funds for working capital loans or bond guarantees. These funds were held as reserves to guarantee loans made to contractors by local banks.

Office of Management and Budget Circular A-87, attachment B, standard D.2, defines reserves for contingencies as an unallowable use of project funds. In a May 3, 1983, memorandum, the EDA regional director, Office of Inspector General, Office of Audits, recommended that the EDA Atlanta regional director recover the \$400,000 in EDA funds disbursed to Dade County. The funds were returned to EDA in August 1983, but remain obligated to Dade County and will again be made available for use once the county prepares an acceptable revolving loan fund plan.

Establishment of the Florida State Minority Ventures Revolving Loan Fund

In September 1980, EDA approved a \$750,000 revolving loan fund grant to Florida State Minority Ventures (FSMV). EDA required FSMV to earmark \$250,000 of the grant funds to support business growth in the City of Miami areas of Liberty City, Opa Locka, and Overtown, with the remainder of the funds to be used in northern Florida panhandle counties.

Although FSMV is based in Jacksonville, EDA recognized the agency as an immediate vehicle with the staffing capabilities to develop and deliver financial assistance to black entrepreneurs in the target areas. FSMV was charged to work with Miami-based black community development groups when implementing the revolving loan fund.

Of the 17 loans approved by FSMV, 9 totaling \$250,000 were approved for 8 businesses located in Dade County. We verified that seven of the eight businesses were located in the target areas. No address was provided for one Dade County business.

Analysis of the loan portfolio

A public accounting firm audited FSMV's loan portfolio for the period September 1980 through February 1983. The audit identified all the loans as delinquent, including the eight loans made to businesses in the northern Florida panhandle counties. Of the 17 delinquent loans, 8 were in foreclosure and 1 was in litigation. The auditors noted that FSMV did not

obtain collateral to secure any of the loan proceeds. The auditors also noted that FSMV was unable to provide adequate documentation to support administrative costs incurred and charged to the project. EDA concurred with the auditor's findings and in September 1984 requested FSMV to return the \$750,000, plus \$75,773 in administrative fees earned. On June 6, 1985, an EDA regional official said this matter is being handled by EDA attorneys in Washington D.C.

Renovation and development
of Edison Plaza

In September 1982, EDA approved an \$800,000 grant to the City of Miami for renovating and developing a shopping center at the old Pantry Pride site (now referred to as Edison Plaza) located in Liberty City. Additional funding of \$1,412,870 came from other sources, including the Business Assistance Center, City of Miami, Economic Development Corporation of Dade County, Local Initiative Support Corporation, Miami Capital Development, Inc., and the Tacolcy Economic Development Corporation (TEDC). These additional funds brought the total project funding to \$2,212,870.

The Edison Plaza Project is a joint venture of the City of Miami and the Belafonte Tacolcy Center (BTC). BTC contracted with its affiliate, TEDC, for the design, development, construction, leasing, and maintenance of Edison Plaza.

Edison Plaza, which is divided into five retail and four office spaces, opened in March 1985. Winn Dixie, the anchor tenant, opened for business at that time, and a drug store opened about a month later. As of May 1985, two of the four office spaces were occupied by TEDC and an attorney. The president of TEDC told us that additional retail space would be occupied by a shoe store, dry cleaner, and beauty salon.

According to the president of TEDC, Winn Dixie's commitment to anchor Edison Plaza has created many benefits for the shopping center and surrounding area. Once fully occupied, the shopping center should provide about 49 full-time and 30 part-time jobs.

Additional benefits to the area include the opening of a McDonald's franchise, creating about 50 jobs, and 14 new businesses/stores, which created 35 jobs. During the construction of Edison Plaza, of the 12 subcontractors hired, 9 were black, 1 was Hispanic, and 2 were white.

Construction of Culmer/Overtown Shopping Center

Before the civil disturbances, First Research Consultants completed "A Feasibility Study of the Culmer/Overtown Shopping Center and Supermarket," dated February 1980, which concluded that the planned shopping center was entirely feasible and should be expected to operate successfully. The proposed shopping center was part of the October 1979 Overtown Re-Development Plan.

