

Eligibility of Summer Job Program

May 14, 1990

MEMORANDUM FOR: Joseph Lynch, Acting Regional Administrator-
Regional Housing Commissioner, 2S

ATTENTION: Joan Dabelko, Director
Community Planning and Development, 2C

FROM: Anna Kondratas, Assistant Secretary
Community Planning and Development, C

**SUBJECT: Community Development Block Grant (CDBG)
Eligibility of Summer Job Program
City of Yonkers, NY**

This is in response to your December 5, 1989, memorandum seeking a ruling on the eligibility of a summer job program in which "high risk disadvantaged youth" receive CDBG funds for jobs in municipal agencies. The City classifies the activity as job training meeting the limited clientele national objective and therefore as an eligible public service. Your office has questioned the activity because payment of general government expenses, and of operating and maintaining public facilities is generally ineligible under 24 CFR 570.207.

An April 22, 1983, question and answer training piece on Jobs Bill issues deals with this question:

Can an activity carried out the [CDBG] funds . . . qualify under benefit to low- and moderate-income persons solely on the basis that a majority of the persons hired to carry out the activity are low and moderate income?

In general, no. As with regular CDBG funds, in most cases, the nature of the activity authorized in the statute is the provision of a physical improvement or service. Thus benefit to low- and moderate-income persons is normally based on the income characteristics of the persons receiving the benefit from the completed activity. An activity serving a middle- or upper-income area, such as improvement of a public facility, cannot qualify as low- and moderate-income benefit, even through a majority of the persons working on such a project are low- and moderate-income persons. While the persons carrying out the activity also benefit, that benefit is only incidental to the basic purpose of providing the improvement or service. There are some activities, however, where the persons may be employed as a result of the activity is the appropriate factor to consider in determining whether the activity benefits low- and moderate-income persons. . .

Summer youth employment programs where the basic objective is to provide work experience and temporary employment to young adults is another instance whether the persons employed is a primary factor in determining whether low- and moderate-income persons will benefit. In contrast to other public

service activities such as the provision of police or fire protection, benefit to those receiving the service are only incidental to the employment and training objective of summer youth employment programs."

Although the above question and answer addressed to the issue of national objective compliance, the basic principle can be applied to eligibility as well. Whether the activity is eligible as a public service (by virtue of the service provided to the disadvantaged youths employed) or is ineligible based on the output of their work (such as park maintenance, if the youths are engaged in keeping parks clean) should be determined by whether the work performed by them is clearly incidental to the objective of providing them job training or a supervised work experience.

cc: Ed Gardner, DUSFC