

An Equitable Budget for the 99%: *Highlights from President Obama's FY 2013 Budget*

Introduction

In his proposed 2013 budget, President Obama laid out a solid vision for pushing America into a more equitable and inclusive future, a future in which the stumbling blocks to fairness are removed for low-income people and communities of color. The proposed budget for Fiscal Year 2013, released on February 13, makes good on the President's promise to level the playing field and invest in America's neighborhoods to give everyone the opportunity to succeed.

By supporting innovation, economic opportunity, access to transportation, clean energy infrastructure, and education, the budget sets out a policy framework for a stronger America—an America where equitable access to opportunity is the superior growth model for our economy. By 2042, a majority of Americans will be people of color. These key investments in low-income communities and communities of color are investments in our collective future.

The President's budget establishes the investments and reforms needed to make America more inclusive and economically competitive. It takes important steps toward addressing the economic imperative of America's tomorrow, as the nation recovers from the worst economic downturn since the Great Depression, and seeks ways to bring opportunity to those who need it most—low-income people and communities of color.

The President's budget does present some difficult choices with cuts proposed to some needed programs, but there are also important increases proposed that should bring new opportunity and needed economic vitality.

To inform the 2013 budget discussion, this analysis primarily examines opportunities to invest in programs and policies to advance economic and social equity. These are investments that will prepare the economy for the future by building a skilled workforce, growing new jobs and businesses, and increasing economic opportunities for low-income people and communities of color that have been hardest hit by the recession. Such investments will build an equitable economy—one in which everyone is able to participate and prosper.

We hope this analysis will inform policymakers' decisions and fuel the advocacy efforts of those seeking to advance just and fair inclusion for all.

Advancing Infrastructure Projects that Rebuild Communities and Provide Access to Opportunity

Smart, targeted, and equitable infrastructure investments can generate enormous community benefits—jobs, business opportunities, access to transportation options, and quality affordable housing. Well-planned, focused, and coordinated investments can

leverage private capital and bring long-term benefits for all. The President's budget includes several important investments to achieve these results.

Surface Transportation

Transportation is a crucial link to opportunity, connecting community residents to jobs, schools, housing, health care, and grocery stores. Yet millions of low-income people and communities of color face transportation options that are unaffordable, unreliable, or nonexistent. Federal transportation policy choices—what we build, where we put it, who builds it, how we operate it, what energy powers it—have enormous economic, environmental, and health impacts.

Taking on these challenges, President Obama has proposed \$74 billion for investments in surface transportation in FY 2013, a 2 percent increase over the FY 2012 allocation. Given the importance of enacting and adopting a long-term investment plan for our nation's surface transportation programs, the President's additional proposal of \$476 billion to be spent over a six-year period shows foresight and strategic planning. Key features of the proposal include:

- \$108 billion for transit programs over six years, doubling the commitment from the current authorization, re-affirming the essential role of transit in connecting people to work, education, health care, and other vital services.
- Nearly \$20 billion over six years for a new competitive grant program called the Transportation Leadership Award that would reward innovation and build capacity for results-oriented, inclusive regional and metropolitan transportation planning efforts.
- \$27 billion over six years for formula and competitive grants to communities to enhance livability, foster mobility, and expand transportation choices. This collaborative approach between various programs and funding streams is a key component of the Department of Transportation's engagement in the Partnership for Sustainable Communities, an innovative interagency effort with Housing and Urban Development (HUD) and the Environmental Protection Agency (EPA).
- \$3.4 billion over six years to develop multiuse transportation corridors and hubs that include options for biking, walking, and public transportation.

President Obama proposes to invest \$50 billion in 2013 for highway, transit, rail, and airport projects, addressing an immediate need for job creation. The President has also proposed a national infrastructure bank as a long-term strategy to offer loans and loan guarantees for transportation projects and water and energy projects. This would make needed resources available and would invite needed additional leverage from private capital.

Sustainable Communities

The President's FY 2013 budget restores 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, and an effort to bring coordinated and focused resources to increase community access to resources necessary to ensure regional competitiveness in the global economy.