In September 1980, EDA approved a \$1,580,400 grant to the City of Miami and Overtown Economic Development Corporation (OEDC) for constructing a new shopping center in the Overtown community. Additional funds were provided by local government sources, bringing total funding of the project to \$2,100,000.

The City of Miami contracted with OEDC for the construction, leasing, and management of the Overtown Shopping Center. OEDC hired the M.R. Harrison Construction Corporation to design and construct the center.

The Overtown Shopping Center opened in October 1984. The shopping center was designed to establish a major anchor tenant and nine other businesses. It was expected that these businesses would include an auto parts distributorship, drug store, laundromat, boutique, record shop, doctor's office, bakery-ice cream store, fast food restaurant, and branch bank. As of May 1985, a Dade County youth services center and a laundromat were the only businesses open. A SuperSave Supermarket opened in November 1984, but closed on May 14, 1985, as a result of financial problems.

According to the OEDC leasing agent (Furr Company), additional leases had been negotiated with other tenants, but the prospective tenants have not followed through on their lease agreements. The City of Miami made available a \$5 million certificate of deposit, guaranteed for 5 years, as an incentive for a local bank to open a branch in the shopping center. Also, as of July 25, 1985, Dade County was considering placing a demand account at the bank with an average daily balance of \$3 million. As a result of these actions, the Miami Savings Bank was expected to open a branch office in the center.

The Overtown Shopping Center was faced with problems and criticisms from its design until its opening in October 1984. Some of the problems, as defined by the City of Miami, were:

- The shopping center is located in one of the City of Miami's most economically distressed areas.
- Major retail food store chains were not willing to locate in the Overtown community.
- Independent food retailers felt they could not make a profit at the center.
- A number of black entrepreneurs could not obtain needed financing to open a business in the center.
- One tenant canceled a lease agreement after the last riot in the Overtown community, which occurred in December 1982.
- Construction of the center was delayed as a result of inexperienced subcontractors.
- Access to the center was hindered by highway construction, which began immediately after the retail food store opened.

Despite these problems and criticisms, the Overtown Shopping Center has provided some benefits to the community. According to OEDC's executive director, the shopping center construction provided work for 13 black subcontractors. A total of 18 subcontractors were used. Also, 82 percent of the employees hired by the subcontractors were black. If the projected number of businesses open, the shopping center will create about 100 jobs.

Development of Liberty City Industrial Park

The Liberty City Industrial Park (now referred to as the Poinciana Industrial Park) consists of 430 acres that had been designated by Dade County for "Industrial Revitalization." The park is located in the Liberty City area.

The total project funds pledged from federal, state, local, and private sources was \$9,045,000. In September 1983, EDA approved a \$750,000 grant to Dade County for street improvements and sewer lines for the first phase of the project. HUD advanced \$5,300,000 of the county's committed Community Services Block Grant Fund for land acquisition and relocation costs associated with the park. Also, HUD awarded \$145,000 in emergency jobs bill grant funds for a cleanup/site clearance

program. However, the HUD funds were not part of the original federal commitment for riot relief, according to a Dade County official. Additional funds came from state, local, and private sources.

The park project is currently in the design stage, and construction is projected to be completed in February 1986. This date probably will be adjusted as the project progresses since the estimated start of construction was August 1984 and no construction had begun as of May 1985. The project is expected to provide needed wastewater treatment facilities, water pressure for fire protection, and newly paved streets in order to retain existing, and attract new, industry and jobs for the area.

Participation in Summer Jobs Initiative Program

A national EDA Summer Jobs Initiative Program in the summer of 1980 provided target areas with funds for small, short-term community improvement projects which were to be implemented immediately. The prime objective of this initiative was to create short-term jobs for the summer. The funding level for the national program was \$15 million.

In July 1980, EDA approved a \$1,000,000 grant from this program to the City of Miami. A local participation requirement brought the total project estimated funding to \$1,250,000. Actual project costs were reported as \$1,239,105.

