

Highlighting Equity in the President's Budget Proposal for FY 2016

[President Obama's \\$4 trillion budget for Fiscal Year 2016](#) includes elements that move the nation closer to achieving equity. The budget outlines a plan that provides pathways for *all* Americans to get ahead—including people in low-income communities and communities of color who are often left behind.



The budget represents a strong framework for building an equitable economy and for creating new opportunities through a series of place-based strategies that develop, improve, and sustain the communities where people live; offers tax relief for families; and by creating new jobs—offers Americans a renewed opportunity to contribute to and benefit from the nation's economic growth.

Millions of people searching for good paying jobs will be aided by the creation of employment opportunities supported through public/private investment funds, enhanced educational opportunities at the community college level, and the [six-year surface transportation reauthorization](#) proposal to improve the nation's infrastructure, which—while creating new jobs—will also improve roads, bridges, and transit systems that are critical for connecting struggling local economies to opportunity. The expansion of the [Earned Income Tax Credit \(EITC\)](#) will put more money into the pockets of low- to moderate-income individuals and families and improve financial security for over 13.2 million workers.

Just as these programs provide support to enable low-income working families to succeed, place-based initiatives like [Choice Neighborhoods](#); [Promise Neighborhoods](#); and the [Healthy Food Financing Initiative](#) can enhance local communities, allow for growing opportunity, and create sustainable pathways toward health, well-being, economic prosperity, and an array of services that many have not seen in decades.

Our review of the President's FY 2016 proposed budget highlights the programs and policies that will help create a more inclusive economy and society, in which everyone can participate and prosper.

Creating Communities of Opportunity: Removing Barriers and Expanding Opportunity

High housing costs and an uneven economic recovery pose serious challenges to equitable growth. In order for all Americans to experience just and fair inclusion, low-income communities need to become communities of opportunity, places where all have the opportunity for economic mobility.

At a time when the median renter in 27 states spends 30 percent or more of their income on rising housing costs while wages have stagnated, federal investment in affordable housing and community infrastructure is more critical now than ever. The President's budget request of \$49.3 billion for the Department of Housing and Urban Development (HUD) is the largest request in history, and includes \$120 million for the Affordable Housing Trust Fund to assist states in protecting the supply of affordable housing for low- and moderate-income families. A game-changing initiative to expand opportunity for community development includes a new Affirmatively Furthering Fair Housing rule, expected to be released later this year that will further promote non-discrimination and ensure fair and equal housing opportunities for all. This effort will be implemented through the Office of Fair Housing and Equal Opportunity, where \$13 million is being proposed to provide guidance to municipalities taking affirmative steps to ensure that neighborhoods follow the Fair Housing Act, are integrated, and allow for all to participate and prosper in the region.

Significant increases in this year's budget are associated with place-based initiatives such as Choice and Promise Neighborhoods. These and other initiatives below will improve outcomes for many families living in low-income communities throughout the country.

In addition to housing and community resources, communities of opportunity connect people to jobs, services, and amenities. The surface transportation reauthorization proposal in the budget does just that by creating jobs, improving roads, bridges, and transit systems in ways that connect workers and residents to economic opportunity. The proposal increases investment by \$7 billion and authorizes programs to spur multiyear investments that increase access to public transit, safe streets, and jobs in the transportation industry for low-income communities and communities of color.

Key place-based programs and larger funding opportunities allow local communities to leverage existing resources to expand local and regional capacities toward improved infrastructure that works for low-income people living in and around urban, rural, and suburban communities.

Place-Based Initiatives – Opportunities for community-led, public/private partnerships to that help improve life outcomes across a number of community level metrics. These have been a trademark of this Administration’s commitment to place, and help create communities of opportunity that allow people to thrive.

