

Building Communities of Opportunity: Highlights from President Obama's 2012 Budget

Introduction

On February 14th, President Obama released his proposed budget for Fiscal Year 2012¹ putting forward an ambitious plan to grow communities of opportunity—places where all Americans can participate and prosper. By supporting innovation, transportation, clean energy infrastructure, education, and much more, the budget sets out a policy framework for a stronger America.

The budget also emphasizes results and reform—setting the bar high for all departments and agencies to make their programs more effective and aligned around the goal of making the country more economically competitive and socially inclusive.

At the same time, the president's budget takes an important step toward addressing the nation's long-term fiscal challenge—cutting the deficit enough to stabilize the debt as a share of the economy for most of this decade.²

The administration's budget proposal includes some truly difficult choices, including an array of deep cuts to important community-serving programs (e.g., a 50 percent cut in the Community Services Block Grant and the Low-Income Home Energy Assistance Programs, and a 7.5 percent cut to the Community Development Block Grant Program).

To inform the 2012 budget debate,³ this document examines primarily two broad arenas—infrastructure investments to grow the economy and connect people to opportunity, and programs that build healthy, stable neighborhoods. These are both critical components in promoting communities rich with opportunity that enable everyone to thrive. We hope that this document will inform the decision-making process of policymakers and fuel the advocacy efforts of those committed to improving the life prospects for our nation's struggling communities.

Grow the Economy and Link People to Jobs through Infrastructure Investment

As the nation emerges from the worst recession in generations, the president's FY 2012 budget request includes a number of critical infrastructure investments to keep our nation on the path to economic recovery. If enacted, these proposed infrastructure investments—from the surface transportation system, to clean energy, to a pipeline of training for

¹ FY 2012 begins on October 1, 2011.

² See the Center on Budget and Policy Priorities: <http://www.cbpp.org>.

³ Even as the Obama administration kicked off the FY 2012 appropriations process with the transmission of the president's budget request, Congress still hasn't completed action on the FY 2011 budget, which is under a continuing resolution that will expire on March 4. House Republicans have released their proposal for a continuing resolution with draconian cuts that would stymie local, state, and federal agencies' ability to meet the pressing needs of millions of Americans.

workers—would create jobs in the shorter-term while continuing to lay a foundation for longer-term growth and competitiveness. It is critical to advocate for these investments and ensure that implementation of these resources happen in a way that is equitable and expands opportunity for all.

Surface Transportation

The president's budget request includes proposed funding for transportation programs in FY 2012, as well as a historic framework for a new six-year transportation authorization proposal.⁴ The proposal front-loads an additional \$50 billion in new transportation investments in FY 2012 as part of a six-year total package of \$556 billion. Adjusted for inflation, this investment represents an increase of about \$35 billion per year, or a 60 percent average per year increase, compared to the previous six-year authorization period. A few highlights include:

- **\$119 billion** for transit programs over six years, more than doubling the commitment to transit in the prior reauthorization for both existing capacity and capacity expansion.⁵
- **\$53 billion** to fund the development of high-speed rail and other passenger rail programs over six years as part of an integrated national transportation strategy.
- **\$32 billion** in Transportation Leadership Awards over six years to create incentives for states and localities to adopt critical reforms in a variety of areas, including safety and livable communities.
- **\$30 billion** to establish a National Infrastructure Bank over six years that would provide loans and grants to support individual projects and broader activities of significance to our Nation's transportation system and economic competitiveness.

As equally exciting is the president's focus on reforming how federal transportation dollars are spent so that they are directed to the most effective programs and projects. For example, the president proposes to establish a new "fix-it-first" approach that emphasizes the importance of preserving and improving existing assets and also proposes to consolidate over 55 highway programs into five streamlined ones.

Sustainable Communities

The president's FY 2012 budget proposes to sustain robust support for the Partnership for Sustainable Communities—an interagency collaboration between HUD, DOT, and EPA that is one of the pillars of the administration's place-based agenda,⁶ an effort to bring coordinated and focused resources to improve communities across the country.

For instance, the budget request includes \$150 million for the HUD Sustainable Communities Initiative which is focused on creating incentives for communities to develop comprehensive housing and transportation plans that result in sustainable development,

⁴ The current surface transportation bill expired on September 30, 2009 and has been under a series of continuing resolutions to maintain the program. The latest extension will expire on March 4, 2011, the same day as the continuing resolution for the FY 2011 budget.

⁵ Transit projects will be prioritized that rebuild and rehabilitate existing transit systems, include an important new transit safety program, and allow transit authorities (in urbanized areas of 200,000 or more in population) to temporarily use formula funds to cover operating costs in limited circumstances.