The City of Miami had nine projects consisting of park improvements, cultural activities services, street cleaning, community involvement services, community-based organization social services, cleaning and painting of stadiums and marinas, and environmental inspection services. Various city departments were responsible for employing youths who were unemployed, disadvantaged, or school dropouts. The city was required to insure that 75 percent of the jobs were filled with CETA-eligible applicants. However, the city did not verify the data collected from eligible applicants and relied on community-based organizations to spread the word regarding the availability of summer jobs. EDA recommended that the city obtain statements from community-based organizations on the eligibility of youths hired.

The number of employees working during the project ranged from 338 to 504 and averaged 437. An ethnic breakout of the original 464 employees hired on the project's starting date indicates that 69 percent (319) were black, 26 percent (120) were Hispanic, 4 percent (17) were Haitian, and 1 percent (8) were white.

THE DEPARTMENT OF JUSTICELEAA ASSISTANCE PROMISED
AND PROVIDED

On June 27, 1980, White House officials promised \$2 million for criminal justice programs for the Dade County riot-torn areas. The Law Enforcement Assistance Administration (LEAA) considered allowing the state of Florida to reprogram up to \$2 million already awarded to respond to the civil disturbances, but the state did not reprogram these funds. The on-site White House coordinator announced on July 14, 1980, that \$3 million would be made available for criminal justice programs.

On August 21, 1980, LEAA awarded a \$3 million grant to Metropolitan Dade County for technical assistance and project grants to improve operations of the criminal justice system and police-community relations. The Dade-Miami Criminal Justice Council was primarily responsible for administering the grant.

WHERE AND HOW LEAA ASSISTANCE WAS USED

Seven program areas associated with the LEAA grant were designed to respond to some of the concerns raised by the black community after the May 1980 civil disturbances. Grant funds expended were slightly less than the \$3 million awarded. Information provided by the Dade-Miami Criminal Justice Council shows that the funds were used for 17 projects in seven major program areas, shown in table VI.1.

Table VI.1Funding for Seven Program Areas Associated
with the LEAA Grant

1. Dade County Crime Prevention Projects:	
City of Miami	\$ 225,465
Dade County	238,596
Homestead	40,817
South Miami	18,805
Florida City	4,939
Opa-Locka	<u>7,873</u>
Subtotal	<u>536,495</u>
2. Community Outreach Program for Youth:	
Liberty City	331,354
Coconut Grove	91,586
Culmer	<u>126,875</u>
Subtotal	<u>549,815</u>
3. Law Enforcement Minority Recruitment:	
Dade County	311,744
City of Miami	306,714
Public Defender	40,000
State Attorney	<u>37,637</u>
Subtotal	<u>696,095</u>
4. Juvenile Outreach Project	615,865
5. Domestic Intervention Project	113,946
6. Criminal Justice Assessment Center	233,599
7. Criminal Justice System Public Education	<u>85,957</u>
Total	<u><u>\$2,831,772</u></u>

A description of the primary objectives for each of the seven program areas and comments on some program accomplishments follow.

1. Dade County Crime Prevention Projects

This program area involved developing an area-wide crime prevention council made up of representatives from low-income neighborhood crime prevention councils. Program plans called for the council to work with police and local government policy makers to develop and implement a broad crime prevention plan. The council and neighborhood subcouncils were to provide an ongoing means of obtaining information on police-citizen problems to be used to avert future confrontations in low-income neighborhoods.

The six crime prevention projects were developed in areas with large black populations to deal with factors perceived as underlying causes of the civil disturbances. These projects included crime prevention presentations and seminars, security surveys for businesses and residents, educational presentations, the establishment of community crime watch programs, and the employment of public service aides in the law enforcement field.