- **Promise Neighborhoods: \$150 million** through the U.S. Department of Education to support comprehensive, cradle-to-college-to-career services and academic opportunities for children in high-poverty areas. The funding requested, an increase of about \$90 million from the amount appropriated in FY 2015, would allow for continued support of the current 12 implementation grants and would expand the program to 25 new communities, some of which could be located within Promise Zones (see below).
- **Choice Neighborhoods: \$250 million** through HUD to transform neighborhoods with distressed public housing and concentrated poverty into opportunity-rich, mixed-income neighborhoods by linking housing improvements with needed social services, schools, transportation options, access to training, and jobs. The amount requested would fund eight new Choice Neighborhoods, some of which could also be located within Promise Zones. (See below.)
- **Byrne Criminal Justice Innovation Initiative: \$29.5 million** to the U.S. Department of Justice (DOJ) to target neighborhoods that have significant crime challenges, some of which will be located within Promise Zones, to help these neighborhoods use data and multisector collaborations to identify the local drivers of crime and develop evidence-informed strategies that address the needs of the community.
- **Promise Zones Initiative: \$400 million** through the Promise Neighborhoods and Choice Neighborhoods programs (above) to designate 15 additional zones (there are five current zones) that allow for specific targeting of federal and private resources to address needs in some of the hardest-hit areas of concentrated poverty. The designations specifically seek to expand opportunities for employment, safety, education, and affordable housing. The budget proposes tax incentives to stimulate growth and investments in the targeted zones, including tax credits for hiring workers and incentives for capital investment within designated zones.
- **Healthy Food Financing: \$46 million** through the U.S. Department of Agriculture and the U.S. Department of Treasury to increase access to healthy food and to bring needed jobs and private investment to underserved urban, rural, and suburban communities. Since 2011, the program has helped improve access to healthy foods in over 100 communities with \$140 million in one-time grants and loans supporting a range of projects from full-scale grocery stores to farmers’ markets to co-ops to urban agriculture

to food hubs. In addition, an estimated \$1 billion in New Markets Tax Credit (NMTCs) and local matching resources have been used to finance projects that will expand access, create jobs, and generate new entrepreneurship opportunities.

- **Community-Oriented Policing: \$303.5 million** for hiring, training, and technical assistance for community-oriented collaborations and activities, including \$20 million specifically dedicated to improving community-police relationships through place-based, collaborative reform efforts.

Block Grants and other Community Development Programs for Locally Controlled National Objectives

- **Upward Mobility Project: \$1.5 billion** over five years to establish a new effort to support up to 10 communities and/or states: The Social Services Block Grant, the Community Development Block Grant, the Community Services Block Grant, and the HOME program—designed to promote opportunity and economic development and reduce poverty, improve children's outcomes, and revitalize communities so they can provide more opportunities for residents in areas of concentrated poverty.
- **Community Development Block Grant Program: \$2.87 billion** for Community Development Block Grants (CDBG), a critical tool for investing in the country's most distressed communities. In FY 2013, 96 percent of CDBG funds were invested in activities that primarily benefited low- and moderate-income Americans. It is projected that the proposed level of funding will provide assistance to more than 85,800 households with a variety of activities, including more than 49,200 single family home rehabilitations.
- **Moving to Work Demonstration Program:** The budget expands the Moving to Work (MTW) demonstration program, currently in use in 39 Public Housing Authorities (PHAs), to an additional 15 PHAs. This increases the program's reach to 150,000 public housing and voucher units over the next three years. This program provides PHAs with the opportunity to design and test innovative, locally-designed strategies that use federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families.
- **Jobs-Plus Demonstration Initiative: \$100 million** to expand the earnings and employment of working-age residents in designated public housing developments or a cluster of developments. An estimated 20,000 low-income workers will benefit from the proposal's targeted assistance that has demonstrated an ability to increase annual incomes by an average of \$1,300 per year.

- **Community Facilities Grant Program: \$50 million** to address ongoing needs and emerging priorities such as Promise Zones, Energy Sector Transition, or Strike Force Communities. These funds will allow U.S. Department of Treasury (USDA) to be responsive to new needs in communities across rural America. **Rural Child Poverty Initiative: \$20 million** to USDA for demonstration projects to fight childhood poverty in economically distressed rural areas through targeted technical assistance investments in housing, community facilities, small business, and infrastructure.

