

Building a 21st Century Infrastructure

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

Since the President took office four years ago, America has begun the hard work of rebuilding our infrastructure: we have built or improved over 350,000 miles of road and more than 6,000 miles of rail, and we have repaired or replaced over 20,000 bridges. But to compete in the 21st Century economy and become a magnet for jobs, we must do more. We need to repair and enhance the resilience of our existing infrastructure by and investing in the infrastructure of tomorrow, including next-generation broadband high-speed rail, high-tech schools, integrated water management systems, and self-healing power grids. These investments will both lay the foundation for long-term economic growth and put workers back on the job now. And the Budget ensures these investments do not add to the deficit by making trade-offs within discretionary caps and reinvesting savings from capping "Overseas Contingency Operations" funding.

We also know that America works best when we are catalyzing the resources and ingenuity of a vibrant private sector. That is why the President's infrastructure plan calls for making it easier for the private sector to invest in rebuilding our country and cutting red tape through permitting reform that dramatically reduces project timelines.

Provide \$50 Billion in Upfront Infrastructure Investments. The national transportation system continues to face an immense backlog of state-of-good-repair projects, a reality underscored by the fact

that there are nearly 70,000 “structurally deficient” bridges in the country today. To address this problem, the Budget includes \$40 billion for “Fix it First” projects, to invest immediately in our Nation’s infrastructure with an emphasis on reducing the backlog of deferred maintenance on highways, bridges, transit systems, and airports nationwide. The Budget also includes \$10 billion for competitive programs to encourage innovative reform and help get high-value infrastructure projects from the planning stage to execution, including \$200 million for “Climate Ready Infrastructure” whose planning efforts and projects include measures to enhance the resilience of transportation infrastructure to extreme weather and other impacts of climate change.

Boost Private Investment Through “Rebuild America Partnership.” The President’s plan will bring together an array of new and existing policies all aimed at enhancing the role of private capital in U.S. infrastructure investment as a vital additive to the traditional roles of Federal, State, tribal and local Governments. The President wants to enable and empower the private sector to upgrade infrastructure on which we all rely and that is crucial for continued economic growth.

- *Create National Infrastructure Bank.* The President continues to call for the creation of an independent National Infrastructure Bank. The Bank will have the ability to leverage private and public capital to support infrastructure projects of national and regional significance. In addition, the Bank will be able to invest through loans and loan guarantees in a broad range of infrastructure projects, including transportation, energy, and water, and will operate as an independent, wholly-owned Government entity outside of political influence.
- *Enact America Fast Forward Bonds.* Recovery Act funding for “Build America Bonds” (BABs) helped to support more than \$181 billion for new public infrastructure. The program’s innovative design ensured that States, localities, and their private sector partners receive the best bang-for-the-buck when they finance their investments in new infrastructure. The President’s new America Fast Forward (AFF) Bonds program will build upon the successful example of the BABs program, broadening it to include similar programs like the qualified private activity bonds program while also making the combined program more flexible. AFF Bonds will attract new sources of capital for infrastructure investment — including from public pension funds and foreign investors that do not receive a tax benefit from traditional tax-exempt debt. In addition, the Budget proposes changes to the Foreign Investment in Real Property Tax Act (FIRPTA) aimed at enhancing the attractiveness of investments in U.S. infrastructure and real estate to a broader universe of private investors.

As part of the AFF Bonds program, the Budget proposes to reduce the cost of financing for building and repairing public schools, State universities, and school buildings sponsored by non-profit educational entities by issuing AFF school construction bonds, with an additional interest subsidy in 2014 and 2015 to encourage immediate investment in school construction.

- *Maximize the Impact of the Newly Enhanced TIFIA Program.* The Transportation Infrastructure Finance and Innovation Act (TIFIA) program — which provides direct loans, loan guarantees, and lines of credit to regionally or nationally significant transportation projects — received an eight-fold increase in funding to \$1 billion in the recent surface transportation reauthorization. Over the past 13 years, TIFIA has entered into 27 loan agreements worth \$10.4 billion, resulting in more than \$41 billion in total project investment. The program, which is especially important to mayors and local leaders, highlights the important role that infrastructure financing can play in catalyzing

private investment, and its expansion was a significant step towards more innovative infrastructure financing.

In addition to the sound implementation of TIFIA's recent expansion, the Budget also proposes \$4 billion in new competitive funding for the Transportation Investment Generating Economic Recovery (TIGER) and TIFIA programs in 2014. This additional investment would make new grant and loan funding available for States and localities across the country, giving them both a new source of financing and the flexibility to design projects and financing packages to meet their needs.

Dedicate Funding for High-Speed Rail Investment. The Budget provides \$40 billion over five years to fund the development of high-speed rail and other passenger rail programs as part of an integrated national transportation strategy. This national system will provide 80 percent of Americans with convenient access to a passenger rail system featuring high-speed service within 25 years. The Administration's proposal also benefits freight rail and significantly restructures Federal support for Amtrak, to increase transparency, accountability, and performance.

Build a Modern Intermodal Transportation System. While the recently-passed two-year surface transportation authorization legislation, MAP-21, provided much needed certainty to transportation funding and enacted a number of important reforms, the Administration believes that more needs to be done to maintain, improve, increase the resilience of, and expand the Nation's transportation systems. Much of the country's transportation infrastructure was built decades ago and is in urgent need of repair to meet current and future economic, development, and climate demands. Therefore, in addition to the \$40 billion up-front infrastructure investment in the Budget, additional resources are reserved beginning in 2015 to support robust funding levels for highways, transit, and highway safety activities in the next transportation reauthorization legislation.

Modernize Air Traffic Control System. The Budget provides nearly \$1 billion in 2014 for the Next Generation Air Transportation System (NextGen). NextGen is the multi-year effort to improve the efficiency, safety, capacity, and environmental performance of the aviation system. These funds would continue to support the transformation from a ground-based radar surveillance system to a more accurate satellite-based surveillance system; the development of 21st Century data communications capability between air traffic control and aircraft to improve efficiency; and the improvements in the quality and timeliness of aviation weather information.

Expedite Infrastructure Projects Through Permitting Reform. Major infrastructure projects typically involve multi-year design, development, and construction timelines with complex approval processes that involve multiple governmental jurisdictions and agencies, each with its own statutory mandate to consider a range of impacts. Multiple permits and reviews from multiple agencies across multiple governmental jurisdictions can lead to confusion, duplication, and delay. In addition, project developers, citizens, and stakeholders can find navigating these governmental roles frustrating, time-consuming, and costly.

In order to accelerate economic growth and improve the competitiveness of the American economy, the Administration is taking action to modernize and streamline the Federal permitting process. The President has established a new goal of cutting timelines in half for major infrastructure projects in areas such as highways, bridges, railways, ports, waterways, pipelines, and renewable energy. By

cutting through the red tape, we will more efficiently get projects through the Federal permit decision-making and review process while protecting communities and the environment.

Expand Access to Wireless Broadband. The Administration and the Federal Communications Commission are continuing their work in 2014 to expand availability of spectrum for wireless broadband use through incentive auctions and by identifying spectrum used by Federal agencies that could be repurposed for commercial use. Freeing up this spectrum is critical for encouraging new technologies and consumer applications. In addition, through the First Responder Network Authority, created by the Middle Class Tax Relief Act of 2012, the Administration is also working to invest \$7 billion of spectrum auction proceeds into a highly reliable, nationwide interoperable wireless broadband network for first responders.

Invest in State Revolving Funds. The Budget proposes a combined \$1.9 billion for federal capitalization of the Environmental Protection Agency's Clean Water and Drinking Water State Revolving Funds (SRFs). This level will still allow the SRFs to finance approximately \$6 billion in wastewater and drinking water infrastructure projects annually, while targeting support to small and underserved communities with limited ability to repay loans. Additionally, the Budget sets aside funding in the SRFs for green infrastructure approaches to storm and wastewater, and other water and energy efficiency projects.

###

Building Ladders of Opportunity

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

The Budget builds on the progress made over the last four years to expand opportunity for every American and every community willing to do the work to lift themselves up. It creates new ladders of opportunity to ensure that hard work leads to a decent living. It expands early childhood learning to give children a foundation for lifelong learning. It supports a partnership with communities to help them thrive and rebuild from the Great Recession. It creates pathways to jobs for the long-term unemployed and youth who have been hardest hit by the downturn. It rewards hard work and reduces inequality and poverty by supporting an increase in the minimum wage. And it strengthens families by removing financial deterrents to marriage and supporting the role of fathers.

To build ladders of opportunity, the 2014 Budget will:

Increase Access to High-Quality Early Childhood Education. To build a foundation for success in the formative early years of life, the Budget outlines a proposal to increase access to high-quality early childhood education with the Preschool for All initiative. This initiative is financed by raising the Federal tax on cigarettes and other tobacco products, which would also have substantial public health impacts, particularly by reducing youth smoking. In addition, the Budget makes three complementary investments, including Preschool Development Grants, to help States build the infrastructure so they can participate in Preschool for All; an Early Head Start-Child Care Partnership fund to increase access

to high-quality early learning environments; and an extension and expansion of the evidence-based voluntary home visiting program to provide our most vulnerable parents and children with the education and services to ensure our youngest children develop into healthy learners in safe homes.

Provide High-Quality Preschool for All. In partnership with the States, the Budget provides all low- and moderate-income four-year-olds with high-quality preschool, while encouraging States to serve additional four-year-olds from middle-income families. The initiative also promotes access to full-day kindergarten and high-quality early education programs for children under age four. To support this initiative, the Budget also proposes a \$750 million investment in Preschool Development Grants to ensure that States willing to commit to expanding preschool access are able to make the critical investments necessary to serve their four-year-olds in high-quality programs.

Invest in High-Quality Infant and Toddler Care. The Budget provides \$1.6 billion for companion investments in high-quality early learning for infants and toddlers through new Early Head Start-Child Care Partnerships.

Invest in Effective Parent and Family Strategies. The Budget also provides \$15 billion to extend and expand evidence-based voluntary home visiting programs that allow nurses, social workers, and other professionals to connect families to tools that positively impact the child's health, development, and ability to learn.

Support Raising the Minimum Wage to \$9.00. No one who works full-time should have to raise their family in poverty. The Budget supports the President's call to reward hard work by raising the Federal minimum wage to \$9.00 an hour and indexing it to inflation thereafter, so working families can keep up with rising costs. Raising the minimum wage would directly boost wages for 15 million workers and would reduce inequality and poverty in our country while helping more families realize the American Dream.

Partner with Communities to Help Them Rebuild. The Promise Zones initiative will revitalize high-poverty communities across the country by attracting private investment, improving affordable housing, expanding educational opportunities, providing tax incentives for hiring workers and investing in the Zones, reducing violence, and assisting local leaders in navigating Federal programs and cutting through red tape. The Budget expands the contribution of the following programs to Promise Zones:

Promise Neighborhoods. The Budget makes a significant \$300 million investment in the Department of Education's Promise Neighborhoods program, an initiative that supports high-need communities that combine effective, cradle-to-career services for children and families with comprehensive reforms centered on high-quality schools.

Choice Neighborhoods. The Budget also includes a \$400 million investment in the Department of Housing and Urban Development's Choice Neighborhoods program, which supports the redevelopment of distressed HUD-assisted housing and revitalization of surrounding high-poverty neighborhoods.

Byrne Criminal Justice Innovation Grants. The Budget provides \$35 million to invest in proven public safety strategies to reduce serious crime and violence in high-need communities.

Strong Cities, Strong Communities (SC2). Through SC2, Federal agency personnel will be deployed to partner with distressed communities, including Promise Zones, to provide technical expertise, help the communities identify ways to leverage existing Federal investments to improve community outcomes, and help build the capacity of local government.

Create Pathways to Work for Every American. Investing in our nation's low-income youth, and connecting those who have experienced long-term unemployment to jobs, is critical to building long-term prosperity and ensuring that our economic recovery reaches all Americans. The Budget creates a \$12.5 billion Pathways Back to Work fund to make it easier for workers to remain connected to the workforce and gain new skills for long-term employment. This initiative will support summer and year round jobs for low-income youth, subsidized employment and job training opportunities for unemployed and low income adults, and other promising strategies designed to lead to employment. The Budget also proposes a \$4 billion Reemployment NOW program, which helps States fund innovative strategies to connect workers receiving unemployment insurance and other long-term unemployed individuals with job opportunities.

Strengthen Families. The Budget supports the President's commitment to promoting healthy marriages for all families and supporting the critical role that fathers play in enhancing the intellectual, emotional, and financial well-being of their sons and daughters. The Budget proposes allowing existing Federal programs, like the child support program, to implement models that get more men working and engaging with their children. It also supports States in testing strategies to overcome financial deterrents to forming safe and stable marriages.

Prevent Hunger. Nutrition is critical to the nation's overall health and children's development and academic achievement. At a time of continued need, the Budget provides \$7.1 billion in funding to support the 8.9 million individuals expected to participate in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which supports pregnant women, new mothers, infants, and young children. The Administration also continues its support of the Supplemental Nutrition Assistance Program (SNAP), the cornerstone of our Nation's food assistance safety net that touches the lives of more than 47 million people by helping families put food on the table.

Make Tax Cuts Permanent for Working Families. The Budget permanently extends expansions of the Child Tax Credit and the Earned Income Tax Credit that were passed in the Recovery Act and continued as part of the bipartisan Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act and The American Taxpayer Relief Act that the President negotiated and signed into law in January 2013. The expanded refundability of the Child Tax Credit benefits 12 million families with 21 million children. The expansion of the Earned Income Tax Credit for married couples and families with three or more children provides tax cuts averaging \$500 to 6 million families. These improvements lifted 1.6 million Americans out of poverty in 2010. The Budget also proposes to make permanent the American Opportunity Tax Credit, which currently helps about 11 million students and families afford college.

Support Responsible Homeowners and Help Them Stay in Their Homes. The Budget continues the President's commitment to supporting responsible homeowners who are building ladders of opportunity for their families. The President has put forward a legislative plan to support responsible homeowners by making millions more eligible for streamlined refinancing, which can save hundreds of dollars a month. In addition, the President has expanded efforts to help families avoid foreclosure by making 12-month forbearance for unemployed borrowers an industry standard and expanding

eligibility for the Home Affordable Modification Program (HAMP). The Administration continues to support housing counseling programs for households at risk of foreclosure and low and moderate income households. The Budget provides \$55 million for HUD's Housing Counseling program and \$204 million for the Neighborhood Reinvestment Corporation, including \$77 million for the National Foreclosure Mitigation Counseling (NFMC) program. NFMC has delivered counseling to over 1.4 million households.

Increase Funding for Homeless Assistance Grants. The Budget provides \$2.4 billion -- \$480 million above the FY 2012 enacted level -- for Homeless Assistance Grants. The request allows HUD to renew all existing assistance, as well as provide \$60 million for new targeted rapid re-housing and \$40 million for new permanent supportive housing, serving an additional 30,000 people. This \$100 million funding increase will primarily be administered by nonprofits, and helps make progress toward ending homelessness by supporting the goals of *Opening Doors: The Federal Strategic Plan to Prevent and End Homelessness*.

Support Businesses in Underserved Communities. Even in the more constrained budget environment, the Administration continues to support robust funding of programs that support growth and access to credit in underserved and lower-income communities. To help businesses thrive, the Budget will:

Support Growth and Lending. The Budget provides \$225 million for the Treasury Department's Community Development Financial Institutions (CDFI) Fund, which provides capital to low-income communities across the Nation and is targeting a portion of its funds to help bring grocery stores and other healthy food retailers to underserved urban and rural communities. The Budget promotes entrepreneurship in underserved areas by providing funding for Small Business Administration entrepreneurial education programs. This includes \$40 million for an entrepreneurship training initiative that will target small business owners who are currently poised for growth.

Enhance Small Business Access to Credit. The Administration is working to improve access to capital for small businesses, which are the engine of economic growth and job creation. The Budget supports \$29 billion in loan guarantees in SBA's 7(a), 504, and Small Business Investment Company (SBIC) programs, in addition to \$25 million in direct microloans.

Cut Taxes for Small Businesses Seeking to Grow and Expand. The President is proposing to build on the 18 small business tax cuts he has already signed into law with new tax cuts to encourage growth and investment.

Make Communities Safer by Reducing Gun Violence. We can protect our Second Amendment rights while coming together around reforms like background checks to make it harder for criminals to get their hands on a gun—common-sense reforms that will help protect our citizens from the scourge of gun violence that has plagued too many communities across the country. On January 16th, 2013, the President announced his gun safety initiative which consisted of several legislative measures now currently under consideration by the Congress and numerous executive actions, most of which are already well underway. The 2014 Budget includes \$667 million in additional resources to help implement the President's gun safety plan which includes closing background check loopholes to keep guns out of dangerous hands and taking other common-sense steps to reduce gun violence; making schools safer; and increasing access to mental health services.

Building a Clean Energy Economy, Improving Energy Security, and Addressing Climate Change

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

The Budget supports a range of investments and initiatives to help make the United States the leader in the clean energy sector and bring about a clean energy economy with new companies and jobs. The Budget also supports work to prepare and strengthen our communities against extreme weather and other impacts of climate change, while cutting the carbon pollution that causes it. Cleaner energy will play a crucial role in meeting the President's goals of reducing greenhouse gas emissions in the range of 17 percent below 2005 levels by 2020, and enhancing energy security by reducing our dependence on oil. The President is committed to an "all-of-the-above" approach that develops all American energy sources in a safe and responsible way and builds a clean and secure energy future.

These efforts are producing successes around the country. Since 2008:

- the amount of U.S. electricity produced by solar, wind, and geothermal energy has doubled;
- the proportion of U.S. oil imported fell to the lowest level in twenty years;
- the world's largest wind energy facility was constructed and began producing electricity;
- the price of automotive lithium-ion battery energy storage capacity has dropped by over 40-50%;

- the price of solar modules for electricity production has declined by more than 75%; and
- the productivity (in GDP) of each unit of energy consumed has increased by 8%.

The Budget continues the President's commitment to keeping the United States on the forefront of clean energy production and deployment. To do this, the Budget builds on past Administration successes by increasing funding for the Department of Energy's (DOE) clean energy technology activities by more than 40 percent above the 2012 enacted level, to \$6.2 billion, and increasing funding for clean energy technology across all agencies by 30 percent, to approximately \$7.9 billion.

INVESTS IN CLEAN ENERGY RESEARCH AND DEVELOPMENT

The Budget continues to place a priority on funding to accelerate R&D and further increase the cost-competitiveness and deployment of renewable power, electric vehicles, next-generation biofuels, advanced energy-efficient manufacturing, and energy efficiency in homes and commercial buildings. Within DOE, the Budget:

- Provides \$615 million to increase the use and reduce the costs of clean renewable power from solar, wind, geothermal, and water energy;
- Increases the affordability and convenience of advanced vehicles and domestic renewable fuels by investing \$575 million in cutting-edge vehicle technologies and \$282 million in the next generation of advanced biofuels;
- Invests \$365 million in advanced manufacturing research and development and combined heat and power technologies to strengthen U.S. competitiveness, increase industries' energy efficiency, and enable companies to improve product quality and manufacturing processes while cutting production costs by using less energy;
- Supports modernizing the electricity delivery grid through an investment of \$153 million in Smart Grid R&D and other activities (including cybersecurity for energy control systems) and provides \$80 million to advance clean energy integration into the grid;
- Provides \$45 million to support an interagency research program to identify and reduce, mitigate or eliminate environmental hazards of hydraulic fracturing for hydrocarbon production;
- Invests \$375 million in cleaner energy from fossil fuels like clean coal, including a \$25 million incentive for the first, natural gas combined cycle power plant to integrate carbon capture and storage;
- Increases support to \$379 million in 2014 for the Department of Energy's Advanced Research Projects Agency– Energy to support potentially transformative energy research; and
- Provides \$300 million for research and development on innovative building efficiency technologies and the ongoing introduction and enforcement of appliance efficiency standards that save consumers and companies money while improving performance.

The Budget also proposes \$255 million to support research, development and deployment of clean energy technologies through various programs across eight agencies at the Department of Agriculture (USDA). Within USDA, the Budget:

- Supports clean energy deployment with \$4 billion in loans to rural electric cooperatives and utilities that will support the transition to clean-energy generation and \$238 million in loan guarantees and grants to assist agricultural producers and rural small businesses in developing renewable energy systems and energy efficiency improvements.
- Invests \$383 million in competitive peer-reviewed research grants through the Agriculture and Food Research Initiative (AFRI), a portion of which is allocated to bioenergy and climate change projects.
- Proposes \$26 million for research and development of next-generation renewable energy and high-value biobased products.
- Invests \$53 million in intramural research initiatives related to environmental programs.
- Proposes \$41 million in Forest Service research on climate preparedness and resilience, climate change mitigation, bioenergy and biobased products and \$12 million in Forest Service biomass grants, technical assistance and communications.

LAUNCHES NEW POLICY INITIATIVES TO ADVANCE CLEAN ENERGY AND ENERGY SECURITY GOALS

In addition to ongoing and expanded efforts, the Budget adds new policy initiatives which will advance clean energy and energy security goals:

Sets a New Goal to Double American Energy Productivity by 2030. The President has set a new goal to cut in half the energy wasted by America's homes and businesses, with action aimed at doubling the economic output per unit of energy consumed in the United States by 2030, relative to 2010 levels.

Challenges States to Cut Energy Waste and Support Energy Efficiency and Modernize the Grid. Modeled after a successful Administration approach in education reform designed to promote forward-leaning policies at the State level, the Budget includes \$200 million in one-time funding for Race to the Top performance-based awards to support State governments that implement effective policies to cut energy waste and modernize the grid.

Reduces Defense Department Energy Consumption. The Department of Defense (DOD) consumes almost three-fourths of all energy used by the Federal Government. Consuming that much energy—whether fuel for planes, ships, and tanks, or electricity for bases, commissaries, and schools—has budgetary and strategic impacts. DOD seeks to be more deliberate about how it uses energy by improving the fuel efficiency of existing equipment, developing and fielding innovative energy technologies, expanding renewable and low carbon energy sources and improving the energy efficiency of buildings. The Budget includes more than \$3 billion for operational and facility energy conservation investments by DOD.

Invests in Advanced Energy-Efficient Production Technologies to Strengthen Domestic Manufacturing. The Budget provides DOE with \$365 million to develop innovative manufacturing processes, advanced industrial materials, and combined heat and power technologies to increase industries' energy efficiency and to help ensure that the technologies developed here are also manufactured here. This funding includes support for approximately three Manufacturing Innovation Institutes focused on energy and efficiency technologies, which will leverage investments from universities, companies, and the Government to create and deploy new manufacturing capabilities, products, and processes that can impact large-scale commercial production.

Sets a Goal to Cut Our Net Oil Imports in Half by the End of the Decade. Increased production of domestic oil and biofuels, and improvements in the fuel efficiency of our cars and trucks, allowed the United States to cut imports of oil by almost one-third since 2008. To build on this progress, the President will propose new policies and investments to set us on a course to cut imports of foreign oil in half by the end of the decade, relative to 2008 levels.