2. Community Outreach Program for Youth

This program operated in three low-income neighborhoods--Liberty City, Coconut Grove, and Culmer--to identify and work with "problem" youths. The program was to

- provide training in leadership skills for youth outreach workers, who were to provide positive role models for project participants;
- involve problem youths in identifying and resolving community problems;
- help the youths enter job training programs and obtain other needed community services; and
- establish a basic leisure activity program for young people participating in the projects.

Some highlights of program accomplishments noted in grant reports include

- efforts to rehabilitate 103 young people, including prevocational development training and an assessment of their educational needs;

- vocational and employment referrals, which helped 41 youths to obtain jobs during the grant period;
- crime prevention workshops at various high schools;
- the establishment of a 25-member youth advisory board to bridge the communication gap between youths and adults in the community;
- training to assist young people to obtain a general equivalency diploma;
- recreational and cultural activities for young people participating in these projects; and
- training for eight young people in community organization and delinquency prevention.

3. Law Enforcement Minority Recruitment

Two of the recruitment projects addressed the need to increase minority employment in the Dade County and City of Miami police departments. These projects involved recruiting and employing black residents as "police service aides" to perform services not directly involved with law enforcement. Potential assignments for the aides included work (1) in crime laboratories, (2) in communications, (3) in personnel departments, (4) as bilingual aides, (5) as traffic accident investigators, (6) as station officers, and (7) as public service aides. These programs were expected to free police officers from tasks the aides could perform so that the officers' efforts could be directed to crime prevention and law enforcement.

Dade County Minority Recruitment Project

The Dade County (Metro-Dade) police department recruited and trained 27 black Dade County residents as public service aides, which exceeded the established goal to provide employment for 10 aides. Moreover, eight of the aides were hired as police officers during the grant period, which surpassed grant objectives. Other aides were either enrolled in or were to be considered for future police academy classes.

City of Miami Minority
Recruitment Project

The City of Miami police department's goal was to recruit, hire, and train 17 public service aides from the riot-affected areas and to advance at least 12 into the field of law enforcement or other facets of the criminal justice system. The goal to employ and train the 17 aides was met. Four of the aides were hired as police recruits.

Public Defender Minority
Recruitment Project

This project's primary goal was to recruit and employ enough black assistant public defenders to increase the percentage of blacks holding positions from 8.5 to between 15 and 20 percent of the public defenders employed. When the grant application was submitted, 60 public defenders were employed.

The recruiting process for public defenders proved to be difficult because of the low pay involved, particularly when many of the individuals recruited would have to pay the costs of moving to the Miami area. According to the final grant report, black lawyers had increased from 8.5 to 17 percent of the office staff, and the goal was met.

State Attorney Minority
Recruitment Project

This project's primary goal was to increase the number of black assistant state attorneys from 8 of 105 employed (about 8 percent) to between 15 and 20 percent of the number employed. On this basis, the goal established was to hire at least 25 black state attorneys during the grant period. The final grant report noted that black law school graduates made up 16 percent of the staff, which was reported as virtually identical to the percentage of Dade County's black population (17 percent).

4. Juvenile Outreach Project

This project, administered by Dade County's Department of Youth and Family Development, was established to refer "minor juvenile offenders" who would otherwise not receive social service assistance to agencies that could provide needed services. This project focused on improving communication among law enforcement agencies, social workers, families, and juveniles, thereby providing needed services and partially alleviating underlying causes of community discontent with police services.

According to the final grant report, the project provided various social and psychological services to actual and potential juvenile offenders and their families who lived in the central district of Dade County. This district includes Larchmont, Little River, the City of Miami, Coconut Grove, Liberty City, Brownsville, Culmer, Overtown, and Wynwood. During the program year, the report indicated that the juvenile outreach project received 2,011 referrals.

5. Domestic Intervention Project

This project's primary goal was to reduce family violence in Dade County, with special emphasis on the black community. This project, administered by the state attorney's office, provided aid to families dealing with violent domestic problems. The project taught participants to handle anger and frustration without violence toward family members or others.