The budget request includes \$100 million for the HUD Sustainable Communities Initiative, which helps communities develop comprehensive housing and transportation plans that result in sustainable development, lowered greenhouse gas emissions, increased housing near transit, and reduced barriers for low-income households to access jobs, quality

schools, and affordable housing. Congress eliminated the budget for HUD's Sustainable Communities Initiative for FY 2012 after being funded for \$100 million in FY 2011 and \$150 million in FY 2010.

The FY 2013 budget also proposes to permanently authorize the popular Transportation Investment Generating Economic Recovery (TIGER) competitive grant program through the Department of Transportation, which has provided support to local governments and transportation agencies to develop multimodal transportation hubs (where different forms of transportation converge) and streets that accommodate pedestrian, bicycle, and transit access. It also includes \$1.2 billion over the next six years for competitive grant funding to facilitate cooperative, data-driven transportation planning efforts between state and local governments, as well as \$108 billion over the next six years to expand transit capital and operations programs, which will significantly contribute to expanding travel options for transit-dependent households.

Finally, included in the FY 2013 budget is a request for \$93 million to support the EPA's Brownfields Assessment and Cleanup competitive grant program, which provides urban neighborhoods across the country with the resources to clean up environmentally hazardous substances and support sustainable economic development, often near transit and job centers. The EPA will also continue to support the Partnership for Sustainable Communities and provide technical assistance to local governments to implement sustainable and equitable development.

Investing in America's Tomorrow: Job Creation and Training, Education, and an Energy-Efficient Economy

Creating a workforce for a vibrant and equitable economy requires investing in the people and vocations of the future. The President's budget includes a number of tested successful programs and some new approaches designed to provide access to job and training opportunities, as well as higher education, for those who need it most.

Job Creation and Training

The President proposes reforms to several agencies to better meet workforce development needs. Beginning with the Department of Labor, the President lays out a comprehensive approach to addressing workforce shortages, providing training opportunities for veterans and youth, and requesting changes in other departments that can do more in communities suffering from high unemployment and insufficient access to jobs and training programs. These proposals include:

- **Pathways Back to Work Fund** - \$12.5 billion for a new approach that will provide \$2.5 billion for subsidized employment and work-based training to low-income youth through summer and year-round jobs, and \$10 billion to help the long-term unemployed and low-income adults with subsidized employment.
- **Community College to Career Fund** - \$8 billion to provide support for community college partnerships with businesses that will train 2 million workers for jobs in high-growth industry sectors.
- **Department of Housing and Urban Development** - The budget increases employment opportunities for over 30,000 public housing residents by providing up to \$50 million to pilot an expansion of the successful Jobs-Plus demonstration, and

expands local flexibility to use HUD funding to connect residents to supportive services.

- **Workforce Innovation Fund (WIF)** - \$125 million for the jointly administered program by the Departments of Labor and Education. The President's budget doubles the funding for this competitive grant program that is designed to improve collaboration and effectiveness between the workforce system and key partners such as adult education, community colleges, and human service providers. \$10 million is set aside for interventions that are effective for disadvantaged young people.

Other programs at the Department of Education are similar to FY 2012 proposals, for which the budget includes \$1.1 billion for Career Technical Education, a reauthorized program that would prepare students for the future by aligning what they learn in school with the demands of 21st century jobs. The budget also provides support for establishing new highly effective career academies.

Education

To allow all children and young people to achieve their full potential, and to increase the number of people educated for 21st century jobs, the President proposes a range of programs, including several steps to continue efforts to make college affordable for students. These steps include expanding tax credit opportunity for student loan interest, suspending an increase in student loan interest rates, and helping to secure the future of the Pell Grant program that many low-income students rely upon for college expenses—all critical to allowing lower income students to cover college costs. The President also includes specific proposals to expand investment and ensure that students are trained for 21st century jobs. These include:

- **Science, Technology, Engineering, and Mathematics (STEM)** - The STEM program prepares America's students for the 21st century workplace by providing \$260 million in funding for science, technology, engineering, and mathematics (STEM) programs, including a new \$30 million evidence-based math education initiative to be jointly administered with a comparable program at the National Science Foundation, and \$80 million to help reach the President's goal of recruiting and preparing 100,000 high-quality STEM teachers over the next 10 years.
- **Investing in Innovation (i3)** - The budget continues robust investment in the i3 fund, providing \$150 million to support evidence-based approaches that improve K-12 achievement and close achievement gaps, decrease dropout rates, increase high school graduation rates, and improve teacher and school leader effectiveness.