Establishes Energy Security Trust with Revenues from Federal Oil and Gas Development. While the United States will continue to rely on responsibly produced oil and natural gas, the President is committed to a long-term policy that allows us to transition to cleaner energy sources. The Budget establishes an Energy Security Trust to help fund research efforts that would help to shift our cars and trucks off oil. This \$2 billion investment over 10 years will support research into a range of cost-effective advanced transportation technologies and will be funded by revenue generated from Federal oil and gas development in Federal waters.

Makes Public Lands Available for Clean Energy Infrastructure Projects. To enhance energy security and create clean energy jobs in new industries, the Budget proposes key funding increases for DOI renewable energy development activities and related transmission infrastructure including \$100 million to maintain capacity to review and permit new renewable energy projects on Federal lands and waters.

Commits to Safer Production of and Cleaner Electricity from Natural Gas. Our domestic natural gas resources are reducing energy costs across the economy—from manufacturers investing in new facilities to families seeing heating costs drop. The Budget invests in research to ensure safe and responsible natural gas production and promote the development of the first, natural gas combined cycle power plant to integrate carbon capture and storage.

Implements Responsible Nuclear Waste Strategy. Under the President's direction, the Department of Energy created a Blue Ribbon Commission on America's Nuclear Future to recommend how to manage the challenges associated with the back end of the nuclear fuel cycle. The Administration has issued a report in response to the recommendations and looks forward to working with the Congress on implementing policies that ensure that nuclear power can continue to be part of our energy mix.

Provides a Permanent Tax Incentive for Renewable Energy Production and Energy Efficiency and Tax Credits for Advanced Energy Manufacturing. The Budget includes \$23 billion of incentives for renewable energy production and energy efficiency over the next 10 years. To provide a strong, consistent incentive to encourage investments in renewable energy technologies and to help meet our goal to double generation from wind, solar, and geothermal sources by 2020, the Budget would make permanent the tax credit for the production of renewable electricity. The Budget makes the Production Tax Credit refundable so new, growing firms can benefit and provide renewable

electricity generation. The Budget would also reform and make permanent the deduction for energy efficient commercial property. The Budget also proposes an additional \$2.5 billion in credits, for investments in advanced energy manufacturing projects, such as energy equipment and facilities for clean energy manufacturing. Combined with similar credits provided through the successful Recovery Act program, this will bring total clean energy manufacturing credits thereby increasing the amount of credits certified by the Department of the Treasury to \$4.8 billion.

Cuts energy bills for low-income families. As part of an overall investment in weatherization related activities, the Budget includes \$184 million for the DOE Weatherization Assistance Program, which enables low-income families to permanently reduce their energy bills by making their homes more energy efficient. Families receiving weatherization services see their annual energy bills reduced by about \$250 to \$450 per year in heating, cooling, and electric costs, depending on their housing type, location, and fuel source.

Continues Support for Responsible Development of Federal Oil and Gas Resources. The Budget also provides robust support for onshore energy permitting and oversight on Federal lands, with more than a 20 percent increase in discretionary funding for the oil and gas program of the Bureau of Land Management (BLM).

Eliminates Unnecessary Fossil Fuel Subsidies. The Budget proposes to eliminate inefficient fossil fuel subsidies that impede investment in clean energy sources and undermine efforts to address the threat of climate change. The Budget would repeal over \$4 billion per year in tax subsidies to oil, gas, and other fossil fuel producers.

Reduces Carbon Pollution Through Cleaner, More Efficient Use of Energy. In addition to investing in clean energy technologies that will cut greenhouse gas emissions, the Administration is pursuing cost-effective, commonsense approaches to control carbon pollution. For example, in 2014, the Environmental Protection Agency (EPA) will continue to work with the Department of Transportation to implement a national program of fuel economy and greenhouse gas standards to reduce GHGs from new light-duty and heavy-duty vehicles. The fuel economy and greenhouse gas standards for light duty vehicles alone will save approximately 12 billion barrels of oil and prevent 6 billion metric tons of GHG emissions over the lifetimes of the vehicles sold through model year 2025.

Strengthens International Efforts to Tackle Climate Change. The Administration has led efforts in the international climate negotiations that have yielded, among other things, the first set of national greenhouse gas reduction commitments by all of the major developed and developing countries alike, the most robust transparency system to date, and historic global efforts in support of climate resiliency. At the same time, we have worked to advance climate and clean energy efforts through a range of international initiatives, including launching the Major Economies Forum on Energy and Climate, the Clean Energy Ministerial, and the Climate and Clean Air Coalition to Reduce Short-Lived Climate Pollutants.

ENHANCES PREPAREDNESS FOR CLIMATE CHANGE

Even as we work to reduce the severity of climate change by cutting carbon pollution, we must also improve our ability to manage the climate impacts that are already affecting American communities. Enhancing the Nation's resilience by preparing for increasingly extreme weather and other unavoidable consequences of climate change will save lives and help to secure long-term American

prosperity. To that end, the President is committed to building stronger, safer communities, ensuring the long-term resilience of the Nation's infrastructure and to protecting critical natural resources in the face of climate change. The Budget would support the following efforts:

Safeguards Federal Investments, Ensures Delivery of Federal Services and Protects Critical Resources in the Face of Climate Change. The Budget will support Federal agency implementation of their first-ever climate change adaptation plans, which are helping agencies, under existing authorities and missions, better protect taxpayer investments and safeguard the health and safety of communities, businesses, infrastructure, and ecosystems in the face of extreme weather and other impacts of climate change. Agencies will also work with State, Tribal, and local partners to implement recently developed joint strategies to respond to the impacts of climate change in cross-cutting sectors, such as freshwater management and fish, wildlife and plants. The Administration is also working to incorporate climate change considerations into the design and repair of critical infrastructure to ensure its long-term viability.

Supports Local Efforts to Build Climate Preparedness and Resilience. The Administration will also encourage and accelerate efforts by local communities to prepare for extreme weather and other impacts of climate change. Actions include supporting community resilience planning and working across agencies to provide local decision-makers with actionable information on observed and projected changes in extreme events and other impacts of climate change. Through the Transportation Leadership Awards program, the Budget includes \$200 million for "Climate Ready Infrastructure" that build enhanced preparedness to extreme weather and other impacts of climate change in their planning efforts, and that have proposed or are ready to break ground on infrastructure projects to improve resilience. These investments will support a broader Administration commitment to help communities become more resilient through direct technical assistance, provision of useful data and tools on projected impacts, and support for planning.

Improves Understanding of Climate Impacts and Makes this Information Accessible. The Budget funds new investments in actionable science on climate change impacts and the development of technical resources, data, and tools for communities. The Budget provides \$2.7 billion for thirteen Federal agencies in the U.S. Global Change Research Program to support research to improve our ability to understand, predict, mitigate, adapt to climate change, and increase communication among scientific and stakeholder communities. Building on supplemental funding provided to East Coast communities impacted by Hurricane Sandy, agencies will help communities prepare for and respond to coastal storms, sea level rise, drought, and other climate-related hazards by providing data, information, and services, as well as risk assessment tools. These investments can reduce community vulnerability to storms and significantly reduce recovery costs.

###

Educating a Competitive Workforce

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

To equip our workers with the skills they need to fill the jobs of the 21st Century economy, the Budget includes investments and reforms in education and training. It makes a major new commitment to early childhood education; sustains investments in elementary and secondary schools, while ramping up innovation; redoubles our focus on Science, Technology, Engineering, and Mathematics (STEM) education to prepare our students for the jobs of tomorrow; and includes new initiatives to make college more affordable.

To educate a competitive workforce, the 2014 Budget will:

Increase Access to High-Quality Early Childhood Education. To build a foundation for success in the formative early years of life, the Budget outlines a proposal to increase access to high-quality early childhood education with the Preschool for All initiative. This initiative invests \$75 billion over 10 years in high-quality preschool and is financed by raising the Federal tax on cigarettes and other tobacco products, which would also have substantial public health impacts, particularly by reducing youth smoking. In addition, the Budget makes three complementary investments, including Preschool Development Grants, to help States build the infrastructure so they can participate in Preschool for All; an Early Head Start-Child Care Partnership fund to increase access to high-quality early learning environments; and an extension and expansion of the evidence-based voluntary home visiting program

to provide our most vulnerable parents and children with the education and services to ensure our youngest children develop into healthy learners in safe homes.

Provide High-Quality Preschool for All. In partnership with the States, the Budget provides all low- and moderate-income four-year-olds with high-quality preschool, while also encouraging States to serve additional four-year-olds from middle-income families. The initiative also promotes access to full-day kindergarten and high-quality early education programs for children under age four. To support this effort, the Budget also proposes a \$750 million investment in Preschool Development Grants to ensure that States willing to commit to expanding preschool access are able to make the critical investments necessary to serve their four-year-olds in high-quality programs.

Invest in High-Quality Infant and Toddler Care. The Budget provides \$1.6 billion for companion investments in high-quality early learning for infants and toddlers through new Early Head Start-Child Care Partnerships.

Invest in Effective Parent and Family Strategies. The Budget also provides \$15 billion to extend and expand evidence-based voluntary home visiting programs that allow nurses, social workers, and other professionals to connect families to tools that positively impact the child's health, development, and ability to learn.

Redesign High School. The Budget creates a new, competitive \$300 million fund to redesign high schools to focus on providing challenging and relevant learning experiences, while promoting and developing partnerships with colleges and employers that improve instruction and prepare students to continue education or transition into skilled jobs.

Strengthen Career and Technical Education. In addition, the budget proposes to strengthen and reform career and technical education to better align programs with the needs of employers and higher education to ensure graduates are poised to succeed.

Improve College Affordability and Value. The Budget proposes to improve college affordability and value with a continued commitment to Pell Grants; budget-neutral student loan reform that will make interest rates more market-based; a \$1 billion Race to the Top fund to support competitive grants to States that drive higher education reform, while doing more to contain tuition rates; a \$260 million First in the World fund to spur cutting-edge innovations that decrease college costs and boost graduation rates; and reforms to Federal campus-based aid to reward colleges that set responsible tuition policy, provide a high-quality education, and better serve students with financial need.

Expand Promise Neighborhoods. The Budget makes a significant \$300 million investment in the Department of Education's Promise Neighborhoods program, an initiative that supports high-need communities that combine effective, cradle-to-career services for children and families with comprehensive reforms centered on high-quality schools. This investment would expand Promise Neighborhoods to a broad set of communities as well as support the President's new Promise Zones proposal, which will align a number of first-term initiatives to partner with 20 hard hit communities.

Prepare Students for STEM Careers in the 21st Century Economy. The Budget proposes a comprehensive reorganization of Federal STEM education programs to make better use of resources and improve outcomes in four areas: K-12 instruction; undergraduate education; graduate fellowships; and education activities that typically take place outside the classroom. As part of the effort to improve

K-12 instruction, it also invests in recruiting and preparing 100,000 STEM teachers within a decade and creating a new STEM Master Teachers Corps.

Promote New Approaches to Job Training and Employment Services. As the economy changes, training and employment programs must innovate and adapt to help American workers gain the skills they need to find good jobs and new careers. The Budget includes several initiatives to ensure these goals are achieved.

Modernize, Streamline, and Strengthen the Delivery of Training and Employment Services. Today more than 40 programs at 11 Federal agencies deliver job training and employment services. The Administration is exploring opportunities to revisit how the Federal Government funds job training programs that serve overlapping populations. For example, the Budget proposes a universal displaced worker program that will reach over a million workers a year with core services, including job-search assistance and skills training, combining the best elements of existing programs. Any reform must ensure that the needs of particularly vulnerable job-seekers and workers continue to be met and that jobseekers and workers can easily find out how well job training providers and programs are performing.

Drive Innovation in Training and Employment Services. The Budget provides \$150 million for the Workforce Innovation Fund, which tests new States and regional ideas for better ways of organizing, evaluating, and improving the delivery of services to help workers gain skills and find jobs. The Budget also provides \$80 million to increase the set-aside for governors in the Workforce Investment Act formula grants to boost States' capacity to engage in program improvements and reform. And the Budget provides \$25 million to test ways to improve employment outcomes for older Americans.

Reform Community Colleges to Meet Employer Needs. The Budget funds an \$8 billion Community College to Career Fund jointly run by the Departments of Labor and Education to support State and community college partnerships with businesses and other stakeholders to build the skills of American workers. This program will build on the Trade Adjustment Assistance Community College and Career Training Grants, for which 2014 is the final year of funding.

Create Pathways to Work for Every American. Investing in our nation's low-income youth, and connecting those who have experienced long-term unemployment to jobs, is critical to building long-term prosperity and ensuring that our economic recovery reaches all Americans. The Budget creates a \$12.5 billion Pathways Back to Work fund to make it easier for workers to remain connected to the workforce and gain new skills for long-term employment. This initiative will support summer and year round jobs for low-income youth, subsidized employment opportunities and job training for unemployed and low income adults, and other promising strategies designed to lead to employment. The Budget also proposes a \$4 billion Reemployment NOW program, which helps States fund innovative strategies to connect workers receiving unemployment insurance and other long-term unemployed individuals with job opportunities.

Make Our Schools Safer. The President's plan to reduce gun violence and increase school safety requires that we invest not only in preparing our schools for emergencies but also in creating safe and nurturing climates to prevent future tragedies. The Budget provides \$112 million in new funds for the Department of Education to help schools develop and implement emergency preparedness plans; create safer and more nurturing school climates through evidence-based behavioral intervention practices;

provide support and services to children exposed to pervasive violence; collect data on school safety and climate; and highlight best practices regarding school behavioral intervention and discipline policies, including the equitable implementation of these policies. The Budget also includes \$150 million at the Department of Justice to support the hiring of school resource officers, counselors, and other mental health professionals in schools, as well as other school safety investments. These investments will complement additional efforts of the Departments of Justice, Health and Human Services, and Education to support comprehensive school safety strategies and to increase access to mental health services.

###

Expanding Opportunities for People with Disabilities

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

To expand opportunities for people with disabilities, the 2014 Budget will:

Maintain Funding for the Education of Children with Disabilities. The Budget sustains the Department of Education's commitment to supporting education for students with disabilities, providing \$11.6 billion for the Individuals with Disabilities Education Act (IDEA) Grants to States to provide a high quality education and help offset State and local education costs for children with disabilities.

Support IDEA Infants and Families. The Budget also provides a \$20 million, or 5 percent, increase for the IDEA Infants and Families Program to provide the youngest children a strong start in life.

Improve Services for Children with Disabilities. The Budget supports the continued implementation of the interagency Promoting Readiness of Minors in SSI (PROMISE) pilot, initiated in 2012. The Department of Education and Social Security Administration, in consultation with the Departments of Labor and Health and Human Services, will provide competitive grants to test and evaluate interventions that successfully improve child and family outcomes and reduce the need for children to remain in the SSI program.

Provide Funding for Processing Social Security Claims and Beneficiary Services. The Budget allows the Social Security Administration (SSA) to complete 2.9 million initial disability claims and over 800,000 disability appeal hearings and it allows SSA to process a record level of retirement claims, serving all 5.4 million people who are projected to apply for Old-Age and Survivors Insurance. With the resources provided in the Budget, SSA would also be able to reopen field offices for half of the time that they are currently closed to the public— allowing the agency’s field offices to provide in-person service an additional three hours per week.

Test New Ways to Boost Employment. The Budget calls for providing the Social Security Administration and partner agencies to test innovative techniques to help people with disabilities remain in the workforce. These measures have the potential to achieve long-term improvements in the employment and the quality of life of people with disabilities, while reducing Government expenditures on income support. In addition, the Budget also proposes reauthorization of SSA's demonstration authority for the Disability Insurance (DI) program, allowing SSA to continue to test effective ways to boost employment and support current DI and SSI beneficiaries who are seeking to return to work.

Encourage Innovation to Improve Outcomes for People with Disabilities. The Budget seeks the authority for the Department of Education to establish a Disability Innovation Fund (DIF) with unused Vocational Rehabilitation State Grant funds. The DIF would support innovative activities aimed at improving employment outcomes for individuals with disabilities. Of the total amount of Vocational Rehabilitation funds that remain available at the end of fiscal year 2014, the Administration proposes to set aside \$5 million to support projects designed to improve outcomes for disconnected youth with disabilities. The balance of funds would be used to improve services and outcomes for individuals with disabilities in the workforce system and support the PROMISE pilot. In addition, the Administration seeks the authority to use up to \$20 million of the funds for innovative activities to support Pay for Success awards, a multi-agency productivity initiative designed to employ "pay for performance" models to drive better results and greater cost-efficiency from Federal investments.

Improve Effectiveness of Disability Programs. The Administration continues to look for ways to better coordinate services and improve outcomes for people with disabilities. Since 2012, the Departments of Education and Labor have instituted a formal process to review current investments, plan future ones, and share information about common goals and grantees. These activities are intended to advance to more frequent joint grant solicitations, reduce duplication, and ensure the best use of limited funding with an eye towards improving outcomes for people with disabilities.

Support Workers with Disabilities. The Budget provides \$18 million to the Department of Labor for the Disability Employment Initiative, which awards grants to build the capacity of One-Stop Career Centers to serve individuals with disabilities.

Support Disability Research. The Budget provides \$110 million, a \$1 million increase over the 2012 enacted level, for the National Institute on Disability and Rehabilitation Research (NIDRR). NIDRR conducts comprehensive and coordinated programs of research and related activities to maximize the full inclusion, social integration, employment, and independent living opportunities of individuals with disabilities of all ages. NIDRR will use the proposed increase to strengthen its employment portfolio. In addition, NIDRR will continue to support a cloud computing initiative that uses the internet infrastructure to improve technology access through the development, implementation, and delivery of

mechanisms that will provide on-demand accessibility for everyone who faces technology accessibility barriers.

Strengthen Anti-Discrimination Enforcement. Even in tough budget times, the substantial investments that have been made by the Administration to strengthen civil rights enforcement against racial, ethnic, sexual orientation, disability, religious, gender, and gender identity discrimination continue in the 2014 Budget. The Budget provides \$12.5 million, a 9 percent increase over the 2012 enacted level, for the Community Relations Service in the Department of Justice to fight hate crimes and provides a \$13 million, or 3 percent, increase over the 2012 enacted level for the Equal Employment Opportunity Commission (EEOC), which is responsible for enforcing Federal laws that make it illegal to discriminate against a job applicant or an employee. This investment will allow EEOC to add staff to reduce the agency's backlog of private-sector discrimination charges, including disability discrimination charges.

Provide Housing for Persons with Disabilities. The Budget provides a total of \$126 million for the Housing for Persons with Disabilities Program. This funding level will support all 36,000 existing housing units and includes \$20 million for additional units. The Department of Housing and Urban Development will also continue research that will build our understanding of how to best integrate health care and affordable, supportive housing for extremely low-income persons with disabilities in community-based settings.

Support the Medical Needs of Veterans. The Department of Veterans Affairs (VA) estimates an increase in the provision of health care services for veterans in Priority Levels 1-4 (largely those with service-connected disabilities). To meet the needs of this specific group of veterans, the VA Medical Care Budget includes \$33 billion.

Support the Rights of People with Disabilities Internationally. The Budget provides funding to support the newly-created Disability Office at the Department of State. The office, which is part of the Bureau of Democracy, Human Rights, and Labor, is critical to the Administration's efforts to: develop a comprehensive strategy to promote the rights of persons with disabilities internationally; ensure that foreign assistance incorporates persons with disabilities; ensure that the needs of persons with disabilities are addressed in international situations; and conduct public diplomacy, including with civil society, on disability issues.

Provide International Exchange Opportunities for Persons with Disabilities. The Budget supports activities implemented by the Bureau of Education and Cultural Affairs at the Department of State that address disability issues and provide opportunities for persons with disabilities to participate. These exchanges will include sports, youth programs, and International Visitors.

Expand Passenger Rail Options. The President's surface transportation reauthorization proposal provides the flexibility for funding to be used to address the longstanding ADA gap at intercity passenger rail stations. Overall, the Administration's rail reauthorization provides \$40 billion over five years for intercity passenger rail, plus \$5 billion for immediate rail investments in 2014, putting the country on track toward a system that gives 80 percent of Americans access to high-speed rail within 25 years, providing many citizens with disabilities access to additional, convenient transportation options.

###

Improving Mental Health Prevention and Treatment Services

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

The President is committed to increasing access to mental health treatment and ensuring mental health parity. The Budget builds on the promise of mental health parity by expanding access to services, supporting research, and ensuring care for our veterans. The 2014 Budget will:

Expand Access to Mental Health Treatment by Implementing the Affordable Care Act. The FY 2014 Budget includes resources for the timely and effective implementation of the Affordable Care Act, which will expand mental health and substance use disorder benefits and parity protections for 62 million Americans. Of that group, 32 million individuals who currently have no mental health or substance use disorder benefits will gain them due to the Affordable Care Act. Beginning in 2014, the Affordable Care Act will provide access to quality health care that includes coverage for mental health and substance use disorder services. All new small group and individual private market plans will be required to cover mental health and substance use disorder services as part of the health care law's Essential Health Benefits categories, and mental health benefits will be covered at parity with medical and surgical benefits. Also in 2014, insurers will no longer be able to deny anyone coverage because of a pre-existing mental health condition. The Affordable Care Act has already ensured that new health plans cover recommended preventive benefits without cost sharing, including depression screening for adults and adolescents, and behavioral assessments for children.

Strengthen Medicaid. Medicaid is currently the largest funder of mental health services in the country. The 2014 Budget maintains support for millions of Americans who already have mental health coverage through Medicaid. In light of the Supreme Court's decision to make the Medicaid expansion voluntary, the 2014 Budget focuses on sensible, targeted, reforms to make the program more efficient as States expand coverage, and does not include several Medicaid savings proposals included in the 2013 Budget.

Ensure Mental Health Parity. In January 2013, the Department of Health and Human Services (HHS) issued a guidance letter to state health officials making clear how Medicaid plans must comply with mental health parity requirements. Later this year, the Administration will issue final regulations governing how existing group health plans that offer mental health services must cover them at parity with medical and surgical benefits as required under the Mental Health Parity and Addiction Equity Act of 2008.

Expand Mental Health Treatment for Youth and Families. The Budget includes a new \$130 million initiative to help teachers and other adults recognize signs of mental illness in students and refer them to help if needed, support innovative state-based programs to improve mental health outcomes for young people ages 16-25, and train 5,000 more mental health professionals with a focus on serving students and young adults.

Create Safer School Climates. The FY 2014 Budget includes \$50 million to help 8,000 schools implement evidence-based behavioral practices to improve school climate and behavioral outcomes for all students. This initiative will scale up a framework that has been shown to reduce problem behaviors, decrease bullying and peer victimization, improve the perception of school as a safe setting, and increase academic performance.

Help Schools Address Pervasive Violence. To help schools in communities with pervasive violence break the cycle of violence, the FY 2014 Budget includes \$25 million in grants to school districts to address the trauma of children who are exposed to or victims of violence, and implement conflict resolution and other school-based violence prevention strategies.

Support Research on Mental Health. The FY 2014 Budget will support approximately \$2.3 billion in mental health research funded by several NIH Institutes and Centers. The Budget funds research that aims to transform the understanding and treatment of mental illnesses through basic and clinical research, paving the way for prevention, recovery, and cure. For example, the Budget supports the BRAIN Initiative to develop technology to explore how the brain processes information and explore the complex linkages between brain function and behavior. This knowledge will help answer fundamental questions about brain function and behavior, which may help develop new tools to treat conditions such as depression and schizophrenia.