***Affordable Access to Housing** – In order for communities of opportunity to exist and thrive, people must be able to afford stable, clean, and safe housing options in the community where they can continue to grow.*

- **Housing Choice Voucher Program: \$21.1 billion** to HUD to fund rental assistance for an additional 67,000 low-income families.
- **Public Housing: \$4.6 billion** for Public Housing Authorities for operations and expanding access to over 1.1 million public housing units for low-income and needy families.
- **Local Housing Policy Grants: \$300 million** for a new grant program designed to support local efforts in communities to increase economic growth while expanding housing supply. Local communities are encouraged and empowered to take part in the design, development, and implementation of shared best practices toward building equitable local economies, with a lens toward affordable housing. This program allows local voices and resources to be used to help with local zoning and other critical changes that may be needed in order to implement new ideas for local economic growth.
- **Ending Homelessness: \$2.48 billion** for the Emergency Solutions Grant and Continuum of Care programs, a \$345 million increase of the previous year's enacted level. This program has profound impacts on assisting chronic homelessness populations, including homeless veterans. Grants will be made to local and state partnerships that present innovative ways to address chronic homelessness.

Helping Working Families Stay Connected and Get Ahead

In an effort to promote economic mobility and connectivity, better access to jobs, and affordable transportation options, the President's budget proposes substantial resources for programs that help build ladders out of poverty and into the middle class. Creating opportunities for financial security, access to quality child care for low-income working parents, and focusing on the needed supports to maintaining a viable and thriving workforce are crucial for sustaining a successful and prosperous economic recovery for all. This includes policies and

programs that allow for workers and their families to thrive while caring for and educating their children, staying connected to employment opportunity, and planning for retirement—all of which are critical for an equitable economy. The following programs help get us there:

Transportation for All: Connecting People to Jobs and Local Economies

- **Transportation Investment Generating Economic Recovery (“TIGER”) Program:** The budget authorizes the successful TIGER program at the U.S. Department of Transportation (DOT), and provides \$1.25 billion per year for grants. These grants are critical for successfully increasing access to safe, reliable, and affordable transportation options for low-income communities, communities of color, and for people with disabilities.
- **New Starts and Small Starts: \$3.3 billion** in capital investment grants that support existing and new transportation capacities, including the expansion of community access to multi-modal public transportation services like buses, light-rail, and commuter rail.
- **Bus Rapid Transit Services: \$500 million** for a new program to support the development of bus rapid transit services in fast growing areas. Bus services are critical for transit-dependent populations of all income scales, as regional economies are shown to thrive when bus transit services are readily available to job centers.
- **Transportation Workforce Development \$20 million** to create and maintain a safe, reliable, integrated and accessible transportation network that enhances choice for commuters and provides community amenities. The proposed funding, which represents a \$19.5 million increase above the 2015 enacted level, also covers human resources and workforce development programs to the transit industry, including targeting outreach efforts to increase women and people of color in the hiring, training, and technical assistance for disadvantaged business owners.
- **Transit-Oriented Development: \$10.2 million** investment in a grant program for transit-oriented development pilot projects—part of an overall \$18.2 billion dedicated to transit projects. This program represents the importance of new development projects that are critical to being geared toward transit-dependent populations and workers who need affordable transportation options.