⁶ See OMB memo: http://www.whitehouse.gov/sites/default/files/omb/assets/memoranda_2010/m10-21.pdf.

greenhouse gas emissions, and increased housing near transit. The FY 2010 budget included \$150 million in planning grants that were distributed to 45 communities in 29 regions with planning efforts already underway.⁷

The FY 2012 budget request also proposes to establish a new livability program at the Department of Transportation—with \$4.1 billion in funding for 2012 and \$28 billion over six years—for multimodal transportation hubs (where different forms of transportation converge) and streets that accommodate pedestrian, bicycle, and transit access.

The budget also includes \$9.9 million for the EPA to more fully implement the Partnership for Sustainable Communities and increases technical assistance provided to tribal, state, regional, and local governments in integrating smart growth.

Growth Zones

To bolster economic rejuvenation in hard-hit areas of our country, the administration proposes a new Growth Zone program that will strategically target a range of federal programs in 20 rural and urban areas that are facing distress but show the potential for economic growth. Growth Zones would replace the Empowerment Zone program which is set to expire at the end of 2011.

The Growth Zones will involve collaboration across several federal agencies, including Housing and Urban Development, Economic Development Administration, Agriculture, Treasury, Small Business Administration, and Department of Labor and will target geographic areas with strong economic development strategies identified through a national competition. For example, the budget proposes \$2.5 billion (over ten years) in employment tax credits and investment incentives to businesses, along with \$40 million through EDA in grant money to designated zones.

Clean Energy Economy

With an eye towards growing the jobs and industries of the future, the president's budget request includes a number of investments, incentives, and goals for growing the clean energy economy in America. A number of goals are articulated in the Department of Energy's budget: putting one million electric vehicles on the road by 2015; doubling the share of electricity from clean energy sources by 2035; and reducing buildings' energy use by 20 percent by 2020. If pursued with a focus on equity and inclusion, reaching these goals can help an inclusive and green economy flourish across the nation.

The proposed Better Building Initiative, for example, would grow the clean energy economy, build the energy efficiency market, and put people back to work. This multipronged initiative has the goal of reducing energy usage in our nation's commercial buildings by 20 percent by 2020. This will be achieved through a new pilot program to increase financing opportunities for universities, schools, and hospitals to retrofit their facilities; a new \$100 million "Race to Green" competition for state and municipal governments to implement innovative approaches that will facilitate the growth of the energy efficiency building retrofit sector in cities and regions; a private-sector Buildings Challenge that will be co-led by former President Bill Clinton; and a redesign of tax incentives that can bring substantial private finance capital into this endeavor.

⁷ See HUD for a list of communities funded in 2010:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/sustainable_housing_communities.

Training and Workforce Pipelines

To ensure that as a nation we are prepared to compete in the global economy, we need skilled workers who can access opportunities to upgrade and hone their skills as their career progresses and technology changes. The president's budget includes a number of provisions that will help build a stronger training and workforce pipeline to help disadvantaged communities connect to job opportunities and move up the economic ladder.

The budget sets aside almost \$380 million to establish a Workforce Innovation Fund to encourage states, regions, and localities to test new ideas and replicate proven strategies for delivering better employment and education results. The Departments of Labor and Education will jointly administer the fund, in consultation with other agencies such as the Department of Health and Human Services. The initiative will fund a competition among states and regions to implement bold systemic reforms that break down barriers between programs and provide rewards based on outcomes, particularly in serving disadvantaged communities. The budget also proposes nearly \$10 billion for Workforce Investment Act (WIA) programs.

Make All Communities Stable, Healthy, and Livable

Led by the White House, the Administration has undertaken an interagency, place-based strategy to support local communities with the tools and resources they need to revitalize neighborhoods of concentrated poverty into communities of opportunity. The budget reflects a strategy in which HUD, the Department of Justice, the Department of Education, Treasury, and the Department of Health and Human Services, and other agencies, will work together—co-investing and pooling their expertise as part of a focused Neighborhood Revitalization Initiative.

Healthy Food Financing Initiative

The president's budget request includes \$330 million to support the inter-agency Healthy Food Financing Initiative (HFFI)—this includes \$35 million at USDA, \$20 million at HHS, \$25 million in Community Development Financial Institutions funding at Treasury, and a \$250 million set-aside within the broader \$5 billion New Markets Tax Credit program.

HFFI was first proposed in the president's FY 2011 budget with the goal of increasing access to healthy foods in urban, rural, and suburban communities that are underserved by supermarkets and grocery stores. It is an unprecedented collaboration between the Departments of Agriculture, Health and Human Services, and Treasury that would be jointly administered by the three agencies invested in the health of people, communities, and our food and agricultural systems.