Improve Mental Health Preventions and Treatment Services. The FY 2014 Budget includes over \$1 billion for mental health programs, including the \$460 million for the Community Mental Health Services Block Grant. This block grant provides States flexible funding to maintain community based mental health services for children and adults with serious mental illnesses, including rehabilitation, supported housing, and employment opportunities.

Provide Mental Health Services in Community-Based Health Centers. The 2014 Budget includes \$3.8 billion for Health Centers, including Affordable Care Act funding. Nearly 70 percent of HRSA-

supported health centers provide mental health counseling and treatment, almost 40 percent provide substance abuse counseling and treatment, and close to 20 percent offer 24-hour crisis intervention services. All health centers provide referrals to substance abuse and mental health services. About 4,000 mental/behavioral health providers work in health centers.

Improve Incentives for Mental Health Providers to Practice in the Communities that Need them Most. Between 2008 and 2012, with funding from the Affordable Care Act and other sources, the size of the National Health Service Corps nearly tripled. The National Health Service Corps offers loans and scholarships to health care providers who commit to practicing in those areas of the country that need them most. The FY 2014 Budget includes \$305 million in Affordable Care Act funding to support primary care providers, and psychologists, clinical social workers, counselors and marriage and family therapists.

Improve Access to Mental Health Care for American Indians and Alaska Natives (AI/AN). The FY 2014 Budget includes \$80 million for community-based mental health programs for AI/ANs that provide vital outpatient mental health counseling, case management services, and community-based prevention and health education services.

Ensure Mental Health Care for Veterans and Active Duty Service Members. The FY 2014 Budget supports the Administration's efforts to improve the quality of and access to mental health care services within the military and veterans communities, including the following activities:

- Supporting continued implementation of the President's August 31, 2012 Executive Order that directs VA, DOD, and HHS, to take a number of steps to ensure that veterans, service-members, and their families receive the mental health services and supports they need. These steps include strengthening suicide prevention efforts across military and veteran communities; enhancing access to mental health care by building partnerships between VA and community providers; increasing the number of VA mental health providers serving our Veterans; and promoting mental health research and development of more effective treatment methodologies.
- Further improving the delivery of mental health care within the Department of Veterans Affairs (VA) by providing enhanced mental health services, expanding access through increased staffing and longer clinic hours, and increasing tele-mental health capabilities.
- Providing specialized VA mental health treatment and proactively screening veterans to identify those who may have symptoms of depression, Post Traumatic Stress Disorder (PTSD), problem use of alcohol or who have experienced military sexual trauma (MST).
- Establishing within the Department of Defense (DOD) additional Mental Health National Intrepid Centers of Excellence (NICoE) dedicated to providing cutting-edge evaluation, treatment planning, research, and education for service members and their families dealing with complex psychological health conditions.
- Enhancing the delivery of DOD's mental health services, including increasing the number of mental health care providers in its programs, embedding more mental health providers in front line units, adding mental health providers to patient-centered medical homes, and developing outreach programs to combat the stigma and discrimination surrounding psychological disorders to

encourage service-members and families to seek mental health care.

Enhance the Social Security Administration's Demonstration Authority to Allow Early Intervention. The FY 2014 Budget proposes new enhanced demonstration authority under SSA's disability programs to test promising, research-based interventions, including targeted early intervention efforts aimed at preserving the well-being and work ability of the individuals most at risk of becoming severely impaired. Building off interventions like the Mental Health Treatment Study, such demonstrations could provide better access to treatment and structured support services for individuals struggling with severe mental illness.

###

Making America a Magnet for Manufacturing Jobs

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

President Obama is committed to making America a magnet for jobs and manufacturing so we continue to build things the rest of the world buys. After shedding jobs for more than 10 years, our manufacturers have added about 500,000 jobs over the past three years. Manufacturing production has grown since the end of the recession at its fastest pace in over a decade.

The President's Budget builds on that momentum by investing in American manufacturing. The President has outlined a plan to train American workers for high-tech manufacturing jobs, invest in advanced manufacturing research and development to spur American innovation, reform the tax code to provide incentives for locating manufacturing in the U.S. and eliminate tax deductions for shipping jobs overseas, and level the playing field for our workers by opening new markets for American-made products. In support of this plan, the 2014 Budget will:

Partner with Businesses and Communities to Invest in American-Made Technologies and American Workers. The Budget proposes a one-time \$1 billion investment to launch up to 15 manufacturing innovation institutes to create a National Network for Manufacturing Innovation (NNMI). Each institute would bring together companies, university and community colleges, and government to co-invest in the development of cutting-edge manufacturing technologies and capabilities that U.S. manufacturers can apply in production. The NNMI will fill a gap in the

innovation infrastructure, allowing new manufacturing processes and technologies to progress more smoothly from basic research to implementation in manufacturing and creating high-skilled, well-paying manufacturing jobs. In August 2012, the Administration launched a pilot institute in Youngstown, Ohio with a \$45 million funding commitment from five Federal agencies, led by the Department of Defense. The winning partnership of firms and universities from Ohio, Pennsylvania, and West Virginia was one of twelve teams that applied. To make progress in the near term, the Administration is also launching three new manufacturing innovation institutes later this year, led by the Departments of Defense and Energy in partnership with the private sector, that will focus on manufacturing technologies with broad commercial applications that address critical national security and energy needs.

Support Innovative, Advanced Manufacturing Technologies Through Increased Federal R&D.

The Budget provides \$2.9 billion for Federal advanced manufacturing R&D at NSF, DOD, DOE, DOC, and other agencies, an 87 percent increase from 2012. Investments include supporting innovative manufacturing processes that dramatically reduce energy use and strengthening investments in platform technologies like nano-manufacturing, bio-manufacturing, robotics through the National Robotics Initiative, advanced materials through the Materials Genome Initiative, and defense technologies to fundamentally change the way we build things and dramatically reduce the time from design to production.

Department of Commerce's National Institute of Standards and Technology. The Budget provides \$754 million for NIST labs, expanding NIST research in areas such as smart manufacturing, nano-manufacturing, and bio-manufacturing. The Budget also includes \$21 million for the Advanced Manufacturing Technology Consortia program, a public-private partnership that will develop road maps for long-term industrial research needs and fund research at universities, government laboratories, and businesses directed at meeting those needs.

Department of Energy. The Budget provides DOE's Office of Energy Efficiency and Renewable Energy with \$365 million—more than triple the 2012 enacted level—for its Advanced Manufacturing Office. This program will support one or more Manufacturing Innovation Institutes being established in the near term focused on clean energy and energy efficiency technologies and will expand its R&D activities on innovative manufacturing processes and advanced industrial materials. These innovations will enable U.S. companies to cut manufacturing costs and reduce the life cycle energy consumption of technologies, while improving product quality and accelerating product development. The Budget also continues to support the development of competitive new manufacturing processes for advanced vehicles, biofuels, solar energy, wind energy, and other rapidly growing clean energy industries, to help ensure that the technologies developed in America are also manufactured here.

National Science Foundation. The Budget proposes \$160 million, \$49 million above the 2012 enacted level, for fundamental research targeted at developing revolutionary new manufacturing technologies in partnership with other Federal agencies and the private sector.

Level the Playing Field and Open Markets for American-Made Products. The President is committed to doubling American exports through the National Export Initiative and has taken steps to expand market access for American-made products through trade agreements with South Korea, Columbia, and Panama. The President has also aggressively enforced trade rules to ensure that American workers are competing on a level playing field with firms from around the world, doubling

the rate of WTO challenges against China compared to the previous Administration, and applying the “Section 421” process against China to address a surge in Chinese tires. Building on this progress, the Budget provides \$520 million, which is \$64 million above the 2012 enacted level, to Commerce’s International Trade Administration (ITA), so that it can support the National Export Initiative. ITA will strengthen promotion of exports from small businesses, help enforce free trade agreements with other nations, and fight to eliminate barriers to sales of U.S. products. In addition, the President has launched an Interagency Trade Enforcement Center (ITEC) and the Budget calls for \$22 million to provide the support needed by ITEC to ensure American workers are competing on a level playing field by making sure our trading partners are playing by the rules.

Strengthen Supply Chains Through the Manufacturing Extension Partnership. The Department of Commerce’s Manufacturing Extension Partnership (MEP) provides a range of business services to small manufacturers and the Budget enhances the program to help companies focus on technology transition that requires deep supply chain expertise. The Budget proposes a \$25 million MEP increase to launch Manufacturing Technology Acceleration Centers (MTACs), which will be industry-specific centers that can serve as a coordination point within key supply chains. The Administration is also announcing plans to pilot two new centers in 2013 using existing resources. In addition, the Small Business Administration is ramping up its American Supplier Initiative, which will leverage its relationships with over 60,000 small manufacturers, many of whom are federal prime contractors, to identify new opportunities for small suppliers in the federal and commercial supply chains.

Invest in Manufacturing Communities. Today, we are better positioned to attract new manufacturing investment in the U.S. and bring jobs back. But some communities are still hard-hit by the recession, particularly after closure of factories in places like Detroit, Michigan and Rochester, New York. The President is announcing new steps to partner with and help strengthen such communities, including:

Proposing a Manufacturing Communities Tax Credit. To help communities facing concentrated job losses – particularly hard-hit manufacturing communities –to attract new investment and jobs, the Budget proposes a new tax credit to support qualified investments in communities affected by military base closures or mass layoffs, such as those arising from plant closures. The incentives will help prevent the downward spiral that can occur following mass layoff events.

Launching an Investing in Manufacturing Communities Partnership. The President is directing Federal agencies to provide coordinated assistance to manufacturing communities through a new partnership designed to align Federal regional economic development resources and help U.S. localities make coordinated, long-term investments in a region’s public goods in partnership with universities and industry. These investments will ultimately help regions become more attractive for manufacturers and supply chains. To support the Investing in Manufacturing Communities Partnership, the Budget provides \$113 million in Commerce’s EDA for a new fund that would provide grants to approximately five communities across the Nation for manufacturing parks, manufacturing research and academic centers, and infrastructure while leveraging non-Federal funds on a 2 to 1 matching basis. In addition, other Federal agencies will align and coordinate their funding opportunities to maximize the effectiveness of Federal expenditures and ensure that localities are able to more seamlessly access the Federal resources they need to fund strategies for attracting long-term business investment.

Attracting Investment to the U.S. In 2011, the President launched SelectUSA at the Department of Commerce, creating the first Federal effort to actively attract business investment in the United

States. To help our governors and mayors compete with foreign countries, the Budget provides \$20 million to support the activities of SelectUSA.

Creating a Community College to Career Fund. Starting in 2015, the Budget funds an \$8 billion Community College to Career Fund jointly run by the Departments of Labor and Education to support State and community college partnerships with businesses and other organizations to build the skills of American workers. This program will build on the Trade Adjustment Assistance Community College and Career Training Grants, for which 2014 is the final year of funding. These investments will link more community colleges with the resources they need to become community career centers where people learn skills that local employers need for jobs right now, while gaining credentials to build strong careers.

Make the U.S. More Competitive by Reforming Our Tax Code. To encourage innovation, production, and investment in the U.S. as part of the President's broader commitment to business tax reform, the President is proposing a number of measures to make the U.S. more competitive by reforming our tax code, including lowering tax rates for manufacturers to 25 percent.

In addition, the Budget supports enhancing and making the Research & Experimentation (R&E) tax credit permanent to give businesses the certainty they need to make these important investments. The R&E tax credit is a powerful incentive for private firms to make investments in the United States in the research and development necessary to keep a pipeline of new and improved products coming to market, which is critical to economic growth and job creation.

Provide a Permanent Tax Incentive for Renewable Energy Production and Energy Efficiency and Tax Credits for Advanced Energy Manufacturing. The Budget includes \$23 billion of incentives for renewable energy production and energy efficiency over the next 10 years. To provide a strong, consistent incentive to encourage investments in renewable energy technologies and to help meet our goal to double generation from wind, solar, and geothermal sources by 2020, the Budget would make permanent the tax credit for the production of renewable electricity. The Budget makes the Production Tax Credit refundable so new, growing firms can benefit and provide renewable electricity generation. The Budget would also reform and make permanent the deduction for energy efficient commercial property. To encourage investment in advanced energy equipment and facilities for clean energy manufacturing, the Budget provides \$4.8 billion in tax credits for advanced energy manufacturing projects.

###

Reforming International Food Aid

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

Established in 1954, P.L. 480 Title II (Title II) has promoted the food security of developing countries by providing food assistance that saves lives, helps people recover from crises, and addresses chronic poverty and malnutrition. Since its inception, Title II has helped more than three billion people in over 150 countries. Over the years, Title II has been reformed and modernized to ensure the program keeps up with changing economic circumstances and best practices in the delivery of food aid. In a time of both budget constraints and urgent human need, the President's 2014 Budget includes additional food aid reform that will allow life-saving assistance to reach an estimated two to four million more people annually within the same resources.

The reform will facilitate robust emergency and development programming within current budget constraints. Food aid reform includes a shift of funding previously requested in P.L. 480 Title II to three other assistance accounts: International Disaster Assistance (IDA) for emergency food response (\$1.1 billion); Development Assistance (DA) for the Community Development and Resilience Fund (CDRF) to address chronic food insecurity in areas of recurrent crises (\$250 million, in addition to \$80 million in DA currently for this use); and a new Emergency Food Assistance Contingency Fund (\$75 million), which will enable the President to provide emergency food assistance for unexpected and urgent food needs worldwide.

In addition to helping more people in crisis, the reform will reduce mandatory spending – and the deficit—by an estimated \$500 million over a decade.

By modernizing food assistance, the 2014 Budget:

Allows the U.S. Government to Respond More Flexibly to Hunger Needs Around the World, Reaching More People With More Efficient Programming. Through food aid reform, the United States is recommitting to a more efficient and effective program that allows assistance to reach an estimated two to four million more people in 2014. The reform pairs significant in-kind food aid procurements from the United States with a more expansive use of interventions such as local and regional procurement and food vouchers. Studies show that local and regional procurement of food and other cash-based programs can get food to people in critical need 11 to 14 weeks faster and at savings of 25–50 percent. Local and regional food will continue to be procured only from developing countries near crises.

Provides the Right Tool for More Efficient and Effective Responses. Rather than limiting the United States to a commodities-only approach, these reforms will enable experts to select the right tool to most efficiently meet the needs of starving and vulnerable people. Without cash-based resources USAID would not have been able to respond to the Syrian crisis. These tools can also be more effectively used and targeted than in-kind food aid to help reduce the scope of crises and to help prevent their recurrence, in part by not disturbing local economies and by sustaining local agricultural producers and markets.

Continues Commodity Purchases in the United States. U.S. commodities will continue to play a vital role in U.S. emergency food assistance. Under the proposal, in 2014, no less than 55 percent of the requested \$1,416 million in funding for emergency food assistance in IDA will be used for the purchase, transport, and related costs of U.S. commodities. U.S. commodities will continue to make up a significant portion of purchases, particularly for many processed foods and large cereal procurements that are unavailable elsewhere in the world or produced in insufficient amounts by developing countries near crises. For example, there is insufficient production capacity in developing countries for certain specialized food products used to combat malnutrition. The impact of the reform on U.S. agriculture will be small given that Title II commodities currently account for less than two tenths of one percent of U.S. agricultural production and about one half of one percent of U.S. agricultural exports.

Ends the Inefficiencies of Title II Monetization. This reform ends the costly and inefficient process of Title II monetization, the sale of U.S. food abroad for cash, which, according to several studies, including the Government Accountability Office (GAO), loses an average of 25 cents per taxpayer dollar spent on food aid. For example, based on 2012 Title II monetization levels, eliminating monetization would enable U.S. development food aid to reach an estimated 800,000 more undernourished women, men, and children. In addition to being inefficient, monetization incurs additional administrative costs and is an added burden on Private Voluntary Organizations (PVOs), as PVO staff must negotiate the sale and transportation of commodities in order to generate the proceeds to fund the development programs they implement.

Reaffirms the U.S. Commitment to PVO Development Food Aid Partners and Programs. The 2014 Budget maintains both the intent of Title II development programs and equivalent funding levels given the cost savings associated with ending monetization. The United States is committed to spending \$330 million of DA funds on development food assistance programs through the CDRF.

These programs will be managed by USAID's Office of Food for Peace and support the objectives of Feed the Future, strengthening the U.S. Government's ability to reduce chronic poverty, build resilience, and help prevent future food crises. USAID's PVO partners will benefit from increased efficiencies due to ending monetization and the expanded availability of cash for emergencies.

Sustains the U.S. Merchant Marine That May Be Used by the Department of Defense. The reform will reduce the amount of government food aid carried on U.S.-flag vessels, many of which are used by the Department of Defense (DOD) to sustain overseas operations. In order to mitigate the potential negative impact of these reduced shipments on U.S. mariners and vessels, the proposal shifts \$25 million of the efficiency savings that will be obtained through the food aid reform to the Department of Transportation's Maritime Administration. The additional funding will provide a vehicle to support sustainment of militarily-useful vessels and a qualified pool of citizen merchant mariners. DOD has assessed that the reform will not impact its ability to crew the surge fleet and deploy forces and sustainment cargo.

###

Standing with Indian Country

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

The United States' responsibilities to Native Americans include a wide range of services delivered, while respecting and bolstering Indian self-determination. The Congress has placed the trust responsibility for Indian matters in the Department of the Interior, primarily within the Bureau of Indian Affairs. However, there are over 20 Federal departments and agencies that collectively provide a full range of support to Native Americans similar to those provided to the general public. To support Indian country, the 2014 Budget will:

Continue Efforts to Increase Access to Health Care for American Indians and Alaska Natives (AI/ANs). The 2014 Budget includes a \$124 million increase in budget authority for Indian Health Service (IHS) above the 2012 enacted level and a \$244 million increase in its program level – reflecting increased insurance collections resulting from the Affordable Care Act. This funding will support increases in high priority activities, such as staffing at new facilities, Purchased/Referred Care, and Contract Support Costs. The Budget proposes to balance the government's obligation to support tribal administrative costs while maintaining funding for health care services in light of the Supreme Court decision in *Salazar v. Ramah Navajo Chapter*. The Budget also includes \$80 million for community-based mental health programs for AI/ANs that provide vital outpatient mental health counseling, case management services, and community-based prevention and health education services.

Combat Crime in Indian Country. The Budget provides \$369 million for the Department of Justice public safety initiatives in Indian Country. Funding is provided for additional grants to address criminal justice issues, including tribal victims of violence, and for the Office of Tribal Justice and the Bureau of Prisons.

Support Tribal Self-Determination. The Budget provides \$2.56 billion for the Bureau of Indian Affairs/Education (BIA/BIE). The Budget supports the principle of tribal self-determination with \$231 million to assist Tribes when they manage Federal programs themselves, as well as \$189 million for natural resources. The Budget also provides funding for a program evaluation and other reforms at BIE schools. Within the total, the Budget provides \$365 million for BIA Public Safety and Justice Programs, including funding to help staff new detention centers.

Address the Scarcity of Healthy, Safe, Affordable Housing in Indian Country. The Budget provides \$650 million for the Department of Housing and Urban Development's (HUD) Native American Housing Block Grant program. This program helps mitigate the severe housing needs many Native Americans continue to face, and provides over 550 Tribes with funding for vital housing activities, such as construction, rehabilitation, and operations. In addition, the Budget provides \$70 million for HUD's Indian Community Development Block Grant program, which includes a new \$10 million set-aside for mold remediation. This competitive program provides funds to Tribes for activities such as improving the housing stock, providing community facilities, making infrastructure improvements, and expanding job opportunities.

Increase Access to High-Quality Early Childhood Education. To build a foundation for success in the formative early years of life, the Budget outlines a proposal to increase access to high-quality early childhood education with the Preschool for All initiative. This initiative is financed by raising the Federal tax on cigarettes and other tobacco products, which would also have substantial public health impacts, particularly by reducing youth smoking. In addition, the Budget makes three complementary investments, including Preschool Development Grants, to help States build the infrastructure so they can participate in Preschool for All; an Early Head Start-Child Care Partnership fund to increase access to high-quality early learning environments; and an extension and expansion of the evidence-based voluntary home visiting program to provide our most vulnerable parents and children with the education and services to ensure our youngest children develop into healthy learners in safe homes.

Provide High-Quality Preschool for All. In partnership with the States, the Budget provides all low- and moderate-income four-year-olds with high-quality preschool, while also encouraging States to serve additional four-year-olds from middle-income families. The initiative also promotes access to full-day kindergarten and high-quality early education programs for children under age four. The Administration's proposal includes a set-aside of one-half of 1 percent for the Bureau of Indian Education, which would have to meet the same eligibility requirements as those established for States in order to receive Federal funding.

Invest in High-Quality Infant and Toddler Care. The Budget provides \$1.6 billion for companion investments in child care and high-quality care for infants and toddlers through new Early Head Start-Child Care Partnerships.

Invest in Effective Parent and Family Strategies. The Budget also provides \$15 billion to extend and expand evidence-based voluntary home visiting programs that allow nurses, social workers,

and other professionals to connect families to tools that positively impact the child's health, development, and ability to learn.

Sustain Investment While Ramping up Innovations in Grades K-12. The Department of Education has fueled historic reforms in our education system by rewarding excellence and promoting innovation to help children succeed. Continuing to build on these reforms, the 2014 Budget provides \$659 million in School Turnaround Grants to turn around America's persistently lowest-performing schools; includes \$215 million to support effective educational models through the Investing in Innovation (i3) fund; increases the supply of high-quality public educational options through a \$295 million investment in the Expanding Educational Options program; and provides \$1.3 billion for 21st Century Community Learning Centers to provide high-need students with additional time, support, and enrichment activities. The Budget is also committed to maintaining support for disadvantaged students by providing \$14.5 billion for ESEA Title I Grants to States to pay teacher salaries and fund critical education interventions. The Budget provides over \$1 billion in direct support for K-12 Indian education through set-asides for the Bureau of Indian Education and programs targeted at Indian students.

Improve College Affordability and Value. The Budget proposes to improve college affordability and value with a continued commitment to Pell Grants; budget-neutral student loan reform that will make interest rates more market-based; a \$1 billion Race to the Top fund to support competitive grants to States that drive higher education reform, while doing more to contain tuition; a \$260 million First in the World fund to spur cutting-edge innovations that decrease college costs and boost graduation rates; and reforms to Federal campus-based aid to reward colleges that set responsible tuition policy, provide a high quality education, and better serve students with financial need.

Prepare Students for STEM Careers in the 21st Century Economy. The Budget proposes a comprehensive reorganization of Federal STEM education programs to make better use of resources and improve outcomes in four areas: K-12 instruction, undergraduate education, graduate fellowships, and education activities that typically take place outside the classroom. This reorganization has as a goal increasing participation and opportunities for individuals from groups historically underrepresented in these fields.

Promote New Approaches to Job Training and Employment Services. As the economy changes, training and employment programs must innovate and adapt to help American workers gain the skills they need to find new jobs and careers. The Budget includes several initiatives to ensure these goals are achieved by exploring opportunities to revisit how the Federal Government funds job training programs that serve overlapping populations; driving innovation through the Workforce Innovation Fund by testing new State and regional ideas to better deliver training and employment services and help workers find jobs; and providing \$8 billion for a Community College to Career Fund to support State and community college partnerships with businesses and other stakeholders to build the skills of American workers.