The project attempted to attain its goals by establishing (1) a prearrest program specifically designed for domestic violence cases, requiring community crisis intervention as an alternative to a police response which resulted in "no arrest" or "nonaction," and (2) a postarrest diversion program specifically designed to assist defendants in domestic violence cases as an alternative to the traditional prosecution response.

According to the final grant report, from December 1, 1980, through July 31, 1981, 381 clients received prearrest services, which included making referrals for counseling and other assistance needed and issuing temporary restraining orders when necessary to prevent further violence. During the same period, 248 clients were interviewed for possible participation in a postarrest program, of whom 160 were accepted in the program.

The report also noted that during this period the favorable completion rate was 81 percent for cases disposed of in the prearrest unit and 72 percent for the postarrest unit. Five clients were rearrested during the period while participating in the program. Thus, the report concluded that the rate of repeat offenders was extremely low.

6. Criminal Justice Assessment Center

The center was established to teach selected criminal justice personnel how to identify applicants who demonstrated behavior that would make them suitable for employment as criminal justice practitioners. The project was expected to decrease the number of individuals who failed to complete police and corrections academy training and to decrease the number of

criminal justice personnel leaving employment during their probationary employment periods.

The final grant report noted that the project accomplished the objective of establishing a model criminal justice assessment center in Dade County. The report also indicated that a method for assessing and selecting the most qualified applicants for law enforcement and corrections positions had been implemented. The report noted further that the center had assessed over 200 applicants for police positions and 70 applicants for corrections work.

7. Criminal Justice System Public Education

This project, administered by the Dade-Miami Criminal Justice Council, developed an approach for providing public information on the functions and operations of Dade County's criminal justice system. The project was also designed to (1) provide general information on responses to citizens' concerns about the criminal justice system; (2) provide educational efforts through contacts with community groups, schools, and civic organizations; (3) provide special information on specific events or decisions that affected the criminal justice system; and (4) encourage all criminal justice agencies to provide information on activities within their jurisdictions.

According to the final grant report, the project accomplished its objectives. Special emphasis was placed on educating the black community on the purpose, functions, and activities of the local criminal justice system. In this regard, the report indicated that

- an audio-visual slide presentation was developed to educate teenage youths on the local criminal justice system,
- a half-hour documentary on the local criminal justice system was produced for broadcast on public television,
- five radio shows were broadcast to discuss the purpose of the project and its criminal justice system improvement efforts, and
- more than 20,000 books entitled How to Protect Yourself from Crime were purchased and distributed throughout the community.

The grant report also noted that efforts were made throughout the grant period to give the black community accurate information about crime prevention services.

THE DEPARTMENT OF HEALTH AND HUMAN SERVICESHHS ASSISTANCE PROMISED AND PROVIDED

On June 27, 1980, White House officials announced the initial commitment of federal resources to assist in rebuilding areas affected by the Dade County civil disturbances, including \$1,250,000 for Department of Health and Human Services (HHS) efforts in these areas. The \$1,250,000 included up to \$400,000 in funds reprogrammed by the state for a work incentive program; \$250,000 for a summer Head Start program; \$100,000 for youth employment in Liberty City; and \$500,000 for assistance to Florida for Cuban/Haitian entrants.

The \$400,000 for the work incentive program and the \$250,000 for a summer Head Start program were made available. The HHS regional director told us he could find no record of the \$100,000 for youth employment having been committed by the regional office. According to a memorandum issued from the State of Florida Washington office in July 1980, the source and availability of these funds were not clear. In addition, the \$500,000 for Cuban/Haitian entrants was not part of the federal assistance in response to the civil disorders.

Our review disclosed additional federal funds amounting to \$1,910,000 that were provided by HHS or reprogrammed by the state for services in riot-damaged areas. These funds included a \$1,100,000 grant for mental health programs; \$450,000 reprogrammed for additional day care services in Liberty City; a \$310,000 grant for an urban rat control program; and a \$50,000 grant for emergency services following the civil disturbances. The additional \$1,910,000, plus the \$650,000 made available for the work incentive and Head Start programs, brought the total federal funds made available for civil disturbance relief to \$2,560,000.