Workers & Family Financial Security

- **Paid Leave Partnership Initiative: \$2 billion** to help up to five states launch paid leave programs. The Initiative would cover the costs of establishing the program for the first three years, and resources for technical assistance to states that are interested in creating a statewide paid leave program allowing workers to care for sick family members and themselves.
- **Access to Credit for Homeownership:** The Federal Housing Administration (FHA) will reduce the annual premium for loans that new FHA mortgage borrowers are required to pay, saving each qualified person an average of \$900 per year. This is projected to help encourage 250,000 new qualified home buyers over the next three years.
- **Retirement Savings Options for Workers:** The budget helps workers who work for 500 hours or more per year to become eligible to participate in their employer's existing retirement savings program. Employers are not required to match the funds, but this allows workers to enroll in automatic saving opportunities that have been shown to improve savings and financial outcomes for all workers.
- **Automatic Enrollment in Retirement Savings Plans: \$6.5 million** to the Department of Labor (DOL) and establishes waiver authority to allow a small number of states to implement state-based automatic enrollment retirement savings accounts for workers who currently do not have access to them. This allows states to create the infrastructure for part-time workers and low-wage earners to participate in retirement savings.
- **Earned Income Tax Credit (EITC) Expansion:** The budget makes important improvements to the EITC, expanding access to increased refundable tax credits to older and younger low-income workers. These enhancements will provide additional relief for 16 million families and 29 million children by helping workers stay in the workforce and by making childcare and other necessities more accessible.
- **Child and Dependent Care Tax Credit (CDCTC) Expansion:** The budget triples the maximum number of families who can use the CDCTC and will help 5.1 million families cover childcare costs for 6.7 million children. These improvements will continue to make it possible for many low-income workers to enter and stay in the workforce by making childcare more affordable.

Growing Good Jobs with Livable Wages

In an effort to bring economic recovery to all communities—including low-income communities, communities of color, and rural communities with limited resources—the budget

seeks to protect and expand access to *good jobs* that can help more people enter the workforce with the right tools to succeed in a growing economy.

Disconnected youth, veterans returning from service, the formerly incarcerated, and workers who need additional training all need support in order for the nation to continue to thrive economically. And as a growing number of jobs will continue to require more skills, equitable access to training pathways toward careers must be readily available to workers and future workers who seek to enter the economic mainstream through emerging and innovating industries.

These programs represent just a sampling of the many avenues that help build ladders into the middle class for low-income workers and aspiring workers through apprenticeships, training opportunities, and public/private collaborations for job readiness. The budget also proposes promising numbers for entrepreneurship opportunities, particularly those who are disadvantaged and are entrepreneurs of color. Key budget lines in this year's proposal help to grow good jobs with livable wages:

Workforce Development

- **Long-Term Investment in Workforce Training: \$16 billion** over 10 years to double the number of workers trained through the workforce development system, with a focus on high-growth industries such as health care, energy, advanced manufacturing, and information technology.
- **Apprenticeship Training Fund: \$2 billion** to support employers developing high-quality, paid training opportunities through apprenticeships in growing sectors with a wide range of required skill levels for low-and middle-skilled workers.
- **Workforce Innovation and Opportunity Act: \$1.2 billion**, an increase in core funding by \$500 million from the 2015 enacted level, to support training and job placement services for unemployed workers.
- **Pathway to Jobs Initiative: \$573 million** in new Temporary Assistance for Needy Families (TANF) funding to support employers to provide subsidized job opportunities for low-income workers.
- **Industry Credentialing and Career Pathway Grants: \$500 million** to create employer-validated credentials, with \$300 million dedicated to information technology careers, in partnership with community colleges and local workforce systems.

- **American Technical Training Fund: \$200 million** for community colleges and other training providers to develop or expand job training programs.
- **Ladders of Opportunity Program: \$100 million** to support state and local planning efforts that improve safe travel connections between transportation investments, allowing low-income communities and communities of color to access jobs, schools, services, and other destinations. \$30 million of the fund will be allocated to skills-training and job placement for women and communities of color.
- **On-the-Job Training Program: \$11 million** to increase access to apprenticeships and skills-training programs that prepare people of color, low-income communities, and women for jobs in the national highway construction industry, a 10 percent increase over FY 2015 enacted level.
- **American Made Scale-Up Fund: \$5 billion** to launch a new public-private investment fund to help technology-intensive manufacturing start-ups reach commercial viability, increasing manufacturing production capabilities, and growing good jobs in the United States.
- **National Network for Manufacturing Innovation: \$2.25 billion** to support the continued development of a national network of 45 manufacturing institutes that bring together companies, universities, community colleges, and government to strengthen America's leadership in advanced manufacturing technology and create jobs. Combined with thoughtful education, training, and employment strategies, advanced manufacturing jobs can provide good jobs and career opportunities for workers with some advanced training but not necessarily a college degree.