Create Pathways to Work for Every American. Investing in our nation's low-income youth, and connecting those who have experienced long-term unemployment to jobs, is critical to building long-term prosperity and ensuring that our economic recovery reaches all Americans. The Budget creates a \$12.5 billion Pathways Back to Work fund to make it easier for workers to remain connected to the workforce and gain new skills for long-term employment. This initiative will support summer and year round jobs for low-income youth, subsidized employment opportunities for unemployed and low

income adults, and other promising strategies designed to lead to employment. The Budget also proposes a \$4 billion Reemployment NOW program, which helps States fund innovative strategies to connect workers receiving unemployment insurance and other long-term unemployed individuals with job opportunities.

Partner with Communities to Help Them Rebuild. The Promise Zones initiative will revitalize high-poverty communities across the country by attracting private investment, improving affordable housing, expanding educational opportunities, providing tax incentives for hiring workers and investing in the Zones, and assisting local leaders in navigating Federal programs and cutting through red tape. The initiative will ensure Native American and rural representation among the designated Promise Zones. To align Federal investments with these hardest-hit communities, the Budget invests \$300 million in combining effective cradle-to-career services with comprehensive school reforms through Promise Neighborhoods; \$400 million in Choice Neighborhoods to revitalize affordable housing and surrounding neighborhoods; and \$35 million in Byrne Criminal Justice Innovation Grants to combat serious crime and violence using proven public safety strategies.

###

Strengthening and Supporting Non-Profits, Philanthropic, Faith-Based and Other Community Organizations Working to Grow the Middle Class

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

President Obama believes that we must work as a team with the entire community – including nonprofits, philanthropic organizations, and faith-based and other community organizations – to meet the challenges our communities face. These organizations offer a safety net for those most in need. They serve as an economic engine for job creation in communities across America. They also serve as an incubator of innovation and foster solutions to some of our toughest challenges. The 2014 Budget builds on this commitment, focusing on increasing the use of evidence and evaluation to spread innovation and drive better results and encouraging national service and civic participation.

The Budget strengthens nonprofits, philanthropic, faith-based and other community organizations on multiple fronts:

- Preserves funding for many programs that meet critical community needs;
- Encourages investments in program outcomes, not just outputs;
- Facilitates access to capital and other resources to enable nonprofits to support innovation and scale what works;
- Supports important administrative changes to help existing resources go further in transforming lives and communities.

INVESTS IN INNOVATIVE NONPROFITS

Strengthens Financing to Scale Proven Community Solutions. Innovative solutions developed in the nonprofit sector and implemented in local communities cannot be carried out unless capital is available to develop, evaluate, and replicate successful approaches. The Budget invests \$49 million in the Social Innovation Fund to continue the Administration's commitment to support promising new approaches to major challenges, leverage private and philanthropic capital to meet these needs, and grow evidence-based programs that demonstrate measurable outcomes. This funding level includes \$4 million for a pilot to improve grantee access to State and federal administrative data. This investment has the potential to reduce the cost and improve the quality of evaluations and performance reporting, and could help break down barriers for all nonprofit organizations looking to demonstrate measurable impact in communities.

Expands Innovation in Education and Workforce Development Continues to build on the success of Investing in Innovation (i3) by providing it with \$215 million to grow the evidence base in high-need areas, including identifying and supporting effective teachers and leaders, improving low-performing schools, and encouraging parent engagement. To spur innovation, the Budget also provides \$150 million for the Workforce Innovation Fund, which tests new States and regional ideas for better ways of organizing and delivering services focused on training and helping workers find jobs. The Budget also provides a \$260 million First in the World fund to spur cutting-edge innovations that decrease college costs and boost graduation rates.

ENGAGES NONPROFITS IN COMMUNITY-BASED SOLUTIONS

Partners with Communities to Help Them Rebuild. The Budget includes investments in three key programs that support Promise Zones that will promote partnerships across the public, private, and nonprofit sectors. The Promise Zones initiative will revitalize high-poverty communities across the country by attracting private investment, improving affordable housing, expanding educational opportunities, providing tax incentives for hiring workers and investing in the Zones, reducing violence, and assisting community leaders in navigating Federal programs and cutting through red tape. To align Federal investments with these hardest-hit communities, the Budget invests \$300 million in combining effective cradle-to-career services with comprehensive school reforms through Promise Neighborhoods; \$400 million in Choice Neighborhoods to revitalize affordable housing and surrounding neighborhoods; and \$35 million in Byrne Criminal Justice Innovation Grants to combat serious crime and violence using proven public safety strategies.

Increases Funding for Homeless Assistance Grants. The Budget provides \$2.4 billion -- \$480 million above the FY 2012 enacted level -- for Homeless Assistance Grants. The request allows HUD to renew all existing assistance, as well as provide \$60 million for new targeted rapid re-housing and \$40 million for new permanent supportive housing, serving an additional 30,000 people. This \$100 million funding increase will primarily be administered by nonprofits, and helps make progress toward ending homelessness by supporting the goals of *Opening Doors: The Federal Strategic Plan to Prevent and End Homelessness*.

INCREASES USE OF EVIDENCE IN SOCIAL SERVICES

Expands Pay for Success to Drive Results. To ensure taxpayers get the best possible return on their investment in social programs while simultaneously increasing access to capital for the social sector, the Administration significantly is expanding the Pay for Success program model started in 2012. Pay for Success leverages philanthropic and private dollars to fund preventive services provided by nonprofits and other non-governmental entities up front, with the Government paying back investors only after the interventions generate results that save taxpayer money. At a time when public dollars are scarce, this model provides funding for service providers to test new and proven innovations at low risk to the taxpayer. In 2014, the Administration will broaden its support for Pay for Success, reserving up to \$185 million in the areas of job training, education, criminal justice, housing, and disability services. The Administration is also proposing a new \$300 million Pay for Success Incentive Fund at the Department of Treasury to help State and local Governments implement Pay for Success programs with philanthropies, nonprofits, and other nongovernmental organizations. The fund will provide credit enhancements for philanthropic investments and outcome payments for successful, money-saving services. The Administration will also make available up to 5 percent of proceeds from the sale of excess Federal property under the proposed Civilian Property Realignment Act (CPRA) for innovative homeless programs, including Pay for Success projects that save taxpayer money by reducing homelessness.

Creates Performance Partnerships That Provide Flexibility While Demanding Results.

Inconsistent and overlapping Federal program requirements sometimes prevent States and communities from effectively coordinating services or using funding to support strategies that are likely to achieve the best outcomes. In 2014, the Administration proposes establishing a limited number of Performance Partnership pilots designed to improve outcomes for disconnected youth, including young adults who have dropped out of school and are not employed. Approved performance partnerships designed at the State or community level could blend discretionary funds for youth-serving programs across agencies, many of which work directly with nonprofits, in exchange for greater accountability for results. Performance indicators, such as education and employment outcomes, would be used to gauge progress, and evaluations would study what locally designed strategies work best. The Administration will work with community and nonprofit leaders – both secular and religious -- to explore the potential for similar performance partnerships in other areas, like revitalizing distressed communities and reducing youth violence.

STRENGTHENS NATIONAL SERVICE OPPORTUNITIES

Supports National Service. The Budget funds approximately 82,000 AmeriCorps members through the Corporation for National and Community Service (CNCS) core programs. This will enable members to serve and support the efforts of religious and secular nonprofit organizations working across the country to address a wide range of critical community challenges, from hurricanes to homelessness to failing schools. It focuses national service resources in those areas where service can achieve the greatest results for communities.

Leverages Service as a Solution. The Budget enables interagency partnerships to leverage AmeriCorps and use national service as a strategy to tackle some of our most important challenges. The Budget continues support for FEMA Corps, an innovative new partnership between the Federal

Emergency Management Administration and CNCS that brings young people interested in careers in emergency management into public service while improving the resilience of local communities. This partnership will support an additional 1,600 AmeriCorps members in 2014. The Budget also continues support for School Turnaround AmeriCorps, a new partnership between the Department of Education and CNCS that places AmeriCorps members in the nation's lowest-performing schools to help improve student performance. This innovative approach will both expand opportunities for national service and supply struggling schools with talented AmeriCorps members who can support the implementation of comprehensive school turnaround plans.

SUPPORTS LOCAL VOLUNTEERISM

Increases Capacity of Nonprofits to Support Volunteers. With the number of Americans engaged in volunteering having reached its highest point in five years, many nonprofits could benefit from management practices to handle this influx of talent. The Budget proposes to support nonprofits' ability to recruit, retain, and manage this talent through a reactivated Volunteer Generation Fund. In order to help secular and religious nonprofits leverage volunteers in support of national priorities, the Budget provides \$10 million for the reactivated fund, more than double the 2012 level. By reactivating the program as the George H.W. Bush Volunteer Generation fund, we also honor the legacy of service of the 41st president of the United States, who helped to elevate volunteerism and pioneered important work in civic participation both during and after his time in office.

Strengthens Programs That Engage Seniors. Many older Americans are eager to serve our Nation and have a wide range of skills and knowledge to give back to their communities. For decades, the Senior Corps program has been an important conduit for connecting seniors to local volunteer opportunities. The Budget proposes to reinvigorate the program by using competition to allocate funds to those organizations that have the biggest impact in their communities, creating a more dynamic and results-oriented Senior Corps.

IMPROVES REPORTING REQUIREMENTS FOR NONPROFITS

Expands E-Filing to All Tax-Exempt Organizations. Currently, the IRS publishes all Form 990 series tax information, the tax form filed by tax-exempt organizations, in a static image format that impedes transparency and analysis of this information. The Administration proposes to phase in a requirement that all tax-exempt organizations file their tax returns electronically and requires the IRS to release those data in a machine-readable format in a timely manner. If enacted by Congress, the accessibility of machine-readable data would enable donors and foundations to access tax-exempt organization data more easily and make it easier to perform robust analyses that could facilitate improved capital flows to the sector. This is an important step forward for transparency and is expected to generate entrepreneurial opportunities as new products and services are created that use these data. The proposal would generally be effective for taxable years beginning after the date of enactment.

Ensures Recipients of Federal Awards are Appropriately Reimbursed. Nonprofits and other entities that receive Federal funds may negotiate a level of reimbursement for their indirect costs, i.e., overhead. But some nonprofits may not have the opportunity or capacity for that type of negotiation process. Therefore, to ensure that all nonprofits and other entities who receive Federal funds are

appropriately reimbursed for the allowable indirect costs, OMB has proposed new guidance that adds a minimum reimbursement rate of 10 percent of direct costs, available for up to four years of the grant. This ensures that nonprofits receive a minimum reimbursement while they develop the capacity to engage in full negotiations. OMB is seeking input through early June on this and other proposed guidance that seek to reduce administrative burden for nonprofits and other grant recipients.

IMPROVES USE OF EVALUATION

Learns and Shares What Works. The Budget supports new evaluations across the Government to demonstrate and analyze program impacts in areas ranging from health care to housing, from education to employment, and from international development to community development. Increasingly, the Administration is investing in helping nonprofits demonstrate the impact not just by funding evaluations, but also by helping nonprofits build their internal evaluation and performance management capacity. The Administration will also help interested organizations access strong evidence by continuing to expand “what works” clearinghouses for proven practices, such as the Department of Justice’s CrimeSolutions.gov, the Department of Education’s What Works Clearinghouse, the Substance Abuse and Mental Health Services Administration’s (SAMHSA) National Registry of Evidence-based Programs and Practices (NREPP), and the Department of Labor’s new Clearinghouse of Labor Evaluation and Research (CLEAR).

###

Strengthening the Economy for African American Families

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

To strengthen the economy for African American families, the 2014 Budget will:

Increase Access to High-Quality Early Childhood Education. To build a foundation for success in the formative early years of life, the Budget outlines a proposal to increase access to high-quality early childhood education with the Preschool for All initiative. This initiative is financed by raising the Federal tax on cigarettes and other tobacco products, which would also have substantial public health impacts, particularly by reducing youth smoking. In addition, the Budget makes three complementary investments, including Preschool Development Grants, to help States build the infrastructure so they can participate in Preschool for All; an Early Head Start-Child Care Partnership fund to increase access to high-quality early learning environments; and an extension and expansion of the evidence-based voluntary home visiting program to provide our most vulnerable parents and children with the education and services to ensure our youngest children develop into healthy learners in safe homes.

Provide High-Quality Preschool for All. In partnership with the States, the Budget provides all low- and moderate-income four-year-olds with high-quality preschool, while encouraging States to serve additional four-year-olds from middle-income families. The initiative also promotes access to full-day kindergarten and high-quality early education programs for children under age four. To support this initiative, the Budget also proposes a \$750 million investment in Preschool

Development Grants to ensure that States willing to commit to expanding preschool access are able to make the critical investments necessary to serve their four-year-olds in high-quality programs.

Invest in High-Quality Infant and Toddler Care. The Budget provides \$1.6 billion for companion investments in high-quality early learning for infants and toddlers through new Early Head Start-Child Care Partnerships.

Invest in Effective Parent and Family Strategies. The Budget also provides \$15 billion to extend and expand evidence-based voluntary home visiting programs that allow nurses, social workers, and other professionals to connect families to tools that positively impact the child's health, development, and ability to learn.

Sustain Investment While Ramping up Innovations in Grades K-12. The Department of Education has fueled historic reforms in our education system by rewarding excellence and promoting innovation to help children succeed. Continuing to build on these reforms, the 2014 Budget provides \$659 million in School Turnaround Grants to turn around America's persistently lowest-performing schools; includes \$215 million to support effective educational models through the Investing in Innovation (i3) fund; increases the supply of high-quality public educational options through a \$295 million investment in the Expanding Educational Options program; and provides \$1.3 billion for 21st Century Community Learning Centers to provide high-need students with additional time, support, and enrichment activities. The Budget is also committed to maintaining support for disadvantaged students by providing \$14.5 billion for ESEA Title I Grants to States to pay teacher salaries and fund critical education interventions.

Redesign High School. The Budget creates a new, competitive \$300 million fund to redesign high schools to focus on providing challenging and relevant experiences, while promoting the development of partnerships with colleges and employers that improve instruction and prepare students to continue education or transition into skilled jobs. In addition, the budget proposes to strengthen and reform career and technical education to better align programs with the needs of employers and higher education to ensure graduates are poised to succeed.

Improve College Affordability and Value. The Budget proposes to improve college affordability and value with a continued commitment to Pell Grants; budget-neutral student loan reform that will make interest rates more market-based; a \$1 billion Race to the Top fund to support competitive grants to States that drive higher education reform, while doing more to contain tuition; a \$260 million First in the World fund to spur cutting-edge innovations that decrease college costs and boost graduation rates; and reforms to Federal campus-based aid to reward colleges that set responsible tuition policy, provide a high quality education, and better serve students with financial need.

Improve Higher Education for Students from Minority Backgrounds., The Budget supports improving and expanding teacher education programs at minority-serving institutions, a significant pipeline for preparing a diverse teaching force. The Budget sustains funding for GEAR UP and TRIO to help provide support services for students from disadvantaged backgrounds to prepare for, enroll, and complete postsecondary education. Using available funds in 2014 for GEAR UP, the Department will run a competition that funds projects that aim to ensure students enroll at colleges that will help them meet their fullest potential. Additionally, the Budget continues approximately \$800 million in funding for programs that strengthen and support minority serving institutions. The Budget maintains

funding for programs administered by the Department of Education and the National Science Foundation that fund HBCUs.

Prepare Students for STEM Careers in the 21st Century Economy. The Budget proposes a comprehensive reorganization of Federal STEM education programs to make better use of resources and improve outcomes in four areas: K-12 instruction, undergraduate education, graduate fellowships, and education activities that typically take place outside the classroom. This reorganization will be implemented with a focus on increasing participation and opportunities for individuals from groups historically underrepresented in these fields.

Promote New Approaches to Job Training and Employment Services. As the economy changes, training and employment programs must innovate and adapt to help American workers gain the skills they need to find new jobs and careers. The Budget includes several initiatives to ensure these goals are achieved by exploring opportunities to revisit how the Federal Government funds job training programs that serve overlapping populations; driving innovation through the Workforce Innovation Fund by testing new State and regional ideas to better deliver training and employment services and help workers find jobs; and providing \$8 billion for a Community College to Career Fund to support State and community college partnerships with businesses and other stakeholders to build the skills of American workers.

Create Pathways to Work for Every American. Investing in our nation's low-income youth, and connecting those who have experienced long-term unemployment to jobs, is critical to building long-term prosperity and ensuring that our economic recovery reaches all Americans. The Budget creates a \$12.5 billion Pathways Back to Work fund to make it easier for workers to remain connected to the workforce and gain new skills for long-term employment. This initiative will support summer and year round jobs for low-income youth, subsidized employment opportunities for unemployed and low income adults, and other promising strategies designed to lead to employment. The Budget also proposes a \$4 billion Reemployment NOW program, which helps States fund innovative strategies to connect workers receiving unemployment insurance and other long-term unemployed individuals with job opportunities.

Partner with Communities to Help Them Rebuild. The Promise Zones initiative will revitalize high-poverty communities across the country by attracting private investment, improving affordable housing, expanding educational opportunities, providing tax incentives for hiring workers and investing in the Zones, reducing violence and assisting local leaders in navigating Federal programs and cutting through red tape. To align Federal investments with these hardest-hit communities, the Budget invests \$300 million in combining effective cradle-to-career services with comprehensive school reforms through Promise Neighborhoods; \$400 million in Choice Neighborhoods to revitalize affordable housing and surrounding neighborhoods; and \$35 million in Byrne Criminal Justice Innovation Grants to combat serious crime and violence using proven public safety strategies.

Strengthen Families. The Budget support the President's commitment to promoting healthy marriages for all families and supporting the critical role that fathers play in enhancing the intellectual, emotional, and financial well-being of their sons and daughters. The Budget proposes allowing existing Federal programs, like the child support program, to implement models that get more men working and engaging with their children. It also supports States in testing strategies to overcome financial deterrents to forming safe and stable marriages.

Make Tax Cuts Permanent for Working Families. The Budget permanently extends expansions of the Child Tax Credit and the Earned Income Tax Credit that were passed in the Recovery Act and continued as part of the bipartisan Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act and The American Taxpayer Relief Act that the President negotiated and signed into law in January 2013. The expanded refundability of the Child Tax Credit benefits 12 million families with 21 million children, including 2 million African American families with 3.4 million children. The expansion of the Earned Income Tax Credit for married couples and families with three or more children provides tax cuts averaging \$500 to 6 million families. These improvements lifted 1.6 million Americans – including nearly 250,000 African Americans — out of poverty in 2010. The Budget also proposes to make permanent the American Opportunity Tax Credit, which currently helps about 11 million students and families afford college.

Provide Greater Security for American Workers. The Budget supports the President’s call to reward hard work by raising the Federal minimum wage to \$9.00 an hour. Raising the minimum wage would directly boost wages for 15 million workers and would help our growing economy. The Budget also makes important investments to help ensure that women receive equal pay for equal work by providing additional resources to strengthen the pay discrimination enforcement efforts of the Department of Labor’s Office of Federal Contract Compliance Programs and the Equal Employment Opportunity Commission. In addition, the Budget provides an increase of \$3.4 million for the Wage and Hour Division (WHD) for increased enforcement of the Fair Labor Standards Act and the Family and Medical Leave Act, which ensure that workers receive appropriate wages, overtime pay, and the right to take job-protected leave for family and medical purposes. While the Family and Medical Leave Act allows many workers to take job-protected unpaid time off, millions of families cannot afford to use unpaid leave. The Budget supports a \$5 million State Paid Leave Fund to provide technical assistance and support to States that are considering paid leave programs.

Prevent Hunger. At a time of continued need, the Budget provides \$7.1 billion in funding to support the 8.9 million individuals expected to participate in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which is critical to the health of pregnant women, new mothers, infants, and young children. The Administration also continues its support of the Supplemental Nutrition Assistance Program (SNAP), the cornerstone of our Nation’s food assistance safety net that touches the lives of more than 47 million people by helping families put food on the table.

Support Healthy Eating. The Budget supports the implementation of the Healthy, Hunger-Free Kids Act of 2010 with \$35 million in school equipment grants to aid in the provision of healthy meals and continued support for other school-based resources.

Make Communities Safer by Reducing Gun Violence. We can protect our Second Amendment rights while coming together around reforms like background checks to make it harder for criminals to get their hands on a gun—common-sense reforms that will help protect our citizens from the scourge of gun violence that has plagued too many communities across the country. On January 16th, 2013, the President announced his gun safety initiative which consisted of several legislative measures now currently under consideration by the Congress and numerous executive actions, most of which are already well underway. The 2014 Budget includes \$667 million in additional resources to help implement the President’s gun safety plan which includes closing background check loopholes to keep guns out of dangerous hands and taking other common-sense steps to reduce gun violence; making schools safer; and increasing access to mental health services.

Promote Affordable Homeownership. The Administration projects that the Federal Housing Administration (FHA) will insure \$178 billion in mortgage borrowing in 2014, supporting new home purchases and re-financed mortgages that significantly reduce borrower payments. FHA financing was used by 27 percent of all homebuyers, 50 percent of African American homebuyers and 49 percent of Hispanic families who purchased homes in 2011. It also is a vital financing source for first-time homeowners, 41 percent of whom used FHA insured financing in 2011.

Support Responsible Homeowners and Help Them Stay in Their Homes. The President has put forward a legislative plan to support responsible homeowners by making millions more eligible for streamlined refinancing, which can save hundreds of dollars a month. In addition, the President has expanded efforts to help families avoid foreclosure by making 12-month forbearance for unemployed borrowers an industry standard and expanding eligibility for the Home Affordable Modification Program (HAMP). The Administration continues to support housing counseling programs for households at risk of foreclosure and low and moderate income households. The Budget provides \$55 million for HUD's Housing Counseling program and \$204 million for the Neighborhood Reinvestment Corporation, including \$77 million for the National Foreclosure Mitigation Counseling (NFMC) program. NFMC has delivered counseling to over 1.4 million households.

Maintain Affordable High-Quality Primary and Preventive Care. Health centers are a key component of the Nation's health care system. These sites offer comprehensive, high quality, primary and preventive health care services to all Americans regardless of ability to pay. As insurance coverage is expanded through the Affordable Care Act, Health Centers will continue to be a critical element of the health system. To ensure that health centers continue to provide critical access and services to millions of Americans, the Budget continues to fully support existing health center sites and includes funding to new health centers in areas in the country where they do not currently exist. There are over 8,000 health center sites across the country that provide services to over 20 million people.

Continue Construction of National Museum of African American History and Culture. The Budget proposes \$85 million this year to continue construction of the Smithsonian Institution's National Museum of African American History and Culture on the National Mall in Washington, D.C. Federal funding will be matched one-for-one by private donations. The museum, which was established by a bipartisan Act of Congress in 2003, will open in 2015 to coincide with the 150th anniversary of the end of the Civil War, the 150th anniversary of the 13th amendment which abolished slavery, and the 50th anniversary of the Voting Rights Act.