Even though the FY 2011 budget has not been resolved by Congress, the three agencies have committed to address the issue of food deserts through existing program funding.⁸

⁸ For more information, see the interagency partnership website: <http://apps.ams.usda.gov/fooddeserts/>.

Choice Neighborhoods

The budget provides \$250 million for the Choice Neighborhoods Initiative to continue housing investments in high-poverty neighborhoods where distressed HUD-assisted public and privately owned housing is located. This would reach five to seven neighborhoods with grants that primarily fund the preservation, rehabilitation, and transformation of HUD-assisted public and privately owned multifamily housing, and will also engage local governments, nonprofits, and for-profit developers in partnership to improve surrounding communities.

As part of FY 2010 funding HUD had \$65 million available for Choice Neighborhoods funding. Applications were due in December 2010—118 applications for an estimated 12 to 15 planning grants worth up to \$250,000 each, and 42 applications for an estimated 2 to 4 implementation grants worth up to \$31 million each, were received. HUD expects to make these grant awards in March 2011.

The Choice Neighborhoods program is part of a broader trajectory articulated in HUD's strategic plan in 2009: streamlining and strengthening rental housing programs for the most vulnerable populations (seniors, the disabled, veterans, those with very low incomes); continuing to build inter-agency partnerships to make the combined costs of housing and transportation and energy more affordable; restructuring public housing to allow private financing of repairs in an aging housing stock; capitalizing a long-awaited national housing trust fund to allow states to address their most pressing housing challenges; and funding the interagency 'Opening Doors' program to address homelessness for over 78,000 vulnerable people, including our returning veterans.

Promise Neighborhoods

The president's budget proposes \$150 million in planning and implementation dollars for the Promise Neighborhoods program, an initiative that supports effective community services, strong family supports, and rigorous comprehensive reforms to improve the educational and life outcomes for children and youth in high-need communities.

The FY 2010 budget included \$10 million in Promise Neighborhoods funding for comprehensive community-driven planning efforts (21 planning grants were made in communities across the country). The FY 2011 budget request included \$210 million for Promise Neighborhoods to support a second round of planning grants as well as resources for implementation of a comprehensive cradle-to-college pipeline of services in distressed communities. It's unclear the level of resources that Promise Neighborhoods will receive in FY 2011.⁹

The overall proposed budget for the Department of Education for FY 2012 is \$77.4 billion, and it's important to note that K-12 education is one of the few areas slated for a funding increase in the FY 2012 budget. The president's 2012 budget proposes investing \$26.8 billion (an increase of 6.9 percent) for reauthorization of the Elementary and Secondary Education Act (ESEA). If Congress does consider ESEA this year, it will be an important

⁹ For more information visit the Promise Neighborhoods Institute at PolicyLink: <http://www.promiseneighborhoodsinstitute.org/>.

arena for equity advocates to engage to ensure that this authorization benefits vulnerable children.

Byrne Criminal Justice

The budget provides \$30 million for the Byrne Criminal Justice Innovation Program which directs resources to higher-risk neighborhoods in order to support efforts to integrate public safety, housing services, education, and other investments. There is a goal of integrating and coordinating these, and other Department of Justice dollars, with the Promise and Choice communities.

Promoting Health through Prevention

The president's budget also promotes health and well-being through a number of sound investments in proven prevention strategies. The administration proposes to promote wellness by allocating \$1 billion within the Prevention and Public Health Fund, a figure that was part of the Affordable Care Act (ACA). Of this, \$221 million has been reserved for Community Transformation grants to improve the health of the nation.

Recognizing that community health centers are a key mechanism to provide access to care for our nation's most vulnerable communities, the administration proposes continued support to maintain these essential health services. Health centers offer comprehensive, high quality, primary and preventative health-care services to all Americans regardless of ability to pay. In 2009, the Recovery Act provided \$500 million to expand health center services to an additional 2 million patients. The ACA continues this progress by investing a total of \$2.2 billion in new resources for health center services in 2011 and 2012. The budget builds on this investment by providing an additional \$2.1 billion. In 2012, health centers are estimated to serve 24 million patients.

Conclusion

The administration's FY 2012 budget proposal is a blueprint for President Obama's vision of the country's future. Fostering communities rich with opportunity—places with quality schools, access to good jobs with family-supporting wages, quality housing choices, public transportation, safe and walkable streets, services, parks, access to healthy food, and strong social networks—is clearly a part of this vision. We look forward to working with Congress to provide the resources needed to ensure that all can participate and prosper.