Small Business Development and Entrepreneurship

- **Disadvantaged Business Enterprises Program: \$11 million** to the Disadvantaged Business Enterprises program to increase competitiveness of minority businesses bidding for contracts on highway and bridge construction projects. This investment will enhance access to technical assistance and services that boost the capacity of minority business owners to successfully qualify for federally assisted highway contracts.
- **Minority Business Development Agency: \$30 million** to the Department of Commerce to help establish, grow, and enhance competitiveness of businesses owned by people of color.

Building a Skilled & Educated Workforce

Building an equitable economy means building an equitable education pipeline from cradle through career for all children and families. Schools are a critical part of the equation, and family and community supports are also needed today in order to ensure that all children are prepared for the society and workforce of tomorrow.

The President's budget provides \$70.7 billion to the Department of Education programs, an increase of \$3.6 billion from the 2015 enacted level—and expands opportunities and programs that benefit low-and moderate-income households and youth. From early childhood programs to students working toward college degrees, the budget reforms not only spend more in critical programs, but would also reduce taxes for 8.5 million families and students, simplifying taxes for more than 25 million families and students that claim education tax benefits. Key budget lines to build a skilled workforce include:

Early Childhood Education

- **Preschool Development Grant Program: \$750 million** for Preschool Development Grants, a \$500 million increase of the 2015 enacted level, to help states develop and expand high-quality preschool programs in targeted communities.
- **Head Start and Early Head Start: \$1.5 billion** in additional funding for the Department of Health and Human Services' Head Start program over the 2015 enacted level, including \$650 million for Early Head Start and Early Head Start Child Care Partnerships.

K-12 Education

- **Investment in Teachers: \$3 billion** to provide broad support for educators at every phase of their careers, from ensuring they have strong preparation before entering the classroom, to pioneering new approaches to help teachers succeed in the classroom, and equipping them with tools and training they need to implement college- and career-ready standards.
- **Reforms to Bureau of Indian Education:** The Budget supports a comprehensive redesign and reform of the Bureau of Indian Education (BIE) to provide students attending BIE-funded schools with a world-class education, transforming that agency to serve as a capacity-builder and service-provider for Tribes educating their youth.

- **Title I Grant Program: \$1 billion** increase in Title I funding to provide low-income schools with the funding necessary to give high-need students access to an excellent education.

Post-Secondary Education

- **Free Community College:** The budget includes a proposal to make two years of college free for students who qualify. The grant program would provide funding to states that agree to waive tuition and fees at community colleges for eligible students, and increase their own investment by matching the funds.
- **American Opportunity Tax Credit (AOTC):** The budget expands this refundable credit to students and families who struggle to pay for education costs and fees. This expansion allows for many low-income students who have no or limited tax liability to still receive tax refunds as long as they file and claim the credit.
- **Pay As You Earn Student Loan Repayment Program (PAYE):** The budget continues income-based repayment plans for borrowers and allows new borrowers to pay their loans based on 10 percent of their income over 20 years, with the remainder being forgiven if payments are made on time.
- **Tax Treatment of Forgiven Student Loan Debt:** This proposal eliminates taxes on debt forgiven under PAYE and similar plans. This will help former and current students struggling under the burden of excessive student loan debt.

Cradle-to-Career Pipelines & Services for Youth

- **Home Visiting Programs: \$15 billion** over the next 10 years to extend and expand evidence-based, voluntary home visiting programs. These programs enable nurses, social workers, and other professionals to work with current and expecting parents to help families support their children's development, identify any health and development issues, and connect them to services when needed. The program also helps parents develop good parenting practices that foster healthy development and early learning.
- **Investing in Innovation Program: \$300 million**, a \$180 million increase over the 2015 enacted level, to develop and test effective practices and provide better information to states and districts on what works in key areas such as implementing college- and career-ready standards, using data to inform instruction and personalize learning, and

improving low-performing schools.