Support Prisoner Re-entry Programs. The Budget provides \$40 million in new resources for Department Justice prisoner re-entry programs, including \$19 million for residential substance abuse treatment programs in State and local prisons and jails, \$15 million for the Bureau of Prisons to expand the Residential Drug Abuse Program and \$6 million to expand alternatives to traditional incarceration, including home monitoring programs. Additionally, \$119 million is provided for grant assistance under the Second Chance Act. In addition, the Budget provides \$90 million for Department of Labor programs that provide employment-centered services to adult and youth ex-offenders and at-risk youth. These programs reduce recidivism by providing counseling, job training, drug treatment, and other transitional assistance to former prisoners as they reintegrate into the job market and community life.

Support Minority Businesses. Even in the more constrained budget environment, the Administration continues to support robust funding of programs that support growth and access to credit in underserved and lower-income communities. To help businesses thrive, the Budget will:

Support Growth and Lending. The Budget provides \$225 million for the Treasury Department's Community Development Financial Institutions (CDFI) Fund, which provides capital to low-income communities across the Nation and is targeting a portion of its funds to help bring grocery stores and other healthy food retailers to underserved urban and rural communities. The Budget promotes entrepreneurship in underserved areas by providing funding for Small Business Administration entrepreneurial education programs. This includes \$40 million for an entrepreneurship training initiative that will target small business owners who are currently poised for growth. The Budget also provides \$29 million for the Minority Business Development Agency through the Department of Commerce.

Enhance Small Business Access to Credit. The Administration is working to improve access to capital for small businesses, which are the engine of economic growth and job creation. The Budget supports \$29 billion in loan guarantees in SBA's 7(a), 504, and Small Business Investment Company (SBIC) programs, in addition to \$25 million in direct microloans.

Cut Taxes for Small Businesses Seeking to Grow and Expand. The President is proposing to build on the 18 small business tax cuts he has already signed into law with new tax cuts to encourage growth and investment.

Spur Job Creation through Infrastructure. The Budget for the Department of Transportation fully supports the \$50.1 billion of surface transportation programs included in the MAP-21 reauthorization bill signed by the President on July 6, 2012. Beyond MAP-21, the Budget includes a reserve beginning in 2015 to support robust, long-term investments in surface transportation under the next reauthorization. To immediately spur job growth, the Budget provides an additional \$50 billion for transportation investments in 2014. Although infrastructure projects take time to get underway, these investments would create hundreds of thousands of jobs in the first few years—and in industries suffering from protracted unemployment. This includes \$40 billion in "fix-it-first" investments to improve existing infrastructure assets most in need of repair and \$10 billion to help spur States and local innovation in infrastructure development and leveraging state, local, tribal and private funds. Making infrastructure investments now will put workers back on the job and support local transportation programs in the near-term, but the return on investment for Federal taxpayers will benefit from historically low interest rates and construction costs. To help these funds flow into communities without delay, key Federal agencies have been directed to find ways to expedite permitting and approvals for infrastructure projects. Finally, 2014 is the first year of a five-year, \$40 billion rail reauthorization proposal.

Cut energy bills for low-income families. As part of an overall investment in weatherization-related activities, the Budget includes \$184 million for the Department of Energy's Weatherization Assistance Program, which enables low-income families to permanently reduce their energy bills by making their homes more energy efficient. Families receiving weatherization services see their annual energy bills reduced by about \$250 to \$450 per year in heating, cooling, and electric costs, depending on their housing type, location, and fuel source. The Budget also provides \$3 billion for the Low Income Home Energy Assistance Program (LIHEAP) in the Department of Health and Human Services to help struggling families with residential heating and cooling expenses. This amount includes \$50 million for competitive grants to help reduce energy burdens for LIHEAP households that rely on persistently high-cost systems.

###

Strengthening the Economy for Asian American and Pacific Islander Families

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

To strengthen the economy for Asian American and Pacific Islander families, the 2014 Budget will:

Increase Access to High-Quality Early Childhood Education. To build a foundation for success in the formative early years of life, the Budget outlines a proposal to increase access to high-quality early childhood education with the Preschool for All initiative. This initiative is financed by raising the Federal tax on cigarettes and other tobacco products, which would also have substantial public health impacts, particularly by reducing youth smoking. In addition, the Budget makes three complementary investments, including Preschool Development Grants, to help States build the infrastructure so they can participate in Preschool for All; an Early Head Start-Child Care Partnership fund to increase access to high-quality early learning environments; and an extension and expansion of the evidence-based voluntary home visiting program to provide our most vulnerable parents and children with the education and services to ensure our youngest children develop into healthy learners in safe homes.

Provide High-Quality Preschool for All. In partnership with the States, the Budget provides all low- and moderate-income four-year-olds with high-quality preschool, while also encouraging States to serve additional four-year-olds from middle-class families. The initiative promotes access to full-day kindergarten. To support this effort, the Budget also proposes a \$750 million investment in Preschool Development Grants to ensure that States willing to commit to expanding preschool

access are able to make the critical investments necessary to serve their four-year-olds in high-quality programs.

Invest in High-Quality Infant and Toddler Care. The Budget provides \$1.6 billion for companion investments in high-quality early learning for infants and toddlers through new Early Head Start-Child Care Partnerships.

Invest in Effective Parent and Family Strategies. The Budget also provides \$15 billion to extend and expand evidence-based voluntary home visiting programs that allow nurses, social workers, and other professionals to connect families to tools that positively impact the child's health, development, and ability to learn.

Sustain Investment While Ramping up Innovations in Grades K-12. The Department of Education has fueled historic reforms in our education system by rewarding excellence and promoting innovation to help children succeed. Continuing to build on these reforms, the 2014 Budget provides \$659 million in School Turnaround Grants to turn around America's persistently lowest-performing schools; includes \$215 million to support effective educational models through the Investing in Innovation (i3) fund; increases the supply of high-quality public educational options through a \$295 million investment in the Expanding Educational Options program; and provides \$1.3 billion for 21st Century Community Learning Centers to provide high-need students with additional time, support, and enrichment activities. The Budget is also committed to maintaining support for disadvantaged students by providing \$14.5 billion for ESEA Title I Grants to States to pay teacher salaries and fund critical education interventions.

Support Migrant Student Education. The Budget supports learning among migrant and refugee children by providing \$393 million for the Migrant Student Education program, which is designed to help these children overcome the unique challenges they face due to frequent moves among the States with disparities in curriculum, graduation requirements, or State academic content and student academic achievement standards.

Redesign High School. The Budget creates a new, competitive \$300 million fund to redesign high schools to focus on providing challenging and relevant experiences, while promoting and developing partnerships with colleges and employers that improve instruction and prepare students to continue education or transition into skilled jobs. In addition, the budget proposes to strengthen and reform career and technical education to better align programs with the needs of employers and higher education to ensure graduates are poised to succeed.

Improve College Affordability and Value. The Budget proposes to improve college affordability and value with a continued commitment to Pell Grants; budget-neutral student loan reform that will make interest rates more market-based; a \$1 billion Race to the Top fund to support competitive grants to States that drive higher education reform, while doing more to contain tuition; a \$260 million First in the World fund to spur cutting-edge innovations that decrease college costs and boost graduation rates; and reforms to Federal campus-based aid to reward colleges that set responsible tuition policy, provide a high quality education, and better serve students with financial need.

Improve Higher Education for Students from Minority Backgrounds. The Budget will support improving and expanding teacher education programs at minority-serving institutions, a significant pipeline for preparing a diverse teaching force. The Budget sustains funding for GEAR UP and TRIO

to help provide support services for students from disadvantaged backgrounds to prepare for, enroll, and complete postsecondary education. Using available funds in 2014 for GEAR UP, the Department will run a competition that funds projects that aim to ensure students enroll at colleges that will help them meet their fullest potential. Additionally, the Budget continues approximately \$800 million in funding for programs that strengthen and support minority serving institutions. The Budget maintains funding for programs administered by the Department of Education and the National Science Foundation that fund Asian American Native American Pacific Islander Serving Institutions (AANAPISIs).

Prepare Students for STEM Careers in the 21st Century Economy. The Budget proposes a comprehensive reorganization of Federal STEM education programs to make better use of resources and improve outcomes in four areas: K-12 instruction, undergraduate education, graduate fellowships, and education activities that typically take place outside the classroom. This reorganization will be implemented with a focus on increasing participation and opportunities for individuals from groups historically underrepresented in these fields.

Promote New Approaches to Job Training and Employment Services. As the economy changes, training and employment programs must innovate and adapt to help American workers gain the skills they need to find new jobs and careers. The Budget includes several initiatives to ensure these goals are achieved by exploring opportunities to revisit how the Federal Government funds job training programs that serve overlapping populations; driving innovation through the Workforce Innovation Fund by testing new State and regional ideas to better deliver training and employment services and help workers find jobs; and providing \$8 billion for a Community College to Career Fund to support State and community college partnerships with businesses and other stakeholders to build the skills of American workers.

Create Pathways to Work for Every American. Investing in our nation's low-income youth, and connecting those who have experienced long-term unemployment to jobs, is critical to building long-term prosperity and ensuring that our economic recovery reaches all Americans. The Budget creates a \$12.5 billion Pathways Back to Work fund to make it easier for workers to remain connected to the workforce and gain new skills for long-term employment. This initiative will support summer and year round jobs for low-income youth, subsidized employment opportunities for unemployed and low income adults, and other promising strategies designed to lead to employment. The Budget also proposes a \$4 billion Reemployment NOW program, which helps States connect workers receiving unemployment insurance and other long-term unemployed individuals with job opportunities.

Partner with Communities to Help Them Rebuild. The Promise Zones initiative will revitalize high-poverty communities across the country by attracting private investment, improving affordable housing, expanding educational opportunities, providing tax incentives for hiring workers and investing in the Zones, reducing violence, and assisting local leaders in navigating Federal programs and cutting through red tape. To align Federal investments with these hardest-hit communities, the Budget invests \$300 million in combining effective cradle-to-career services with comprehensive school reforms through Promise Neighborhoods; \$400 million in Choice Neighborhoods to revitalize affordable housing and surrounding neighborhoods; and \$35 million in Byrne Criminal Justice Innovation Grants to combat serious crime and violence using proven public safety strategies.

Strengthen Families. The Budget support the President's commitment to promoting healthy marriages for all families and supporting the critical role that fathers play in enhancing the intellectual,

emotional, and financial well-being of their sons and daughters. The Budget proposes allowing existing Federal programs, like the child support program, to implement models that get more men working and engaging with their children. It also supports States in testing strategies to overcome financial deterrents to forming safe and stable marriages.

Make Tax Cuts Permanent for Working Families. The Budget permanently extends expansions of the Child Tax Credit and the Earned Income Tax Credit that were passed in the Recovery Act and continued as part of the bipartisan Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act and The American Taxpayer Relief Act that the President negotiated and signed into law in January 2013. The expanded refundability of the Child Tax Credit benefits 12 million families with 21 million children. The expansion of the Earned Income Tax Credit for married couples and families with three or more children provides tax cuts averaging \$500 to 6 million families. These improvements lifted 1.6 million Americans out of poverty in 2010. The Budget also proposes to make permanent the American Opportunity Tax Credit, which currently helps about 11 million students and families afford college.

Provide Greater Security for American Workers. The Budget supports the President's call to reward hard work by raising the Federal minimum wage to \$9.00 an hour. Raising the minimum wage would directly boost wages for 15 million workers and would help our growing economy. The Budget also makes important investments to help ensure that women receive equal pay for equal work by providing additional resources to strengthen the pay discrimination enforcement efforts of the Department of Labor's Office of Federal Contract Compliance Programs and the Equal Employment Opportunity Commission. In addition, the Budget provides an increase of \$3.4 million for the Wage and Hour Division (WHD) for increased enforcement of the Fair Labor Standards Act and the Family and Medical Leave Act, which ensure that workers receive appropriate wages, overtime pay, and the right to take job-protected leave for family and medical purposes. While the Family and Medical Leave Act allows many workers to take job-protected unpaid time off, millions of families cannot afford to use unpaid leave. The Budget supports a \$5 million State Paid Leave Fund to provide technical assistance and support to States that are considering paid leave programs.

Prevent Hunger. At a time of continued need, the Budget provides \$7.1 billion in funding to support the 8.9 million individuals expected to participate in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which is critical to the health of pregnant women, new mothers, infants, and young children. The Administration also continues its support of the Supplemental Nutrition Assistance Program (SNAP), the cornerstone of our Nation's food assistance safety net that touches the lives of more than 47 million people by helping families put food on the table.

Support Healthy Eating. The Budget supports the implementation of the Healthy, Hunger-Free Kids Act of 2010 with \$35 million in school equipment grants to aid in the provision of healthy meals and continued support for other school-based resources.

Make Communities Safer by Reducing Gun Violence. We can protect our Second Amendment rights while coming together around reforms like background checks to make it harder for criminals to get their hands on a gun—common-sense reforms that will help protect our citizens from the scourge of gun violence that has plagued too many communities across the country. On January 16th, 2013, the President announced his gun safety initiative which consisted of several legislative measures now currently under consideration by the Congress and numerous executive actions, most which are already well underway. The 2014 Budget includes \$667 million in additional resources to help implement the

President's gun safety plan which includes closing background check loopholes to keep guns out of dangerous hands and taking other common-sense steps to reduce gun violence; making schools safer; and increasing access to mental health services.

Reform our Immigration System. The President's plan for common-sense immigration reform would continue investments in border security, crack down on companies that hire undocumented workers, improve the legal immigration system for employment-sponsored and family-sponsored immigrants, and establish a responsible pathway to earned citizenship. The plan would require anyone who is undocumented to pay their taxes and a penalty, move to the back of the line, learn English, and undergo background checks.

Keep Families Together. The proposal seeks to eliminate existing backlogs in the family sponsored immigration system by recapturing unused visas and temporarily increasing annual visa numbers. The proposal also raises existing annual country caps from 7 percent to 15 percent for the family-sponsored immigration system. It also treats same-sex families as families by giving U.S. citizens and lawful permanent residents the ability to seek a visa on the basis of a permanent relationship with a same-sex partner. The proposal also revises current unlawful presence bars and provides broader discretion to waive bars in cases of hardship.

Smarter Enforcement that Enhances Border Security and Strengthens Workforce Integrity. The President's proposal strengthens the integrity of the U.S. workforce by giving employers the tools they need to verify that the employees they hire are eligible to work and by holding accountable those employers who deliberately hire and exploit unauthorized workers. It also strengthens law enforcement's ability to disrupt and dismantle transnational criminal organizations and criminal schemes as well as to identify and remove those who are threats to public safety and national security.

A Pathway to Earned Citizenship. The President's proposal would provide a provisional status to the millions of individuals living here illegally by creating a responsible pathway that could ultimately lead to a green card and citizenship. All applicants would be required to pass national security and criminal background checks, pay taxes, fees and penalties, learn English, and get in the back of the line behind those waiting in the legal immigration system to become eligible for citizenship.

Promote Affordable Homeownership. The Administration projects that the Federal Housing Administration (FHA) will insure \$178 billion in mortgage borrowing in 2014, supporting new home purchases and re-financed mortgages that significantly reduce borrower payments. FHA financing was used by 27 percent of all homebuyers. It also is a vital financing source for first-time homeowners, 41 percent of whom used FHA insured financing in 2011.

Support Responsible Homeowners and Help Them Stay in Their Homes. The President has put forward a legislative plan to support responsible homeowners by making millions more eligible for streamlined refinancing, which can save hundreds of dollars a month. In addition, the President has expanded efforts to help families avoid foreclosure by making 12-month forbearance for unemployed borrowers an industry standard and expanding eligibility for the Home Affordable Modification Program (HAMP). The Administration continues to support housing counseling programs for households at risk of foreclosure and low and moderate income households. The Budget provides \$55 million for HUD's Housing Counseling program and \$204 million for the Neighborhood Reinvestment

Corporation, including \$77 million for the National Foreclosure Mitigation Counseling (NFMC) program. NFMC has delivered counseling to over 1.4 million households.

Maintain Affordable High-Quality Primary and Preventive Care. Health centers are a key component of the Nation's health care system. These sites offer comprehensive, high quality, primary and preventive health care services to all Americans regardless of ability to pay. As insurance coverage is expanded through the Affordable Care Act, Health Centers will continue to be a critical element of the health system. To ensure that health centers continue to provide critical access and services to millions of Americans, the Budget continues to fully support existing health center sites and includes funding to open new health centers in areas in the country where they do not currently exist. There are over 8,000 health center sites across the country that provide services to over 20 million people.

Support Minority Businesses. Of the various ethnic and racial groups in the United States, White non-Latinos and Asian Americans have the highest self-employment rates. This aggregated data, however, does not reflect the income and other disparities that exist between AAPI subgroups. The Administration continues to support robust funding of programs that support growth and access to credit in underserved and lower-income communities. To help businesses thrive, the Budget will:

Support Growth and Lending. The Budget provides \$225 million for the Treasury Department's Community Development Financial Institutions (CDFI) Fund, which provides capital to low-income communities across the Nation and is targeting a portion of its funds to help bring grocery stores and other healthy food retailers to underserved urban and rural communities. The Budget promotes entrepreneurship in underserved areas by providing funding for Small Business Administration entrepreneurial education programs. This includes \$40 million for an entrepreneurship training initiative that will target small business owners who are currently poised for growth. The Budget also provides \$29 million for the Minority Business Development Agency through the Department of Commerce.

Enhance Small Business Access to Credit. Small businesses are the engine of economic growth and job creation and, with 1.5 million AAPI-owned businesses in the United States generating more than \$507 billion in sales and employing more than 2.8 million workers, success of AAPI-owned businesses is critical to the overall economy. Between 2002 and 2007, the number of U.S. businesses owned by Asian Americans increased 40.4 percent, increasing at more than twice the national rate, according to U.S. Census Bureau. The Administration is working to improve access to capital for small businesses, which is why the Budget supports \$29 billion in loan guarantees in SBA's 7(a), 504, and Small Business Investment Company (SBIC) programs, in addition to \$25 million in direct microloans.

Cut Taxes for Small Businesses Seeking to Grow and Expand. The President is proposing to build on the 18 small business tax cuts he has already signed into law with new tax cuts to encourage growth and investment.

Spur Job Creation through Infrastructure. The Budget for the Department of Transportation fully supports the \$50.1 billion of surface transportation programs included in the MAP-21 reauthorization bill signed by the President on July 6, 2012. Beyond MAP-21, the Budget includes a reserve beginning in 2015 to support robust, long-term investments in surface transportation under the next reauthorization. To immediately spur job growth, the Budget provides an additional \$50 billion for transportation investments in 2014. Although infrastructure projects take time to get underway, these

investments would create hundreds of thousands of jobs in the first few years—and in industries suffering from protracted unemployment. This includes \$40 billion in "fix-it-first" investments to improve existing infrastructure assets most in need of repair and \$10 billion to help spur States and local innovation in infrastructure development and leveraging state, local, tribal and private funds. Making infrastructure investments now will put workers back on the job and support local transportation programs in the near-term, but the return on investment for Federal taxpayers will benefit from historically low interest rates and construction costs. To help these funds flow into communities without delay, key Federal agencies have been directed to find ways to expedite permitting and approvals for infrastructure projects. Finally, 2014 is the first year of a five-year, \$40 billion rail reauthorization proposal.

Cut energy bills for low-income families. As part of an overall investment in weatherization-related activities, the Budget includes \$184 million for the Department of Energy's Weatherization Assistance Program, which enables low-income families to permanently reduce their energy bills by making their homes more energy efficient. Families receiving weatherization services see their annual energy bills reduced by about \$250 to \$450 per year in heating, cooling, and electric costs, depending on their housing type, location, and fuel source. The Budget also provides \$3 billion for the Low Income Home Energy Assistance Program (LIHEAP) in the Department of Health and Human Services to help struggling families with residential heating and cooling expenses. This amount includes \$50 million for competitive grants to help reduce energy burdens for LIHEAP households that rely on persistently high-cost systems.

###

Strengthening the Economy for Children and Youth

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

To support our nation's children and youth, particularly the most vulnerable, the 2014 Budget will:

HELP FAMILIES ENSURE KIDS GET A GREAT START TO LIFE

Increase Access to High-Quality Early Childhood Education. To build a foundation for success in the formative early years of life, the Budget outlines a proposal to increase access to high-quality early childhood education with the Preschool for All initiative. This initiative invests \$75 billion over 10 years in high-quality preschool and is financed by raising the Federal tax on cigarettes and other tobacco products, which would also have substantial public health impacts, particularly by reducing youth smoking. In addition, the Budget makes three complementary investments, including Preschool Development Grants, to help States build the infrastructure so they can participate in Preschool for All; an Early Head Start-Child Care Partnership fund to increase access to high-quality early learning environments; and an extension and expansion of the evidence-based voluntary home visiting program to provide our most vulnerable parents and children with the education and services to ensure our youngest children develop into healthy learners in safe homes.

Provide High-Quality Preschool for All. In partnership with the States, the Budget provides all low- and moderate-income four-year-olds with high-quality preschool, while encouraging States to

serve additional four-year-olds from middle-income families. The initiative also promotes access to full-day kindergarten and high-quality early education programs for children under age four. To support this initiative, the Budget also proposes a \$750 million investment in Preschool Development Grants to ensure that States willing to commit to expanding preschool access are able to make the critical investments necessary to serve their four-year-olds in high-quality programs.

Invest in High-Quality Infant and Toddler Care. The Budget provides \$1.6 billion for companion investments in high-quality early learning for infants and toddlers through new Early Head Start-Child Care Partnerships.

Invest in Effective Parent and Family Strategies. The Budget also provides \$15 billion to extend and expand evidence-based voluntary home visiting programs that allow nurses, social workers, and other professionals to connect families to tools that positively impact the child's health, development, and ability to learn.

Partner with Communities to Help Them Rebuild. Children will be best prepared for success if they grow up in a strong community with safe streets, good schools, and economic opportunities for their families. The Promise Zones initiative will revitalize high-poverty communities across the country by attracting private investment, improving affordable housing, expanding educational opportunities, providing tax incentives for hiring workers and investing in the Zones, reducing violence, and assisting local leaders in navigating Federal programs and cutting through red tape. To align Federal investments with these hardest-hit communities, the Budget invests \$300 million in combining effective cradle-to-career services with comprehensive school reforms through Promise Neighborhoods; \$400 million in Choice Neighborhoods to revitalize affordable housing and surrounding neighborhoods; and \$35 million in Byrne Criminal Justice Innovation Grants to combat serious crime and violence using proven public safety strategies.

Strengthen Families. The Budget supports the President's commitment to promoting healthy marriages for all families and supporting the critical role that fathers play in enhancing the intellectual, emotional, and financial well-being of their sons and daughters. The Budget proposes allowing existing Federal programs, like the child support program, to implement models that get more men working and engaging with their children. It also supports States in testing strategies to overcome financial deterrents to forming safe and stable marriages.

Make Tax Cuts Permanent for Working Families. The Budget permanently extends expansions of the Child Tax Credit and the Earned Income Tax Credit that were passed in the Recovery Act and continued as part of the bipartisan Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act and The American Taxpayer Relief Act that the President negotiated and signed into law in January 2013. The expanded refundability of the Child Tax Credit benefits 12 million families with 21 million children. The expansion of the Earned Income Tax Credit for married couples and families with three or more children provides tax cuts averaging \$500 to 6 million families. These improvements lifted 1.6 million Americans out of poverty in 2010. The Budget also proposes to make permanent the American Opportunity Tax Credit, which currently helps about 11 million students and families afford college.