WHERE AND HOW HHS ASSISTANCE WAS USEDWork incentive program

The work incentive program, jointly administered by Labor and HHS, is designed to enable welfare recipients to achieve self-support as wage earners. According to a July 1980 memorandum by the state of Florida's Washington Office, the state requested and was granted HHS approval to reprogram up to \$400,000 to create additional public service employment positions beyond those already specified in the fiscal year 1980 work incentive program plan. The memorandum noted that no new

money would be involved. The state amended its work incentive program plan in August 1980 to provide \$350,000 of the \$400,000 for 56 temporary public service jobs for work incentive program registrants. These additional funds included \$315,000 in federal funds and \$35,000 in state contributions.

Summer Head Start program

HHS provided a \$250,000 grant to Dade County to operate a summer Head Start program for children in the Liberty City and Brownsville areas, two areas affected by the May 1980 civil disturbances. The Head Start program provided comprehensive child development services to low-income preschool (3- and 4-year-old) children, and their families received educational and supportive services through four coordinated components: education, health, parent involvement, and social services.

Dade County officials requested funds for a one-time grant to operate the summer Head Start program. According to the grant proposal, the summer program was needed because the civil disturbances, which closely followed the end of the Head Start program for the regular 1979-80 year, left thousands of residents without access to services needed to maintain a reasonable level of human dignity. They maintained that because the Head Start program had provided employment and social, health, nutrition, educational, and child care services during the normal program year, the grant proposal indicated that continuing these services was considered desirable.

The average daily attendance for the summer Head Start program was 248 in June 1980, 357 in July 1980, and 299 in August 1980. Records maintained on children attending the program show that they were predominantly black.

Mental health services

HHS awarded \$1.1 million to the Jackson Memorial Hospital Community Mental Health Center (currently the New Horizons Mental Health Center) as a result of the May 1980 civil disturbances. The \$1.1 million award was made in two increments, one for \$915,319 made in September 1980, and another for \$184,681 made in October 1980.

The New Horizons Community Mental Health Center provides various mental health services for children and adults, including the elderly. Services provided include crisis stabilization, inpatient and outpatient services, residential care, vocational rehabilitation, and a court screening program

to identify and assess the needs of individuals within the criminal justice system and, if appropriate, refer them for treatment. The primary target area for the mental health center included most of the areas affected by the civil disturbances, although some services were provided outside these areas.

Statistics maintained on services provided with grant funds show that 86 percent of the 695 persons served during the period February 1981 through February 1982 were black Americans, as shown in table VII.1.

Table VII.1

Ethnic Identity of Persons Served by
the New Horizons Mental Health Center

<u>Ethnic identity of persons served</u>	<u>Number served</u>	<u>Percent</u>
Black American	597	86
Bahamian	6	1
Cuban	20	3
Puerto Rican	18	3
Other Latin	12	2
White American	37	5
Haitian	1	-
American Indian	1	-
Other	<u>3</u>	<u>-</u>
Total	<u>695</u>	<u>100</u>

According to an official of the mental health center, however, records were not maintained showing the number of individuals served by all programs. For example, grant funds were used to provide part of the salaries for a nurse and social worker who provided services to the elderly, but statistics were not maintained on the number of individuals served.

Day care services

Day care programs are provided under provisions of the Omnibus Reconciliation Act of 1981 (Public Law 97-35), which established seven block grant programs. Child day care is funded under title XXIII of the act as part of the social services block grant.

The governor of Florida requested information regarding needs of the Liberty City area after the May 1980 civil disturbances. A state Department of Health and Rehabilitative Services needs assessment report indicated that the need for day care in Liberty City significantly exceeded resources available to provide the services. Pursuant to this report, in October 1981, the state reprogrammed \$450,000 to Dade County for expanded day care services for children in Liberty City. The \$450,000 included \$337,500 in federal funds and \$112,500 in state and local contributions.