Energy-Efficient Economy

The President's budget includes a number of direct investments and tax credits to facilitate the nation's shift from fossil fuels to alternative and renewable energy through the Weatherization Assistance Program (WAP). Making commercial, municipal, and residential buildings more energy efficient is part of this strategy. The partnership with community action agencies and local governments that run most of the WAP-funded programs is a direct investment in low-income communities. Since 1976, energy efficiency upgrades of homes in our most vulnerable neighborhoods have saved low-income families millions of dollars. In 2011, more than 500,000 homes were upgraded with Recovery Act dollars, which put \$250 million in energy savings back into the family budgets. Unfortunately, the President's proposal to spend \$135 million for FY 2013 represents a reduction of the regular formula allocation for the WAP program that existed prior to the Recovery Act.

Helping People and Communities Reach Their Full Potential

The following highlighted programs, primarily initiated by the Obama administration, present opportunities to create healthy communities of opportunity for all. They bring new approaches to effectively address long-term challenges and create opportunities for children, young people, and adults to succeed.

Healthy Food Financing Initiative

President Obama's budget request includes \$285 million for the Healthy Food Financing Initiative (HFFI). With more than 23 million Americans who lack access to healthy foods, HFFI brings needed jobs and investment, as well as a strategy to reduce obesity, to low-income urban and rural communities. Based on a successful model in Pennsylvania, HFFI combines one-time loan and grant financing to leverage private investment with public funds. The FY 2013 budget includes \$10 million at the Department of Health and Human Services (HHS), \$25 million in Community Development Financial Institutions funding at the Department of Treasury, and a \$250 million set-aside request within the broader \$7 billion New Markets Tax Credit program for HFFI. The budget also calls for the Department of Agriculture (USDA) to target additional resources toward the overall goals of combating food deserts and increasing access to healthy food.

HFFI was first proposed in the President's FY 2011 budget and again in his FY 2012 budget with the goal of increasing access to healthy foods in underserved urban, rural, and suburban communities. Since HFFI's launch, \$77 million has been allocated for HFFI with funds going towards a range of fresh food retail projects in underserved communities, including efforts to bring in full-service grocery stores and creating farmers' markets where communities can purchase fresh fruits and vegetables directly from farmers. These projects are increasing access to healthy food, creating new jobs, improving health, and generating new economic opportunities in low-income communities across the nation.

Choice Neighborhoods and Rental Housing

The President's budget for HUD provides \$150 million for the Choice Neighborhoods Initiative to continue transformative investments in high-poverty neighborhoods where distressed HUD-assisted public and privately owned housing is located. The proposed budget would reach four to six neighborhoods with implementation grants that primarily fund the preservation, rehabilitation, and transformation of HUD-assisted public- and privately owned multifamily housing, and would also engage local governments, nonprofits, and for-profit developers in partnership to improve surrounding communities.

As part of FY 2012 appropriations, Congress approved \$120 million for another round of Choice Neighborhoods competitive implementation and planning grants. In August 2011, HUD awarded a total of \$122 million in implementation grants to five communities. In January 2012, HUD awarded \$3.6 million in planning grants to 13 communities across the country.

The budget also includes proposed changes to a range of affordable housing programs. Some programs receive much-needed increases, while proposed cuts, such as to the Project-Based Rental Assistance program and programs supporting rural housing development, present challenges that need further attention.

Promise Neighborhoods

The President's budget proposes \$100 million in planning and implementation dollars for the Promise Neighborhoods program, an initiative administered by the U.S. Department of Education (ED), based on the successful Harlem Children's Zone model. The program supports effective community services, strong family supports, and rigorous comprehensive reforms centered around high-quality schools to improve the educational and life outcomes for children and youth in high-need communities and break the cycle of poverty. By effectively coordinating the efforts of schools, families, social services, health centers, and community-building programs, all children can reach their full potential.