Prevent Hunger. Nutrition is critical to the nation's overall health and children's development and academic achievement. At a time of continued need, the Budget provides \$7.1 billion in funding to support the 8.9 million individuals expected to participate in the Special Supplemental Nutrition

Program for Women, Infants, and Children (WIC), which supports pregnant women, new mothers, infants, and young children. The Administration also continues its support of the Supplemental Nutrition Assistance Program (SNAP), the cornerstone of our nation's food assistance safety net that touches the lives of more than 47 million people by helping families put food on the table.

CONTINUE REFORMS IN K-12 TO BETTER EDUCATE OUR YOUTH

Sustain Investment While Ramping up Innovations in Grades K-12. The Department of Education has fueled historic reforms in our education system by rewarding excellence and promoting innovation to help children succeed. Continuing to build on these reforms, the 2014 Budget provides \$659 million in School Turnaround Grants to turn around America's persistently lowest-performing schools; includes \$215 million to support effective educational models through the Investing in Innovation (i3) fund; increases the supply of high-quality public educational options through a \$295 million investment in the Expanding Educational Options program; and provides \$1.3 billion for 21st Century Community Learning Centers to provide high-need students with additional time, support, and enrichment activities. The Budget is also committed to maintaining support for disadvantaged students by providing \$14.5 billion for ESEA Title I Grants to States to pay teacher salaries and fund critical education interventions.

Redesign High School. The Budget creates a new, competitive \$300 million fund to redesign high schools to focus on providing challenging and relevant learning experiences, while promoting and developing partnerships with colleges and employers that improve instruction and prepare students to continue education or transition into skilled jobs.

Support Healthy Eating. The Budget supports the implementation of the Healthy, Hunger-Free Kids Act of 2010 with \$35 million in school equipment grants to aid in the provision of healthy meals and continued support for other school-based resources.

Help Youth Build Skills for Employment. The Budget provides \$847 million for the Workforce Investment Act Youth program, which provides a range of employment and education services, including summer job opportunities, to low-income youth with barriers to employment. It also requests \$80 million for YouthBuild, a program that allows at-risk youth to attain a diploma or GED and gain skills while giving back to their community by building and rehabilitating low-income housing. The Budget devotes \$50 million to test and replicate innovative and evidence-based strategies to help young ex-offenders succeed in education and employment rather than continuing their involvement in the criminal justice system.

Make Our Schools Safer. The President's plan to reduce gun violence and increase school safety requires that we invest not only in preparing our schools for emergencies but also in creating safe and nurturing climates to prevent future tragedies. The Budget provides \$112 million in new funds for the Department of Education to help schools develop and implement emergency preparedness plans; create safer and more nurturing school climates through evidence-based behavioral intervention practices; provide support and services to children exposed to pervasive violence; collect data on school safety and climate; and highlight best practices regarding school behavioral intervention and discipline policies, including the equitable implementation of these policies. These investments will complement additional efforts of the Departments of Justice, Health and Human Services, and Education to support comprehensive school safety strategies and to increase access to mental health services. For example, the Budget requests for the Department of Justice \$150 million to support the hiring of school resource

officers, counselors, and other mental health professionals in schools, as well as other school safety investments, and \$20 million to help schools, police, and juvenile justice authorities collaborate to reduce arrests as a response to minor youth misbehavior in and around schools.

Expand Mental Health Treatment for Youth and Families. The Budget includes a new \$130 million initiative to help teachers and other adults recognize signs of mental illness in students and refer them to help if needed, support innovative state-based programs to improve mental health outcomes for young people ages 16-25, and train 5,000 more mental health professionals with a focus on serving students and young adults.

CREATE PATHWAYS TO GOOD JOBS OF THE 21ST CENTURY

Improve College Affordability and Value. The Budget proposes to improve college affordability and value with a continued commitment to Pell Grants; budget-neutral student loan reform that will make interest rates more market-based; a \$1 billion Race to the Top fund to support competitive grants to States that drive higher education reform, while doing more to contain tuition rates; a \$260 million First in the World fund to spur cutting-edge innovations that decrease college costs and boost graduation rates; and reforms to Federal campus-based aid to reward colleges that set responsible tuition policy, provide a high-quality education, and better serve students with financial needs.

Create Pathways to Work for Every American. Investing in our nation's low-income youth, and connecting those who have experienced long-term unemployment to jobs, is critical to building long-term prosperity and ensuring that our economic recovery reaches all Americans. The Budget creates a \$12.5 billion Pathways Back to Work fund to make it easier for workers to remain connected to the workforce and gain new skills for long-term employment. This initiative will support summer and year round jobs for low-income youth, subsidized employment and job training opportunities for unemployed and low income adults, and other promising strategies designed to lead to employment.

Strengthen Job Corps. The Administration strongly supports the Job Corps program, which provides comprehensive services and support to some of the nation's most disadvantaged youth in centers across the country. The Budget continues the Administration's commitment to reforming the program and improving the quality of the services it provides. These reforms include closing the small number of Job Corps centers that are chronically low-performing; identifying and seeking to replicate the practices of high-performing centers; strengthening financial oversight; and adopting cost-saving reforms.

Support National Service. The Budget funds approximately 82,000 AmeriCorps members through the Corporation for National and Community Service (CNCS) core programs. This will enable members to serve and support the efforts of nonprofit organizations working across the country to address a wide range of critical community challenges, from hurricanes to homelessness to failing schools. In addition, the Budget continues support for FEMA Corps, an innovative new partnership between the Federal Emergency Management Administration and CNCS that brings young people interested in careers in emergency management into public service while improving the resilience of local communities. This partnership will support an additional 1,600 AmeriCorps members in 2014. The Budget also continues support for School Turnaround AmeriCorps, a new partnership between the Department of Education and CNCS that places AmeriCorps members in the nation's lowest-performing schools to help improve student performance.

PROTECT OUR MOST VULNERABLE YOUTH AND FAMILIES

Promote Better Outcomes for Disconnected Youth. Inconsistent and overlapping Federal program requirements sometimes prevent States and communities from effectively coordinating services or using funding to support strategies that are most likely to achieve the best outcomes. In 2014, the Administration proposes establishing up to 13 Performance Partnership pilots involving up to \$130 million in existing discretionary Federal resources that are designed to improve outcomes for disconnected youth, including young adults who have dropped out of school and are not employed. Approved performance partnerships designed at the State or community level could blend discretionary funds for youth-serving programs across agencies in exchange for greater accountability for results. Performance indicators, such as education and employment outcomes, would be used to gauge progress, and evaluations would study what locally designed strategies work best. The Administration will work with community and nonprofit leaders— both secular and religious— to explore the potential for similar performance partnerships in other areas, like revitalizing distressed communities and reducing youth violence. The Budget also includes \$25 million in the Departments of Education and Labor to support the development of pilots, youth-focused Pay for Success projects, and other activities to improve outcomes for this population.

Support Evidence-Based Teen Pregnancy Prevention. Because the President believes that more progress must be made on reducing the number of unplanned pregnancies, the Budget provides \$260 million for teen pregnancy prevention and related efforts. A \$105 million initiative targets funds for grants to community-based and faith-based organizations that implement the evidence-based models that have been proven to work in reducing teen pregnancy -- models that provide medically accurate, age-appropriate, and complete information on contraception and sexual health. The model will also fund and rigorously evaluate programs that are promising but not yet proven. The Budget also proposes a new program to help reduce pregnancy among youth in foster care, funded by Abstinence Education funds that are not used by States.

Strengthen Efforts to Combat Violence Against Young Women. Despite progress made in recent years, too many women – particularly young women – are beaten, raped, and stalked every year. The Budget plays a critical role in helping to create a coordinated community response to this problem. The Budget includes \$412.5 million in Department of Justice Office on Violence Against Women grants and assistance to support victims of violence, including domestic abuse and sexual assault victims. The Budget also proposes an increase of \$95 million in the Crime Victim Fund for a range of services including domestic trafficking, tribal victim services, and increased funds to States to better serve crime victims including violence against women. The Budget works to improve the apprehension and prosecution of sex offenders by providing \$20 million to address the nation’s backlog of rape kits. The Budget provides an increase of \$7 million for family violence shelters and services, and for the Domestic Violence Hotline to help address unmet need. Finally, the Budget includes \$10 million for a new initiative to prevent and address domestic human trafficking victims, many of whom are young women. This initiative will provide direct services such as housing assistance and counseling to victims of trafficking, train service providers, and invest in data collection, research, and evaluation.

Maintain Funding for the Education of Children with Disabilities. The Budget sustains the Department of Education’s commitment to supporting education for students with disabilities, providing \$11.6 billion for the Individuals with Disabilities Education Act (IDEA) Grants to States to provide a high quality education and help offset State and local education costs for children with

disabilities. The Budget also provides a \$20 million, or 5 percent, increase for the IDEA Infants and Families Program to provide the youngest children a strong start in life.

Improve Services for Children with Disabilities. The Budget supports the continued implementation of the interagency Promoting Readiness of Minors in SSI (PROMISE) pilot, initiated in 2012. The Department of Education and Social Security Administration, in consultation with the Departments of Labor and Health and Human Services, will provide competitive grants to test and evaluate interventions that successfully improve child and family outcomes and reduce the need for children to remain in the SSI program.

Preserve Affordable Rental Opportunities for Families with Children. The Budget requests \$20 billion for the Housing Choice Voucher program to help more than 2.2 million low-income families afford decent housing in neighborhoods of their choice. This funding level supports all existing vouchers and provides 10,000 new vouchers targeted to homeless veterans. The Budget also includes \$10.3 billion for the Project-Based Rental Assistance program to maintain affordable rental housing for 1.2 million families, and provides \$6.6 billion in operating and capital subsidies to preserve affordable public housing for an additional 1.1 million families. More than 40 percent of the affordable units funded by these rental assistance programs are home to families with children. An additional \$10 million for the Rental Assistance Demonstration will be targeted to Public Housing properties in high-poverty neighborhoods, including designated Promise Zones. The Budget also provides \$950 million for the HOME Investment Partnerships Program to provide grants to state and local governments to supply almost 40,000 additional units of affordable housing for low-income families. This funding level will be complemented by another \$1 billion in mandatory funding for the Housing Trust Fund to finance the development, rehabilitation, and preservation of affordable housing for extremely-low income families.

Increase Funding for Homeless Assistance Grants. The Budget provides \$2.4 billion -- \$480 million above the FY 2012 enacted level -- for Homeless Assistance Grants. The request allows HUD to renew all existing assistance, part of which helps shelter over 340,000 homeless children annually. In addition, the Budget provides \$60 million for new targeted rapid re-housing and \$40 million for new permanent supportive housing, serving an additional 30,000 people. The increase for rapid re-housing will help make progress toward the goal of ending youth and family homelessness by 2020, as described in *Opening Doors: The Federal Strategic Plan to Prevent and End Homelessness*.

###

Strengthening the Economy for Cities and Metropolitan Areas

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

To expand opportunities in our cities and metropolitan areas, the 2014 Budget will:

Partner with Communities to Help Them Rebuild. The Promise Zones initiative will revitalize high-poverty communities across the country by attracting private investment, improving affordable housing, expanding educational opportunities, reducing crime, providing tax incentives for hiring workers and investing in the Zones, and assisting local leaders in navigating Federal programs and cutting through red tape. The Budget expands the contribution of the following programs to Promise Zones:

- *Promise Neighborhoods.* The Budget makes a significant \$300 million investment in the Department of Education's Promise Neighborhoods program, an initiative that supports high-need communities that combine effective, cradle-to-career services for children and families with comprehensive reforms centered on high-quality schools.
- *Choice Neighborhoods.* The Budget also includes a \$400 million investment in the Department of Housing and Urban Development's Choice Neighborhoods program, which supports the redevelopment of distressed HUD-assisted housing and revitalization of surrounding high-poverty neighborhoods.

- *Byrne Criminal Justice Innovation Grants.* The Budget provides \$35 million to invest in proven public safety strategies to reduce serious crime and violence in high-need communities.
- *Strong Cities, Strong Communities (SC2).* Through SC2, Federal agency personnel will be deployed to partner with distressed communities, including Promise Zones, to provide technical expertise, help the communities identify ways to leverage existing Federal investments to improve community outcomes, and help build the capacity of local government. The Budget also continues to support the SC2 National Resource Network—a “one-stop shop” of experts that communities can draw upon for a full range of services, including fiscal reforms, repurposing land use, and business cluster and job market analysis.

Strengthen Manufacturing Communities. The President is proposing a new Manufacturing Communities Tax Credit (administered by Treasury’s CDFI Fund) to help attract new investments and jobs in communities facing concentrated job losses, such as those affected by military base or manufacturing plant closures. This will provide about \$2 billion in credits for qualified investments approved in each of the three years, 2014 through 2016. The President is also directing Federal agencies to provide coordinated assistance to manufacturing communities through a new Investing in Manufacturing Communities Partnership designed to strengthen communities’ ability to attract and sustain manufacturing investment from both new domestic and foreign businesses. The goal is to attract manufacturers, their suppliers, fabricators, and distributors to a region based on the region’s comparative economic advantages. To support the Partnership, the Budget includes a \$113 million Investing in Manufacturing Communities Fund at the Department of Commerce’s Economic Development Administration to provide targeted investments in competitively-designated manufacturing communities, which will be matched by non-Federal funds for state-of-the-art infrastructure projects, industrial parks, and research facilities.

Invest in Community Development in Underserved Communities. The Budget increases funding for the Community Development Financial Institutions (CDFI) Fund, which provides financing to increase economic and community development and job opportunities in low-income and underserved communities. It increases funding for the interagency Healthy Food Financing Initiative, which promotes the development of healthy food outlets in ‘food deserts’ (low-income areas with limited access to healthy food options), and supports improvements in the Bank Enterprise Awards program to better incentivize banks to invest in distressed communities. The Budget also supports the CDFI Bond Guarantee program, and proposes to extend the program by one year (through 2015), at the current \$1 billion authorized guarantee level. Upon implementation, the proceeds of these bonds will provide needed additional financing to small businesses and entrepreneurs to create jobs in underserved areas, and support construction of charter schools and affordable housing. Finally, the Administration is dedicated to improving the effectiveness of CDFI Fund awards, and the Budget invests in data collection and analysis of program effectiveness that will foster a better understanding of the impact of CDFI programs on poverty reduction and development investment in underserved communities.

Increase Access to High-Quality Early Childhood Education. To build a foundation for success in the formative early years of life, the Budget outlines a proposal to increase access to high-quality early childhood education with the Preschool for All initiative. This initiative invests \$75 billion over 10 years in high-quality preschool and is financed by raising the Federal tax on cigarettes and other tobacco products, which would also have substantial public health impacts, particularly by reducing youth smoking. In addition, the Budget makes three complementary investments, including Preschool Development Grants, to help States build the infrastructure so they can participate in Preschool for All;

an Early Head Start-Child Care Partnership fund to increase access to high-quality early learning environments; and an extension and expansion of the evidence-based voluntary home visiting program to provide our most vulnerable parents and children with the education and services to ensure our youngest children develop into healthy learners in safe homes.

Provide High-Quality Preschool for All. In partnership with the States, the Budget provides all low- and moderate-income four-year-olds with high-quality preschool, while also encouraging States to serve additional four-year-olds from middle-income families. The initiative also promotes access to full-day kindergarten and high-quality early education programs for children under age four. To support this effort, the Budget also proposes a \$750 million investment in Preschool Development Grants to ensure that States willing to commit to expanding preschool access are able to make the critical investments necessary to serve their four-year-olds in high-quality programs.

Invest in High-Quality Infant and Toddler Care. The Budget provides \$1.6 billion for companion investments in high-quality early learning for infants and toddlers through new Early Head Start-Child Care Partnerships.

Invest in Effective Parent and Family Strategies. The Budget also provides \$15 billion to extend and expand evidence-based voluntary home visiting programs that allow nurses, social workers, and other professionals to connect families to tools that positively impact the child's health, development, and ability to learn.

Sustain Investment While Ramping up Innovations in Grades K-12. The Department of Education has fueled historic reforms in our education system by rewarding excellence and promoting innovation to help children succeed. Continuing to build on these reforms, the 2014 Budget provides \$659 million in School Turnaround Grants to turn around America's persistently lowest-performing schools; includes \$215 million to support effective educational models through the Investing in Innovation (i3) fund; increases the supply of high-quality public educational options through a \$295 million investment in the Expanding Educational Options program; and provides \$1.3 billion for 21st Century Community Learning Centers to provide high-need students with additional time, support, and enrichment activities. The Budget is also committed to maintaining support for disadvantaged students by providing \$14.5 billion for ESEA Title I Grants to States to pay teacher salaries and fund critical education interventions.

Redesign High School. The Budget creates a new, competitive \$300 million fund to redesign high schools to focus on providing challenging and relevant learning experiences, while promoting and developing partnerships with colleges and employers that improve instruction and prepare students to continue education or transition into skilled jobs.

Strengthen Career and Technical Education. In addition, the budget proposes to strengthen and reform career and technical education to better align programs with the needs of employers and higher education to ensure graduates are poised to succeed.

Invest in Community Development and Neighborhoods Most Affected by Foreclosures. The Budget provides \$3 billion for the Community Development Block Grant (CDBG) program and neighborhood stabilization activities, and proposes reforms to better target CDBG investments to address local community development goals. This funding level includes \$200 million in new competitive funds to continue mitigating the impacts of the foreclosure crisis. This funding will

provide essential new resources to help communities hardest hit by the foreclosure crisis while creating jobs through rehabilitating, repurposing, and demolishing vacant and blighted properties. The Budget also continues to support the \$15 billion Project Rebuild program, which will leverage private capital to bring the benefits of neighborhood stabilization to national scale.

Support the Mortgage Market and Helps Borrowers Who are at Risk of Foreclosure. The Administration projects that the Federal Housing Administration (FHA) will insure \$178 billion in mortgage loans in 2014, supporting new home purchases and refinanced mortgages that significantly reduce borrower payments. FHA financing was used for 27 percent of home purchase loans in 2011, including an estimated 41 percent of first-time homeowners. FHA's loss mitigation program minimizes the risk of financially struggling borrowers going into foreclosure, and since the start of the mortgage crisis, it has helped more than a million homeowners. Recent increases in FHA premium levels will boost FHA's capital reserves and increase Federal revenues. The Budget also includes \$132 million for housing and homeowner counseling through HUD and the Neighborhood Reinvestment Corporation (NeighborWorks). Over half of these funds are dedicated to foreclosure assistance. NeighborWorks' National Foreclosure Mitigation Counseling program has assisted over 1.4 million households since its inception in 2008.

Support Struggling Homeowners. The Administration continues to implement ongoing TARP housing programs and other activities to assist homeowners threatened by foreclosure, including unemployed homeowners and those with negative home equity. As of December 31, 2012, over 1.1 million borrowers had received permanent modifications through the Home Affordable Modification Program (HAMP), which amounts to an estimated \$17.3 billion in realized aggregate savings for these homeowners. The Administration's TARP housing programs have also been a catalyst for private sector mortgage modifications. Between April 2009 and the end of November 2012, HAMP and the private sector HOPE NOW alliance initiated over 6.1 million mortgage modifications and loss mitigation interventions, approximately double the number of foreclosure completions that were executed in the same period. Furthermore, the Administration has allocated \$7.6 billion to eligible States through the Housing Finance Agencies' (HFA) Hardest Hit Fund to implement innovative housing programs that stabilize local housing markets and meet the unique needs of communities.

Preserve Affordable Rental Opportunities. The Budget requests \$20 billion for the Housing Choice Voucher program to help more than 2.2 million low-income families afford decent housing in neighborhoods of their choice. This funding level supports all existing vouchers and provides 10,000 new vouchers targeted to homeless veterans. The Budget also includes \$10.3 billion for the Project-Based Rental Assistance program to maintain affordable rental housing for 1.2 million families, and provides \$6.6 billion in operating and capital subsidies to preserve affordable public housing for an additional 1.1 million families. An additional \$10 million for the Rental Assistance Demonstration will be targeted to Public Housing properties in high-poverty neighborhoods, including designated Promise Zones. The Budget also provides \$950 million for the HOME Investment Partnerships Program to provide grants to state and local governments to supply almost 40,000 additional units of affordable housing for low-income families. This funding level will be complemented by another \$1 billion in mandatory funding for the Housing Trust Fund to finance the development, rehabilitation, and preservation of affordable housing for extremely-low income families.

Continue Funding for Health Centers. Health centers are a key component of the Nation's health care safety net. To ensure Americans receive comprehensive, high quality, primary and preventive health care services regardless of their ability to pay, the Budget invests \$3.8 billion for health center

services in 2014 to support services to over 22 million patients. The Affordable Care Act provides the Health Center program with a total of \$9.5 billion through 2015. Health centers will continue to be a critical element of the health system, largely because they can provide an accessible and dependable source of primary care services in underserved communities.

Prevent Hunger. At a time of continued need, the Budget provides \$7.1 billion to support the 8.9 million individuals expected to participate in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which is critical to the health of pregnant women, new mothers, infants, and young children. The Administration also continues its support of the Supplemental Nutrition Assistance Program (SNAP), the cornerstone of our Nation's food assistance safety net that touches the lives of more than 47 million people by helping families put food on the table.

Support Healthy Eating. The Budget supports the implementation of the Healthy, Hunger-Free Kids Act of 2010 with \$35 million in school equipment grants to aid in the provision of healthy meals and continued support for other school-based resources.

Provide \$50 Billion in Upfront Infrastructure Investments. The national transportation system continues to face an immense backlog of state-of-good-repair projects, a reality underscored by the fact that there are nearly 70,000 "structurally deficient" bridges in the country today. To address this problem, the Budget includes \$40 billion for "Fix it First" projects, to invest immediately in our Nation's infrastructure with an emphasis on reducing the backlog of deferred maintenance on highways, bridges, transit systems, and airports nationwide. The Budget also includes \$10 billion for competitive programs to encourage innovative reform and help get high-value infrastructure projects from the planning stage to execution.

Build a Modern Intermodal Transportation System. While the recently-passed two-year surface transportation authorization legislation, MAP-21, provided much-needed certainty to transportation funding and enacted a number of important reforms, the Administration believes that more needs to be done to maintain, improve, and expand the Nation's transportation systems. Much of the country's transportation infrastructure was built decades ago and is in urgent need of repair to meet current and future economic demands. Therefore, in addition to the \$50 billion up-front infrastructure investment and \$40 billion rail reauthorization proposals, additional resources are reserved beginning in 2015 to support robust funding levels for highways, transit, and highway safety activities in the next transportation reauthorization legislation.

Boost Private Investment Through "Rebuild America Partnership." The President's plan will bring together an array of new and existing policies all aimed at enhancing the role of private capital in U.S. infrastructure investment as a vital additive to the traditional roles of Federal, State, and local Governments.