Although the state notified the county that \$300,000 of the \$450,000 would be made available on November 25, 1981, the funds could not be used until March 24, 1982, when the state approved an amendment adding the funds to its day care contract with the county. This delay, plus a requirement that the funds be used by June 30, 1982, precluded full use of the \$450,000. As a result, according to information provided by a county official, the county was able to use only \$232,274 of the funds, leaving \$217,726 unexpended. The state has continued to provide \$450,000 each year specifically set aside for the Liberty City day care project.

Urban rat control

HHS awarded \$310,000 in grants to the Florida Department of Health and Rehabilitative Services for use in the Liberty City area as part of the state's urban rat control program. These awards were made because the May 1980 civil disturbances left uncollected garbage and rubbish on the streets, causing rats to migrate from burned-out buildings to residential areas. The initial award of \$170,000 was made on June 13, 1980, and an additional \$140,000 about 2 weeks later.

According to a report prepared on the program, by the end of June 1980, operations had begun in an area of 540 city blocks in the heart of Liberty City, using a staff of 28 people hired from the area. The report also noted that, during 6 months of operation, of 12,463 dwelling units surveyed, 9.2 percent were infested with rats. According to the report, actions were taken to poison the rats and to eliminate conditions that caused them. The report noted further that a cleanup of 149 city blocks in the unincorporated area of Liberty City was completed on September 20, 1980, in cooperation with the County Solid Waste Department.

According to a Florida Department of Health and Rehabilitative Services official, the program to extend the

urban rat control program into Liberty City in 1980 speeded up the timetable for this operation, which was scheduled to start about 2 years later. The official said rat control operations also were conducted in other areas affected by the civil disturbances, but the funds awarded for the Liberty City program were the only awards made because of the disturbances.

Emergency services

On May 20, 1980, the Community Services Administration awarded a one-time \$50,000 grant to Dade County to cope with emergency conditions resulting from the civil disturbances. The final report prepared on this grant indicated that grant funds, with additional support provided by community residents, resulted in:

- Emergency food distribution throughout affected areas, including the distribution of 28 varieties of vegetables and fruits totaling 134,000 pounds to 1,574 residents through a "farm-to-market project."
- Provision of services by a variety of community groups, schools, churches, agencies, and businesses, including cash donations of \$22,132 to assist victims of the civil disturbances.
- Additional services to residents, such as financial and individual counseling, transportation, home visits, and the provision of clothing.

Documentation submitted with the final report indicates that emergency assistance was provided in areas affected by the civil disturbances. This report, as well as others, on emergency assistance provided, indicates that efforts to cope with immediate emergency conditions resulting from the disturbances were successful.