- **Child Care and Development Block Grants: \$2.8 billion** to states to implement childcare assistance programs for low-income families and to provide resources for helping parents make good choices about their child care providers.
- **Development of Child Care Models: \$100 million** to states and local communities to develop, implement, and evaluate new, innovative models of providing childcare. The pilots will benefit low-income working families by focusing on providing high-quality care that is available in their community, while allowing for innovative best practices to emerge.
- **Native Youth Community Projects:** The budget supports new projects at the Department of Education that would facilitate the creation of culturally relevant, coordinated strategies designed to enhance the college-and-career readiness of Native youth.
- **Services for Vulnerable Children and Families:** The budget includes funding to provide preventative services to vulnerable families and children to address hardships early, keeping more children out of foster care and with their families.
- **Child Support System Reforms:** The budget proposes a comprehensive package of legislative reforms to complement executive actions, including a proposal to ensure more child support reaches children rather than being retained by the Federal and State governments to “pay back” past assistance the child received.
- **Child Care Development Fund: \$82 billion** over 10 years to ensure that all low- and moderate-income working families with children ages three or younger have access to quality, affordable child care.
- **Opportunities for Native Youth: \$151 million** to support Native youth, including \$50 million to improve college and career readiness.

Jobs for Youth

- **Connecting for Opportunity Initiative: \$3 billion** for summer and year-round subsidized job opportunities, in addition to 13,000 paid AmeriCorps summer positions.

Building Healthy Families and Communities

Health equity is achieved when *everyone*, regardless of race, neighborhood, or financial status, has the opportunity for health—physical, mental, economic, and social well-being. To build healthy communities it is vital that all Americans—particularly those who have historically been left behind—have the opportunity to live in healthy communities with access to preventive and acute health care. In order for community health to become a reality for the nation as a whole, innovation and a deep commitment to services must be part of the solution. Key budget lines to build healthy families and communities include:

Mental and Physical Health

- **Community Health Centers: \$4.2 billion** for community health centers that are vital for maintaining community-based, culturally appropriate care. The proposed funding would create 75 new community health centers and support existing ones to assist Americans in enrolling in health care and navigating complex medical systems.
- **Public Health Departments: \$8 million** to strengthen public health departments, which, along with community health centers, are the primary sites of care for many low-income residents.
- **Healthy Start: \$102 million** to target and address high infant mortality rates in the country's most underserved communities. This program has a proven track record for improving the lives of low-income families and children of color.
- **Tribal Health: \$6.4 billion** for the Indian Health Service, a \$486 million increase over the 2015 enacted budget. Targeted funds would support suicide reduction, one of the most devastating problems facing Native children and youth, who have the highest suicide rate of all 10-17 year olds.
- **Behavioral and Mental Health Support for Children:** The budget provides further support and funding to promote family-based care for children with behavioral and mental health needs to reduce the use of assisted care and ensure it is used only when necessary.
- **Healthy Food Financing: \$46 million** through the U.S. Department of Agriculture and the U.S. Department of Treasury to increase access to healthy food and to bring needed jobs and private investment to underserved urban, rural, and suburban communities.

Environmentally Safe Communities

- **Clean Power State Incentive Fund: \$4 billion** to support states developing strategies to reduce carbon emissions from power plants, including through efforts to address disproportionate impacts in low-income communities and helping businesses expand efforts in energy efficiency, renewable energy, and combined heat and power.

Conclusion

To realize our nation's full potential, the choices we make today—about education, transportation, infrastructure, the justice system, health, jobs—must be driven by equity: *just and fair inclusion*.

With the continuous rise of racial and income inequality, it is critical that we are deliberate about supporting proposals that support economic growth for the nation and that will provide all Americans—including future generations—the opportunity to advance and reach their full potential.

President Obama's budget lays out a blueprint to create a stronger and more inclusive economy. The budget would make significant differences in the lives of working Americans, and those struggling to work, especially those who are of color. The adoption of this budget will move the nation closer to a more equitable future for all Americans.