- *Create National Infrastructure Bank.* The President continues to call for the creation of an independent National Infrastructure Bank. The Bank will have the ability to leverage private and public capital to support infrastructure projects of national and regional significance. In addition, the Bank will be able to invest through loans and loan guarantees in a broad range of infrastructure projects, including transportation, energy, and water, and will operate as an independent, wholly-owned Government entity outside of political influence.

- *Enact America Fast Forward Bonds and Other Tax Incentives for Infrastructure Investment.* Recovery Act funding for “Build America Bonds” (BABs) helped to support more than \$181 billion for new public infrastructure. The program’s innovative design ensured that taxpayers as a whole received the best bang-for-the-buck when the Federal Government helped States, localities, and their private sector partners invest in new infrastructure. The President’s new America Fast Forward (AFF) Bonds program will build upon the successful example of the BABs program, broadening it to include similar programs like the qualified private activity bonds program while also relaxing certain limitations in the way the combined program could be used. AFF Bonds will attract new sources of capital for infrastructure investment — including from public pension funds and foreign investors that do not receive a tax benefit from traditional tax-exempt debt. As part of the AFF Bonds program, the Administration is proposing to reduce the cost of financing for building and repairing public schools, State universities, and school buildings sponsored by non-profit educational entities by issuing AFF school construction bonds, with an additional interest subsidy in 2014 and 2015 to encourage immediate investment in school construction. In addition, the Administration is proposing changes to the Foreign Investment in Real Property Tax Act (FIRPTA) aimed at enhancing the attractiveness of investment in U.S. infrastructure and real estate to a broader universe of private investors.
- *Implement Newly Expanded TIFIA Program.* The Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program received an eight-fold increase in funding in the recent surface transportation reauthorization. The program, which is especially important to mayors and local leaders, highlights the important role that infrastructure financing can play in catalyzing private investment.

Dedicate Funding for Rail Investment. The Budget provides \$40 billion over five years to fund the development of high-speed rail and other passenger rail programs as part of an integrated national transportation strategy. The Administration’s proposal also benefits freight rail and significantly restructures Federal support for Amtrak, to increase transparency, accountability, and performance.

Enhance Small Business Access to Credit. Small businesses are the engine of economic growth and job creation, and the Administration is acting to improve the access to capital for small businesses. The Budget supports \$29 billion in loan guarantees in SBA’s 7(a), 504, and Small Business Investment Company (SBIC) programs. Within the 7(a) program, the Budget proposes waiving fees on loans less than \$150,000 because this is where the largest credit gap exists and these loans are particularly important for underserved communities and start-up entrepreneurs. The Budget also reauthorizes a temporary Section 504 refinancing program for small businesses. This program helps small business owners lock-in lower interest rates for their commercial mortgage debts and take equity out to invest in their businesses, which could help up to 10,000 small businesses. In addition, the Budget provides \$25 million in microloans of under \$50,000 for new and growing businesses, and increases the authorization of SBA’s Small Business Investment Company program from \$3 billion to \$4 billion per year, which can be done at no cost to the taxpayer and will ensure that this program can continue to expand access to capital for growing small businesses, with a focus on underrepresented regions and key emerging industries.

Cut Taxes for Small Businesses Seeking to Grow and Expand. The President is proposing to build on the 18 small business tax cuts he has already signed into law with new tax cuts to encourage growth and investment. These include expanding and making permanent the elimination of taxes on capital gains for key small business investments; expanding and simplifying a tax credit for small businesses

that provide health care to their workers; permanently extending increased expensing for small businesses; doubling the amount of start-up expenses entrepreneurs can deduct; and providing a 10 percent tax credit for increases in wage expenses that are due to new hires or higher wages.

Support Strategic Housing and Infrastructure Planning and Investments. As part of the Administration's multiagency partnership between HUD, the Department of Transportation, and the Environmental Protection Agency, the Budget provides \$75 million in Integrated Planning and Investment Grants to create incentives for communities to develop and implement comprehensive housing and transportation plans, such as updates to building codes, land use and zoning ordinances, that result in more resilient economic development, reduce energy consumption and greenhouse gas emissions, and increase affordable housing near public transit. This funding will support 20-30 additional regional and neighborhood planning and implementation grants to enable communities to align public and private investments in housing, transportation, and infrastructure.

Support Local Efforts to Build Resilience. The Administration has also sought to encourage and accelerate local efforts to improve climate preparedness and resilience in the face of climate change by supporting community resilience planning and by working across agencies to provide local decision makers actionable information on observed and projected changes in extreme weather events and other impacts of climate change. The Budget includes \$200 million of innovation-spurring transportation investments for communities that include in their planning efforts enhanced resilience to extreme weather and other impacts of climate change.

Expand Access to Wireless Broadband. The Administration and the Federal Communications Commission are continuing their work in 2014 to expand availability of spectrum for wireless broadband use through incentive auctions and by identifying spectrum used by Federal agencies that could be repurposed for commercial use. In addition, through the First Responder Network Authority, created by the Middle Class Tax Relief Act of 2012, the Administration is working to develop a highly reliable, nationwide interoperable wireless broadband network for first responders.

Make Communities Safer by Reducing Gun Violence. We can protect our Second Amendment rights while coming together around reforms like background checks to make it harder for criminals to get their hands on a gun—common-sense reforms that will help protect our citizens from the scourge of gun violence that has plagued too many communities across the country. On January 16th, 2013, the President announced his gun safety initiative which consisted of several legislative measures now currently under consideration by the Congress and numerous executive actions, most of which are already well underway. The 2014 Budget includes \$667 million in additional resources to help implement the President's gun safety plan which includes closing background check loopholes to keep guns out of dangerous hands and taking other common-sense steps to reduce gun violence; making schools safer; and increasing access to mental health services.

Advance the Use of Pay for Success. In 2014, the Administration will broaden its support for Pay for Success, an innovative way of partnering with philanthropic and private sector investors to create incentives for service providers to deliver better outcomes at lower cost—producing the highest return on taxpayer investments. The Budget proposes to reserve up to \$185 million in the areas of job training, education, criminal justice, housing, and disability services, to fund proven programs that can strengthen local communities. The Administration also is proposing a new \$300 million Pay for Success Incentive Fund at the Department of Treasury to help State and local Governments implement Pay for Success programs with philanthropies, nonprofits, and other nongovernmental organizations.

The fund will provide credit enhancements for philanthropic investments and outcome payments for successful, money-saving services. Finally, the Administration will make available up to 5 percent of proceeds from the sale of excess Federal property under the proposed Civilian Property Realignment Act (CPRA) for innovative homeless programs, including Pay for Success projects that save taxpayer money by reducing homelessness.

###

Strengthening the Economy for Latino Families

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

To strengthen the economy for Latino families, the 2014 Budget will:

Increase Access to High-Quality Early Childhood Education. To build a foundation for success in the formative early years of life, the Budget outlines a proposal to increase access to high-quality early childhood education with the Preschool for All initiative. This initiative is financed by raising the Federal tax on cigarettes and other tobacco products, which would also have substantial public health impacts, particularly by reducing youth smoking. In addition, the Budget makes three complementary investments, including Preschool Development Grants, to help States build the infrastructure so they can participate in Preschool for All; an Early Head Start-Child Care Partnership fund to increase access to high-quality early learning environments; and an extension and expansion of the evidence-based voluntary home visiting program to provide our most vulnerable parents and children with the education and services to ensure our youngest children develop into healthy learners in safe homes.

Provide High-Quality Preschool for All. In partnership with the States, the Budget provides all low- and moderate-income four-year-olds with high-quality preschool, while encouraging States to serve additional four-year-olds from middle-income families. The initiative also promotes access to full-day kindergarten and high-quality early education programs for children under age four. To support this initiative, the Budget also proposes a \$750 million investment in Preschool

Development Grants to ensure that States willing to commit to expanding preschool access are able to make the critical investments necessary to serve their four-year-olds in high-quality programs.

Invest in High-Quality Infant and Toddler Care. The Budget provides \$1.6 billion for companion investments in high-quality early learning for infants and toddlers through new Early Head Start-Child Care Partnerships.

Invest in Effective Parent and Family Strategies. The Budget also provides \$15 billion to extend and expand evidence-based voluntary home visiting programs that allow nurses, social workers, and other professionals to connect families to tools that positively impact the child's health, development, and ability to learn.

Sustain Investment While Ramping up Innovations in Grades K-12. The Department of Education has fueled historic reforms in our education system by rewarding excellence and promoting innovation to help children succeed. Continuing to build on these reforms, the 2014 Budget provides \$659 million in School Turnaround Grants to turn around America's persistently lowest-performing schools; includes \$215 million to support effective educational models through the Investing in Innovation (i3) fund; increases the supply of high-quality public educational options through a \$295 million investment in the Expanding Educational Options program; and provides \$1.3 billion for 21st Century Community Learning Centers to provide high-need students with additional time, support, and enrichment activities. The Budget is also committed to maintaining support for disadvantaged students by providing \$14.5 billion for ESEA Title I Grants to States to pay teacher salaries and fund critical education interventions.

Support Migrant Student Education. In particular, the Budget supports Latino families by providing \$393 million for the Migrant Student Education program, which is designed to help migrant and refugee children overcome the unique challenges they face due to frequent moves among the States with disparities in curriculum, graduation requirements, or State academic content and student academic achievement standards.

Redesign High School. The Budget creates a new, competitive \$300 million fund to redesign high schools to focus on providing challenging and relevant experiences, while promoting and developing partnerships with colleges and employers that improve instruction and prepare students to continue education or transition into skilled jobs. In addition, the budget proposes to strengthen and reform career and technical education to better align programs with the needs of employers and higher education to ensure graduates are poised to succeed.

Improve College Affordability and Value. The Budget proposes to improve college affordability and value with a continued commitment to Pell Grants; budget-neutral student loan reform that will make interest rates more market-based; a \$1 billion Race to the Top fund to support competitive grants to States that drive higher education reform, while doing more to contain tuition; a \$260 million First in the World fund to spur cutting-edge innovations that decrease college costs and boost graduation rates; and reforms to Federal campus-based aid to reward colleges that set responsible tuition policy, provide a high quality education, and better serve students with financial need.

Improve Higher Education for Students from Minority Backgrounds. In addition, the Budget will support improving and expanding teacher education programs at minority-serving institutions, a significant pipeline for preparing a diverse teaching force. The Budget sustains funding for GEAR UP

and TRIO to help provide support services for students from disadvantaged backgrounds to prepare for, enroll, and complete postsecondary education. Using available funds in 2014 for GEAR UP, the Department will run a competition that funds projects that aim to ensure students enroll at colleges that meet their fullest potential. Additionally, the Budget continues approximately \$800 million in funding for programs that strengthen and support minority serving institutions. The Budget maintains funding for programs administered by the Department of Education that fund HSIs.

Prepare Students for STEM Careers in the 21st Century Economy. To prepare students for careers in STEM-related fields the Budget proposes a comprehensive reorganization of Federal STEM education programs to make better use of resources and improve outcomes in four areas: K-12 instruction, undergraduate education, graduate fellowships, and education activities that typically take place outside the classroom. This reorganization will be implemented with a focus on increasing participation and opportunities for individual from groups historically underrepresented in these fields.

Promote New Approaches to Job Training and Employment Services. As the economy changes, training and employment programs must innovate and adapt to help American workers gain the skills they need to find new jobs and careers. The Budget includes several initiatives to ensure these goals are achieved by exploring opportunities to revisit how the Federal Government funds job training programs that serve overlapping populations; driving innovation through the Workforce Innovation Fund by testing new State and regional ideas to better deliver training and employment services and help workers find jobs; and providing \$8 billion for a Community College to Career Fund to support State and community college partnerships with businesses and other stakeholders to build the skills of American workers.

Create Pathways to Work for Every American. Investing in our nation's low-income youth, and connecting those who have experienced long-term unemployment to jobs, is critical to building long-term prosperity and ensuring that our economic recovery reaches all Americans. The Budget creates a \$12.5 billion Pathways Back to Work fund to make it easier for workers to remain connected to the workforce and gain new skills for long-term employment. This initiative will support summer and year round jobs for low-income youth, subsidized employment opportunities for unemployed and low income adults, and other promising strategies designed to lead to employment. The Budget also proposes a \$4 billion Reemployment NOW program, which helps States fund innovative strategies to connect workers receiving unemployment insurance and other long-term unemployed individuals with job opportunities.

Partner with Communities to Help Them Rebuild. The Promise Zones initiative will revitalize high-poverty communities across the country by attracting private investment, improving affordable housing, expanding educational opportunities, providing tax incentives for hiring workers and investing in the Zones, reducing violence and assisting local leaders in navigating Federal programs and cutting through red tape. To align Federal investments with these hardest-hit communities, the Budget invests \$300 million in combining effective cradle-to-career services with comprehensive school reforms through Promise Neighborhoods; \$400 million in Choice Neighborhoods to revitalize affordable housing and surrounding neighborhoods; and \$35 million in Byrne Criminal Justice Innovation Grants to combat serious crime and violence using proven public safety strategies.

Strengthen Families. The Budget support the President's commitment to promoting healthy marriages for all families and supporting the critical role that fathers play in enhancing the intellectual, emotional, and financial well-being of their sons and daughters. The Budget proposes allowing

existing Federal programs, like the child support program, to implement models that get more men working and engaging with their children. It also supports States in testing strategies to overcome financial deterrents to forming safe and stable marriages.

Make Tax Cuts Permanent for Working Families. The Budget permanently extends expansions of the Child Tax Credit and the Earned Income Tax Credit that were passed in the Recovery Act and continued as part of the bipartisan Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act and The American Taxpayer Relief Act that the President negotiated and signed into law in January 2013. The expanded refundability of the Child Tax Credit benefits 12 million families with 21 million children—including 3.6 million Hispanic families, with 6.3 million children. The expansion of the Earned Income Tax Credit for married couples and families with three or more children provides tax cuts averaging \$500 to 6 million families. These improvements lifted 1.6 million Americans—including nearly 700,000 Hispanics – out of poverty in 2010. The Budget also proposes to make permanent the American Opportunity Tax Credit, which currently helps about 11 million students and families afford college.

Provide Greater Security for American Workers. The Budget supports the President's call to reward hard work by raising the Federal minimum wage to \$9.00 an hour. Raising the minimum wage would directly boost wages for 15 million workers and would help our growing economy. The Budget also makes important investments to help ensure that women receive equal pay for equal work by providing additional resources to strengthen the pay discrimination enforcement efforts of the Department of Labor's Office of Federal Contract Compliance Programs and the Equal Employment Opportunity Commission. In addition, the Budget provides an increase of \$3.4 million for the Wage and Hour Division (WHD) for increased enforcement of the Fair Labor Standards Act and the Family and Medical Leave Act, which ensure that workers receive appropriate wages, overtime pay, and the right to take job-protected leave for family and medical purposes. While the Family and Medical Leave Act allows many workers to take job-protected unpaid time off, millions of families cannot afford to use unpaid leave. The Budget supports a \$5 million State Paid Leave Fund to provide technical assistance and support to States that are considering paid leave programs.

Prevent Hunger. At a time of continued need, the Budget provides \$7.1 billion in funding to support the 8.9 million individuals expected to participate in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which is critical to the health of pregnant women, new mothers, infants, and young children. The Administration also continues its support of the Supplemental Nutrition Assistance Program (SNAP), the cornerstone of our Nation's food assistance safety net that touches the lives of more than 47 million people by helping families put food on the table.

Support Healthy Eating. The Budget supports the implementation of the Healthy, Hunger-Free Kids Act of 2010 with \$35 million in school equipment grants to aid in the provision of healthy meals and continued support for other school-based resources.

Make Communities Safer by Reducing Gun Violence. We can protect our Second Amendment rights while coming together around reforms like background checks to make it harder for criminals to get their hands on a gun—common-sense reforms that will help protect our citizens from the scourge of gun violence that has plagued too many communities across the country. On January 16th, 2013, the President announced his gun safety initiative which consisted of several legislative measures now currently under consideration by the Congress and numerous executive actions, most of which are already well underway. The 2014 Budget includes \$667 million in additional resources to help

implement the President's gun safety plan which includes closing background check loopholes to keep guns out of dangerous hands and taking other common-sense steps to reduce gun violence; making schools safer; and increasing access to mental health services.

Reform our Immigration System. The President's plan for common-sense immigration reform would continue investments in border security, crack down on companies that hire undocumented workers, improve the legal immigration system for employment-sponsored and family-sponsored immigrants, and establish a responsible pathway to earned citizenship. The plan would require anyone who is undocumented to pay their taxes and a penalty, move to the back of the line, learn English, and undergo background checks.

A Pathway to Earned Citizenship. The President's proposal would provide a provisional status to the millions of individuals living here illegally by creating a responsible pathway that could ultimately lead to a green card and citizenship. All applicants would be required to pass national security and criminal background checks, pay taxes, fees and penalties, learn English, and get in the back of the line behind those waiting in the legal immigration system to become eligible for citizenship.

Keep Families Together. The proposal seeks to eliminate existing backlogs in the family-sponsored immigration system by recapturing unused visas and temporarily increasing annual visa numbers. The proposal also raises existing annual country caps from 7 percent to 15 percent for the family-sponsored immigration system. It also treats same-sex families as families by giving U.S. citizens and lawful permanent residents the ability to seek a visa on the basis of a permanent relationship with a same-sex partner. The proposal also revises current unlawful presence bars and provides broader discretion to waive bars in cases of hardship.

Promote Affordable Homeownership. The Administration projects that the Federal Housing Administration (FHA) will insure \$178 billion in mortgage borrowing in 2014, supporting new home purchases and re-financed mortgages that significantly reduce borrower payments. FHA financing was used by 27 percent of all homebuyers, 50 percent of African American homebuyers and 49 percent of Hispanic families who purchased homes in 2011. It also is a vital financing source for first-time homeowners, 41 percent of whom used FHA insured financing in 2011.

Support Responsible Homeowners and Help Them Stay in Their Homes. The President has put forward a legislative plan to support responsible homeowners by making millions more eligible for streamlined refinancing, which can save hundreds of dollars a month. In addition, the President has expanded efforts to help families avoid foreclosure by making 12-month forbearance for unemployed borrowers an industry standard and expanding eligibility for the Home Affordable Modification Program (HAMP). The Administration continues to support housing counseling programs for households at risk of foreclosure and low and moderate income households. The Budget provides \$55 million for HUD's Housing Counseling program and \$204 million for the Neighborhood Reinvestment Corporation, including \$77 million for the National Foreclosure Mitigation Counseling (NFMC) program. NFMC has delivered counseling to over 1.4 million households.

Maintain Affordable High-Quality Primary and Preventive Care. Health centers are a key component of the Nation's health care system. These sites offer comprehensive, high quality, primary and preventive health care services to all Americans regardless of ability to pay. As insurance coverage is expanded through the Affordable Care Act, Health Centers will continue to be a critical element of

the health system. To ensure that health centers continue to provide critical access and services to millions of Americans, the Budget continues to fully support existing health center sites and includes funding to open new health centers in areas in the country where they do not currently exist. There are over 8,000 health center sites across the country that provide services to over 20 million people.

Support Prisoner Re-entry Programs. The Budget provides \$40 million in new resources for Department Justice prisoner re-entry programs, including \$19 million for residential substance abuse treatment programs in State and local prisons and jails, \$15 million for the Bureau of Prisons to expand the Residential Drug Abuse Program and \$6 million to expand alternatives to traditional incarceration, including home monitoring programs. Additionally, \$119 million is provided for grant assistance under the Second Chance Act. In addition, the Budget provides \$90 million for Department of Labor programs that provide employment-centered services to adult and youth ex-offenders and at-risk youth. These programs reduce recidivism by providing counseling, job training, drug treatment, and other transitional assistance to former prisoners as they reintegrate into the job market and community life.

Support Minority Businesses. The Administration continues to support access to credit in underserved and lower-income communities. According to the most recent Census data, Hispanics are opening businesses at a rate three times faster than the national average. To help businesses thrive, the Budget will:

Support Growth and Lending. The Budget provides \$225 million for the Treasury Department's Community Development Financial Institutions (CDFI) Fund, which provides capital to low-income communities across the Nation and is targeting a portion of its funds to help bring grocery stores and other healthy food retailers to underserved urban and rural communities. The Budget promotes entrepreneurship in underserved areas by providing funding for Small Business Administration entrepreneurial education programs. This includes \$40 million for an entrepreneurship training initiative that will target small business owners who are currently poised for growth. The Budget also provides \$29 million for the Minority Business Development Agency through the Department of Commerce.

Enhance Small Business Access to Credit. The Budget supports \$29 billion in loan guarantees in SBA's 7(a), 504, and Small Business Investment Company (SBIC) programs, in addition to \$25 million in direct microloans.

Cut Taxes for Small Businesses Seeking to Grow and Expand. The President is proposing to build on the 18 small business tax cuts he has already signed into law with new tax cuts to encourage growth and investment.

Spur Job Creation through Infrastructure. The Budget for the Department of Transportation fully supports the \$50.1 billion of surface transportation programs included in the MAP-21 reauthorization bill signed by the President on July 6, 2012. Beyond MAP-21, the Budget includes a reserve beginning in 2015 to support robust, long-term investments in surface transportation under the next reauthorization. To immediately spur job growth, the Budget provides an additional \$50 billion for transportation investments in 2014. Although infrastructure projects take time to get underway, these investments would create hundreds of thousands of jobs in the first few years—and in industries suffering from protracted unemployment. This includes \$40 billion in "fix-it-first" investments to improve existing infrastructure assets most in need of repair and \$10 billion to help spur States and local innovation in infrastructure development and leveraging state, local, tribal and private funds.

Making infrastructure investments now will put workers back on the job and support local transportation programs in the near-term, but the return on investment for Federal taxpayers will benefit from historically low interest rates and construction costs. To help these funds flow into communities without delay, key Federal agencies have been directed to find ways to expedite permitting and approvals for infrastructure projects. Finally, 2014 is the first year of a five-year, \$40 billion rail reauthorization proposal.

Cut energy bills for low-income families. As part of an overall investment in weatherization-related activities, the Budget includes \$184 million for the Department of Energy's Weatherization Assistance Program, which enables low-income families to permanently reduce their energy bills by making their homes more energy efficient. Families receiving weatherization services see their annual energy bills reduced by about \$250 to \$450 per year in heating, cooling, and electric costs, depending on their housing type, location, and fuel source. The Budget also provides \$3 billion for the Low Income Home Energy Assistance Program (LIHEAP) in the Department of Health and Human Services to help struggling families with residential heating and cooling expenses. This amount includes \$50 million for competitive grants to help reduce energy burdens for LIHEAP households that rely on persistently high-cost systems.

###

Strengthening the Economy for Rural America

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

The vitality of rural America is critical to ensuring the strength of our economy, the affordability and security of our food, the independence of our energy supply, and the vibrancy of small communities. To support vibrant rural communities, the Budget will:

Redirect Aid to Needy Rural Americans. The economic situation in some non-farm rural communities remains troubling. Population loss tends to reduce property values, increase tax burdens, reduce the supply and demand for local goods and services, and result in the loss of young, highly-skilled workers. Given the unique needs of rural farm and non-farm communities, the President's Budget contributes to the job creation and economic growth goals of the White House Rural Council by continuing to fund programs that effectively promote renewable energy, job training, infrastructure investment, access to capital, and green jobs throughout rural America.