THE DEPARTMENT OF THE INTERIOR

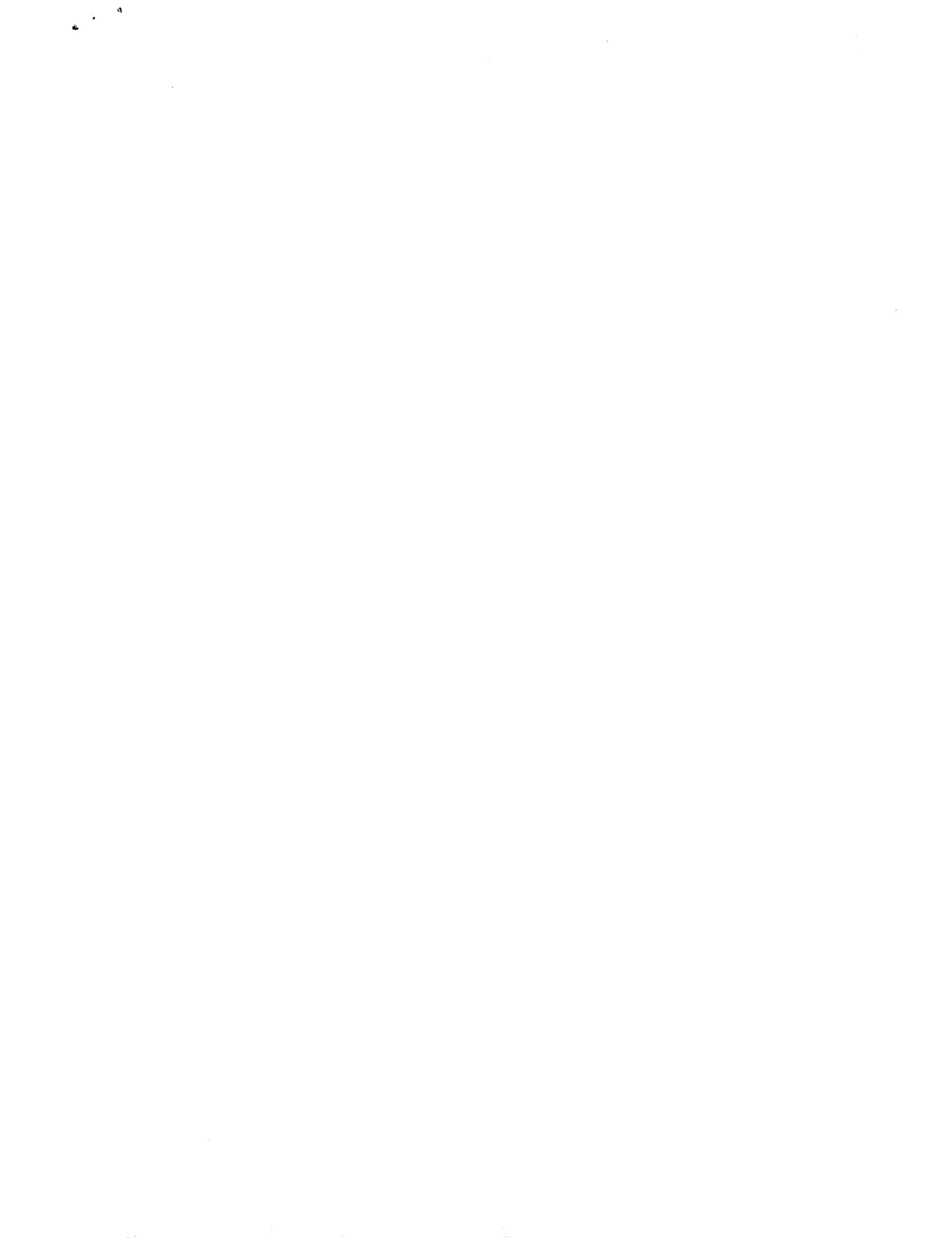
The Department of the Interior was not included in the White House press releases, or the announcements made by the on-site White House coordinator, as one of the agencies involved in the federal response to the Dade County civil disturbances. In October 1980, however, Interior announced approval of a \$600,000 grant to the City of Miami through the Florida Department of Recreation and Parks to aid in improvements to two neighborhood parks located in Liberty City and the Overtown/Culmer neighborhoods. Interior officials said the project was in response to the civil disturbances. Additional funds of \$600,000 were approved by state and local governments, making the total funding for the project \$1,200,000.

HOW THE FUNDS WERE USED

The city used the federal funds to construct recreational facilities and improvements in two inner-city parks--Gibson and Hadley Parks (formerly referred to as Gwen Cherry and Manor Parks). About \$200,000 of the federal funds were used for athletic field lighting, transportable bleachers, and clay and sod for the softball field at Gibson Park. The other \$400,000 was used to help finance renovations in Hadley Park and consisted of bleachers, an exercise trail, signs, pool and bathhouse, play equipment, picnic pavilion and related equipment, irrigation and landscaping, lighting, parking, tennis and handball courts, court pavilion, and related site improvements.

The additional lighting in Gibson Park allowed an extension of the park's schedule of recreational activities. Renovations to Hadley Park encouraged maximum use of its facilities, allowing such unprogrammed activities as tennis and handball. The pavilions provide protection to persons using the park and the increased landscaping and signs improved the park's functional and aesthetic aspects.

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