The FY 2013 budget would support the fourth cohort of planning grants and the third cohort of implementation grants for the development and implementation of plans for comprehensive neighborhood approaches. Congress has appropriated \$60 million in the FY 2012 budget for Promise Neighborhoods. In FY 2011, with \$30 million, five implementation grants and 15 planning grants were awarded for comprehensive efforts in communities across the country.

Promoting Health, Prevention, and Community Service

The President proposes an array of prevention approaches to create healthier communities and reduce the incidence of chronic diseases. Chronic diseases are among the most common, costly, and preventable of all health problems, and are particularly prevalent in low-income communities of color. Over the long-term, prevention can deliver better health and lower health-care costs. While maintaining a commitment to prevention, there are some proposed reductions in funding that present challenges to addressing health inequities burdening low-income people and communities of color.

- **Prevention and Public Health Fund (PPHF)** - The Prevention and Public Health Fund offers a dedicated, sustainable investment in community prevention and other public health activities. In the FY 2013 budget request, PPHF is fully funded at \$903 million, yet the President recommends reducing the fund by \$4 billion over the next 10 years.
- **Community Transformation Grants (CTG) Program** - The FY 2013 budget allocates \$146 million from the Public Health and Prevention Fund for Community Transformation Grants, a decrease of \$80 million from the President's FY 2012 request. Transforming community environments—such as providing better access to healthy foods and safe places to be active, and removing exposure to toxins in the air and soil—can have significant positive impacts on health and reduce health care costs. Funding for the CTG program plays an essential role in supporting states and communities to tackle the root causes of poor health so Americans can lead healthier, more productive lives. Cuts to this program will mean fewer resources to support community efforts to advance health and equity.
- **Chronic Disease Prevention** - The budget includes \$1.1 billion—a decrease of \$39 million from FY 2012—for Chronic Disease Prevention and Health Promotion, of which \$512 million is funded through PPHF.
- **Racial and Ethnic Approaches to Community Health (REACH) Program & Preventive Health and Health Services Block Grants** - Regrettably, the budget eliminates the REACH program, as well as the Preventive Health and Health Services Block Grants. While the Centers for Disease Control and Prevention (CDC) pledges to address the goals of these important equity programs by integrating them into the Coordinated Chronic Disease Prevention Program and Community Transformation

Grants, this decision may have significant implications for providing dedicated resources to address health inequities and the changing needs of low-income communities and communities of color. The REACH program is the cornerstone of CDC efforts to explicitly address racial and ethnic health disparities in communities across the country. The Preventive Health and Health Services Block Grants provide flexibility so funds can be used to fill funding gaps in programs that work towards advancing health equity and address public health needs and challenges.

- **Health Centers** - The FY 2013 proposed budget includes \$3.1 billion for Health Centers, a primary source of care for many low-income people and communities of color. This amount includes \$1.5 billion in mandatory funding provided through the Affordable Care Act Community Health Center Fund—an increase of \$300,000 from FY 2012. The budget will support more than 1,100 comprehensive primary health-care service providers to serve nearly 21 million patients at more than 8,700 delivery sites.
- **Corporation for National Service** - The budget provides \$1.1 billion—1 percent above the FY 2012 funding level—to support the efforts to address national and local challenges through community service.
- **AmeriCorps** - At \$679 million, a slight decrease from the FY 2012 request of \$684 million, the AmeriCorps program provides Americans with opportunities to serve their communities. Its work to support the efforts of nonprofit organizations addresses critical community challenges from homelessness to hunger to failing schools. The budget also proposes investing in promising new approaches to major community challenges by leveraging private and foundation capital to meet these needs, and growing evidence-based programs through a \$50 million investment in the Social Innovation Fund.

Conclusion

The President's budget presents a robust framework for recognizing that equitable access to opportunity is the superior growth model for the future of our nation. In particular, there are important increases and continued funding levels proposed in transportation, education, and workforce development, and innovative multi-sector efforts continue to receive much-needed support to advance innovation and equity. We look forward to working with Congress and our local and national partners to ensure that investments and policies learn from local successes, support systems and approaches that work, and give everyone the opportunity to participate and prosper.