Provide Targeted Energy Assistance to Low-Income Families. The Budget provides \$3 billion for the Low Income Home Energy Assistance Program (LIHEAP) to help struggling families with residential heating and cooling expenses. The amount includes \$50 million for competitive grants to help reduce energy burdens for LIHEAP households that rely on persistently high-cost systems.

Prevent Hunger. At a time of continued need, the Budget provides \$7.1 billion to support the 8.9 million individuals expected to participate in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which is critical to the health of pregnant women, new mothers, infants, and young children. The Administration also continues its support of the Supplemental Nutrition Assistance Program (SNAP), the cornerstone of our Nation's food assistance safety net that touches the lives of more than 47 million people by helping families put food on the table.

Support Healthy Eating. The Budget supports the implementation of the Healthy, Hunger-Free Kids Act of 2010 with \$35 million in school equipment grants to aid in the provision of healthy meals and continued support for other school-based resources, and \$4.3 million through the Agriculture Marketing Service for food hubs and other food value chain activities. The Budget also provides \$35 million for the Healthy Food Financing Initiative, which promotes the development of healthy food outlets in 'food deserts' (low-income areas with limited access to healthy food options).

Continue Funding for Health Centers. Health centers are a key component of the Nation's health care safety net. To ensure Americans receive comprehensive, high quality, primary and preventive health care services regardless of their ability to pay, the Budget invests \$3.8 billion for health center services in 2014 to support services to over 22 million patients. The Affordable Care Act provides the Health Center program with a total of \$9.5 billion through 2015. Health centers will continue to be a critical element of the health system, largely because they can provide an accessible and dependable source of primary care services in underserved communities.

Partner with Communities to Help Them Rebuild. The Promise Zones initiative will revitalize high-poverty communities across the country by attracting private investment, improving affordable housing, expanding educational opportunities, providing tax incentives for hiring workers and investing in the Zones, and assisting local leaders in navigating Federal programs and cutting through red tape. The initiative will ensure Native American and rural representation among the designated Promise Zones. To align Federal investments with these hardest-hit communities, the Budget invests \$300 million in combining effective cradle-to-career services with comprehensive school reforms through Promise Neighborhoods; \$400 million in Choice Neighborhoods to revitalize affordable housing and surrounding neighborhoods; and \$35 million in Byrne Criminal Justice Innovation Grants to combat serious crime and violence using proven public safety strategies.

Support Businesses in Underserved Areas. Even in the more constrained budget environment, the Administration continues to support robust funding of programs that support growth and access to credit in underserved and lower-income communities. To help businesses thrive, the Budget will:

- *Support Growth and Lending.* The Budget increases funding for the Community Development Financial Institutions (CDFI) Fund, which provides financing to increase economic and community development and provide job opportunities in underserved rural communities. It also proposes a one-year extension of the Fund's Bond Guarantee Program, which will provide needed additional financing to small businesses and entrepreneurs in these communities.
- *Enhance Small Business Access to Credit.* The Budget supports \$29 billion in loan guarantees in SBA's 7(a), 504, and Small Business Investment Company (SBIC) programs, in addition to \$25 million in direct microloans.

- *Enhance Small Business Access to Federal Procurement Opportunities.* The Budget provides \$4 million for SBA to hire 32 new Procurement Center Representatives, who will be strategically embedded in agencies across the Federal Government to assist agencies in structuring Federal procurement awards to be accessible for small businesses.
- *Cut Taxes for Small Businesses Seeking to Grow and Expand:* The President is proposing to build on the 18 small business tax cuts he has already signed into law with new tax cuts to encourage growth and investment.
- *Increase Program Effectiveness:* The Budget includes \$55 million for a new evidence-based business and cooperative grant program that will replace seven existing programs and allow USDA's Rural Business and Cooperative Service to target funding on what works best to create jobs and foster growth.

Promote Rural Community Development. The Budget supports economic growth in rural areas by funding loan programs that effectively promote infrastructure investment and access to capital throughout rural America. For instance, in order to provide support for projects in low-income rural areas, the President's Budget includes \$1.5 billion in Community Facilities direct loans, a \$200 million increase over 2012 enacted levels. This program funds a wide array of rural projects, including schools, hospitals, day care facilities, and fire and police stations. In 2014, the program will prioritize projects related to local and regional food system infrastructure. In addition, the Water and Wastewater program, which provides financing for water infrastructure in rural areas, is requested at a \$1.5 billion program level, a \$277 million increase over the 2012 enacted level. The Budget also provides \$24 billion in guaranteed single-family housing loans, which will support mortgage lending institutions in rural areas and boost home ownership among moderate to low-income rural residents.

Provide \$50 Billion in Upfront Infrastructure Investments. The national transportation system continues to face an immense backlog of state-of-good-repair projects, a reality underscored by the fact that there are nearly 70,000 "structurally deficient" bridges in the country today. To address this problem, the Budget includes \$40 billion for "Fix it First" projects, to invest immediately in our Nation's infrastructure with an emphasis on reducing the backlog of deferred maintenance on highways, bridges, transit systems, and airports nationwide. The Budget also includes \$10 billion for competitive programs to encourage innovative reform and help get high-value infrastructure projects from the planning stage to execution.

Conserve Landscapes and Ecosystems as Part of the America's Great Outdoors Initiative. The 2014 Budget leverages and integrates efforts of the Fish and Wildlife Service, the National Park Service, the Bureau of Land Management, and the U.S. Forest Service, along with States, Tribes, and others, to conserve the most critical landscapes. For the first time ever, the Budget proposes mandatory funding for LWCF programs in the Departments of the Interior (DOI) and Agriculture (USDA), including \$200 million in mandatory funds out of \$600 million overall for LWCF programs in 2014. Starting in 2015, the Budget proposes \$900 million annually in mandatory funding, which is equal to the amount of oil and gas receipts deposited in the LWCF each year. In 2014, \$356 million is proposed to conserve lands in or near national parks, refuges, forests, and other public lands. The Administration also proposes funding for key grant and partnership programs, such as historic preservation programs and wildlife protection programs.

Restore Our National Forests While Creating Rural Jobs. Restoration and sustainable management of our National Forests is essential to improve the health of watersheds, conserve habitat for wildlife, reduce the risk of catastrophic wildfires, and improve the economic vitality of America's forest-dependent communities. By focusing on restoring our National Forests, the Administration will conserve watersheds and wildlife while putting Americans back to work in rural America. The Forest Service is accelerating forest restoration by integrating specific activities in its Integrated Resource Restoration line-item. In addition to the environmental benefits, these activities create jobs in the forest industry which has been hurt significantly by the economic downturn.

Invest in Clean Energy Technology. The Budget continues the President's commitment to keeping the United States on the forefront of clean energy production and deployment. To do this, the Budget builds on past Administration successes by increasing funding for clean energy technology across all Federal agencies by 30 percent compared to the FY 2012 enacted level, to approximately \$7.9 billion. Within this government-wide total, the Budget includes \$255 million to support research, development and deployment of clean energy technologies through various programs across eight agencies at the Department of Agriculture. Within USDA, the Budget also supports clean energy deployment with \$4 billion in loans to rural electric cooperatives and utilities that will support the transition to clean-energy generation and \$238 million in loan guarantees and grants to assist agricultural producers and rural small businesses in developing renewable energy systems and energy efficiency improvements.

Expand Access to Wireless Broadband. The Administration and the Federal Communications Commission are continuing their work in 2014 to expand availability of spectrum for wireless broadband use through incentive auctions and by identifying spectrum used by Federal agencies that could be repurposed for commercial use. In addition, through the First Responder Network Authority, created by the Middle Class Tax Relief Act of 2012, the Administration is also working to develop a highly reliable, nationwide interoperable wireless broadband network for first responders. The Budget also provides \$764 million in loans and grants through the Department of Agriculture for the expansion of telecommunication and broadband networks in rural America.

Encourage Growth Through National Export Initiative. A critical component of building a stronger American economy is ensuring that U.S. businesses, farmers, and ranchers can actively participate in international markets by increasing their exports of goods and services. The Administration launched the National Export Initiative (NEI) in January 2010 with the goal of doubling U.S. exports over five years while supporting 2 million new jobs. The Administration is currently making historic progress toward this target — in 2012, exports of goods and services reached record levels of over \$2.2 trillion, 39 percent above 2009 levels. The Budget provides targeted increases for agencies involved in trade promotion and financing, development finance, and trade enforcement in support of the NEI.

Provide a Permanent Tax Incentive for Renewable Energy Production and Energy Efficiency and Tax Credits for Advanced Energy Manufacturing. The Budget includes \$23 billion of incentives for renewable energy production and energy efficiency over the next 10 years. To provide a strong, consistent incentive to encourage investments in renewable energy technologies and to help meet our goal to double generation from wind, solar, and geothermal sources by 2020, the Budget would make permanent the tax credit for the production of renewable electricity. The Budget makes the Production Tax Credit refundable so new, growing firms can benefit and provide renewable electricity generation. The Budget would also reform and make permanent the deduction for energy efficient commercial property. To encourage investment in advanced energy equipment and facilities

for clean energy manufacturing, the Budget provides an additional \$2.5 billion in tax credits for advanced energy manufacturing projects.

Create National Infrastructure Bank. The President continues to call for the creation of an independent National Infrastructure Bank. The Bank will have the ability to leverage private and public capital to support infrastructure projects of national and regional significance. In addition, the Bank will be able to invest through loans and loan guarantees in a broad range of infrastructure projects, including transportation, energy, and water, and will operate as an independent, wholly-owned Government entity outside of political influence.

Implement Newly Expanded TIFIA Program. The Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program received an eight-fold increase in funding in the recent surface transportation reauthorization. The program, which is especially important to mayors and local leaders, highlights the important role that infrastructure financing can play in catalyzing private investment.

###

Strengthening the Economy for Seniors

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

To strengthen the economy for seniors, the 2014 Budget will:

Improve Medicare's Sustainability by Encouraging High-Quality, Efficient Care. The Budget contains proposals that build on initiatives included in the Affordable Care Act to help extend Medicare's solvency while encouraging provider efficiencies and improved patient care. Specifically, the Budget modifies payments to certain providers to address payments that exceed patient care costs. For example, the Budget proposes to align Medicare payments for drugs with Medicaid rebate policies for low-income beneficiaries. It continues to crack down on fraud, proposing among other policies greater scrutiny over payment for power wheelchairs. And it incentivizes skilled nursing homes to prevent hospital readmissions. These, along with other Medicare proposals, would extend the solvency of the Hospital Insurance trust fund by approximately four more years.

Lower Drug Costs for Medicare Beneficiaries and Maintains Access to Physician Care. The budget proposes to close the donut hole in the Part D benefit by 2015, rather than 2020 by increasing the discounts offered by the pharmaceutical industry. In addition, the budget proposes to replace the sustainable growth rate mechanism with a system that encourages high quality, efficient care and provides stability for Medicare beneficiaries and physicians. Also, the budget proposes to implement a streamlined, single beneficiary appeals process for managed care plans that integrate Medicare and

Medicaid payment and services and serve Medicare-Medicaid enrollees to address the sometimes conflicting requirements in each program. The Budget also proposes to permanently authorize a demonstration that provides retroactive drug coverage for certain low-income Medicare beneficiaries through a single plan, establishing a single point of contact for beneficiaries seeking reimbursement for claims.

Protect Social Security for Future Generations. The President recognizes that Social Security is indispensable to workers, retirees, survivors, and people with disabilities and that it is one of the most important and successful programs ever established in the United States. Although current forecasts indicate that Social Security can pay full benefits until 2033, the President is committed to making sure that Social Security is solvent and viable for the American people, now and in the future. He is strongly opposed to privatizing Social Security and looks forward to working in a bipartisan way to preserve it for future generations.

Provide Funding for Processing Social Security Claims and Beneficiary Services. The Budget allows the Social Security Administration (SSA) to process a record level of retirement claims, serving all 5.4 million people who are projected to apply for Old-Age and Survivors Insurance. In addition, the requested level of funding will allow SSA to complete 2.9 million initial disability claims and over 800,000 disability appeal hearings. With the resources provided in the Budget, SSA would also be able to reopen field offices for half of the time that they are currently closed to the public—allowing the agency’s field offices to provide in-person service an additional three hours per week.

Support Biomedical Research on Aging at the National Institutes of Health (NIH). The Budget supports research at NIH that aims to improve our understanding of the nature of aging and to extend the healthy, active years of life. As part of this commitment, the 2014 Budget increases support for research on Alzheimer’s disease (AD). The Budget provides the National Institute on Aging (NIA) with an additional \$80 million in research funding aimed at speeding drug development and testing new AD therapies.

Provide Targeted Energy Assistance to Low-Income Households. The Budget provides \$3 billion for the Low Income Home Energy Assistance Program (LIHEAP) to help seniors and others who struggle with residential heating and cooling expenses. The Budget targets funds to States with vulnerable households facing high home heating costs. The Budget also includes \$50 million for competitive grants to help reduce energy burdens for LIHEAP households that rely on persistently high-cost systems.

Transfer and Improve Targeting of the Senior Community Service Employment Program. The Budget continues to propose transferring the Senior Community Services Employment Program (SCSEP) to the Department of Health and Human Services to improve coordination with other senior-serving programs. This change will improve program operations and allow SCSEP to better support not only employment outcomes, but also health, wellness, and independence for seniors. This year the Budget also proposes to focus services on those who are the most in need. The Budget retains \$25 million in the Department of Labor to test potential changes to the workforce system that will improve employment outcomes for seniors.

Strengthen Programs that Engage Seniors. Many older Americans are eager to serve our Nation and have a wide range of skills and knowledge to give back to their communities. For decades, the Senior Corps program has been an important conduit for connecting seniors to local volunteer opportunities.

The Budget proposes to reinvigorate the program by using competition to allocate funds to those organizations that have the biggest impact in their communities.

Help Seniors Maintain Their Health and Independence. The Budget requests a total of \$816 million for nutrition services to ensure that millions of older adults have access to the nutritious food needed they need to stay healthy. Some meals supported by the Department of Health and Human Services grants are delivered to the doors of seniors unable to leave their homes, providing nutrition support for some of the frailest, yet nevertheless independent, members of the community. Other meals funded by HHS are served in congregate settings such as community senior centers, which give seniors the opportunity for vital social contact. In combination with state and local contributions, the Budget will support 214 million congregate and home-delivered meals for approximately 2.3 million older individuals nationwide.

Protect Worker Pensions. The Pension Benefit Guaranty Corporation (PBGC) acts as a backstop to insure pension payments for workers whose companies have failed. Currently, PBGC's pension insurance system is itself underfunded, and PBGC's liabilities exceed its assets. PBGC receives no taxpayer funds and its premiums are currently much lower than what a private financial institution would charge for insuring the same risk. The Budget proposes to give the PBGC Board the authority to adjust premiums and directs PBGC to take into account the risks that different sponsors pose to their retirees and to PBGC. This reform will both encourage companies to fully fund their pension benefits and ensure the continued financial soundness of PBGC.

Establish Automatic Workplace Pensions and Expand the Small Employer Pension Plan Startup Credit. Currently, 78 million working Americans—roughly half the workforce—lack employer-based retirement plans. The Budget proposes a system of automatic workplace pensions that will expand access to tens of millions of workers who currently lack pensions. Under the proposal, employers who do not currently offer a retirement plan will be required to enroll their employees in a direct-deposit IRA account that is compatible with existing direct-deposit payroll systems. Employees may opt out if they choose. To minimize burdens on small businesses, those with ten or fewer employees would be exempt. Employers would also be entitled to a tax credit of \$25 per participating employee—up to a total of \$250 per year—for six years. To make it easier for small employers to offer pensions to their workers in connection with the automatic IRA proposal, the Budget will increase the maximum tax credit available for small employers establishing or administering a new retirement plan from \$500 to \$1,000 per year. This credit would be available for four years.

###

Strengthening the Economy for Servicemembers, Veterans, and Military Families

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

To honor their service and strengthen the economy for America's servicemembers, veterans, and military families, the 2014 Budget will:

Support Servicemembers and Their Families. The Administration places a strong focus on military family programs, sustaining funding at \$8.5 billion to ensure consistent and effective services across military installations. The Department of Defense (DOD) provides a broad spectrum of programs and services for servicemembers and military families including: mental health and counseling services; deployment assistance; child care and youth programs; morale, welfare, and recreation programs; commissaries; DOD-run schools for military dependents; military spouse employment programs; and many other services. DOD is working to improve its support to the All-Volunteer Force by identifying and discontinuing redundant or less effective military family programs, while increasing support for programs that are proven to serve military families well.

In addition to supporting military families, the Budget provides a 1.0 percent increase to basic pay, a 4.2 percent increase in the Basic Allowance for Housing, and a 3.4 percent increase in Basic Allowance for Subsistence for calendar year 2014. This compensation level recognizes the sacrifices made by the men and women in our Armed Forces.

Promote Health of Servicemembers and Their Families. To provide quality health care for the Nation's 9.6 million eligible military beneficiaries, the Budget provides \$49.4 billion for the DOD Unified Medical Budget that supports the DOD Military Health System. The Budget sustains strong programs that support wounded, ill, and injured servicemembers and their families, and which help servicemembers transition into civilian life and the workforce. In particular, DOD is improving its support for servicemember mental and emotional health by increasing collaboration among suicide prevention programs, working to eliminate the stigma associated with accessing mental health services, and improving the effectiveness of DOD programs. To this end, DOD has started assessing the effectiveness of over 160 DOD psychological health programs and will realign resources by the end of 2014 to support the most effective programs and replace those that are less effective. DOD will sustain funding to improve electronic health record access.

DOD continues to seek efficiencies and cost savings within the Military Health System. The Budget supports adjusted TRICARE cost sharing requirements to address health care cost increases and make the health benefit more sustainable. Survivors of members who died while on active duty and disability retirees and their family members will be exempt from the fee and copay adjustments. DOD and the Department of Veterans Affairs will work on a study jointly to identify best practices and efficiencies within their healthcare systems.

Help Servicemembers Transition to Civilian Life and Jobs. Over the past 18 months, the Administration has worked to make the transition from military to civilian life easier, with a particular focus on combating high levels of veterans' unemployment. The Budget provides more than \$300 million to DOD, VA, the Department of Labor, the Small Business Administration, and other Federal agencies to support the first major redesign of the interagency Transition Assistance Program in over 20 years, which will provide more information and better resources to servicemembers as they begin to navigate civilian life. A new program, entitled Transition GPS (Goals, Plans, Success), will help servicemembers prepare for civilian life by providing pre-separation assessment and individual counseling, a five-day core curriculum, an additional curriculum tailored to the servicemembers' individual career goals, and a capstone event to verify that transitioning servicemembers have met certain standards that show they are ready for their civilian careers. DOD is also working to streamline civilian credentialing for servicemembers and veterans, so that they can better communicate to civilian employers the valuable skills they learned in service to the Nation. For example, the first action of the Military Credentialing and Licensing Task Force, working with manufacturing credentialing agencies, has enabled up to 126,000 servicemembers to gain industry-recognized, nationally-portable certifications for high-demand manufacturing jobs.

Increase Funding for VA to Meet Increasing Needs. The Budget provides \$63.5 billion for the Department of Veterans Affairs (VA), a 4.0 percent increase over the 2013 enacted amount, in order to meet the increased needs of the Nation's veterans. This funding level maintains the Administration's commitment to veterans, providing the resources to help transform the Department and better serve veterans and their families.

Protect Critical Funding for VA Medical Care. The Budget provides \$54.6 billion for VA medical care, a 3.7 percent increase above the 2013 enacted level, to provide high-quality and timely health care services to veterans and other eligible beneficiaries. These services include innovative programs to educate and support veterans' caregivers, enhance veterans' access to care via telehealth technologies, and support the provision of equitable, high-quality care for women veterans in a sensitive and safe environment. In addition, the Budget proposes \$55.6 billion in advance

appropriations for the VA medical care program in 2015, which will provide timely and predictable funding for VA's medical care to prevent our veterans from being adversely affected by appropriations delays.

Strengthen Mental Health Care Services. The Budget provides nearly \$7 billion, a 7.2 percent increase above the 2013 enacted level, to continue VA's focus on expanding and transforming mental health services for veterans to ensure accessible and patient-centered care, including treatment for Post-Traumatic Stress Disorder and Military Sexual Trauma. This funding will allow VA to continue its collaborative efforts with the Departments of Defense (DOD) and Health and Human Services, as directed in the President's executive order on mental health for veterans, servicemembers, and military families, to help veterans receive timely access to mental health services, including through enhanced partnerships with community providers.

Combat Veteran Homelessness. For homeless and at-risk veterans, the Budget invests \$1.4 billion to provide VA services through the Veterans Health Administration's specialized homeless programs. These funds will combat veteran homelessness through collaborative partnerships with local governments, non-profit organizations, and the Departments of Housing and Urban Development (HUD), Justice, and Labor. The Budget includes \$2.4 billion for HUD's Homeless Assistance Grants, which will maintain existing units and expand prevention, rapid re-housing, and permanent supportive housing, and \$75 million in HUD funds for new housing vouchers for homeless veterans who receive health care and other services through VA. Together, this funding supports the Administration's goal to end veterans' homelessness by 2015 and the Administration's Opening Doors: Federal Strategic Plan to End Homelessness, which was released in 2010.

Improve Health Care Services for Women Veterans. To ensure that the women who served our country receive the care they need throughout their lives, the Budget includes a \$422 million investment, a 14 percent increase from the 2013 enacted amount, for gender-specific health care within VA for eligible women veterans to address their health care needs. In total, the Budget includes nearly \$4.9 billion to provide VA medical care services to eligible women veterans.

Activate New and Improved Health Care Facilities. The Budget includes \$799 million to help VA provide the best possible specialized care for veterans in new or renovated facilities. These funds will support the staff and equipment at VA facilities across the country, including improved polytrauma and spinal cord injury units.

Put Veterans to Work Preserving and Restoring America's Land and Resources. The Budget includes \$1 billion to develop a Veterans Job Corps conservation program that will put up to 20,000 veterans back to work over the next five years protecting and rebuilding America. Funding will enable veterans to leverage skills developed in the military in jobs on the country's public lands and in its communities, ranging from conservation and infrastructure projects to law enforcement and first responder jobs, such as park rangers, police officers, and firefighters.

Support Veterans Employment Tax Credits. The Administration continues its support of tax credits that will help employ veterans. The Budget proposes to permanently extend the Returning Heroes Tax Credit, which provides up to \$5,600 to employers to hire unemployed veterans, and the Wounded Warrior Tax Credit, which provides up to \$9,600 to hire long-term unemployed veterans with service-connected disabilities.

Make Disability Benefits Processing Paperless to Improve Service to Veterans. The President's Budget provides \$155 million for the implementation of a new paperless claims processing system. These funds will allow VA to move away from its reliance on paper records, thereby improving the speed and efficiency of claims processing while simultaneously enhancing the security of veterans' personal information. The Budget also includes \$136 million for a Veterans Claims Intake Program that will allow VA to directly receive and convert paper evidence, such as medical records, into a digital format for increased efficiency in claims processing.

###

Strengthening the Economy for Small Businesses and Creating Jobs

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

A thriving middle class has always been America's engine of economic growth. Reigniting that engine is the defining challenge of our time. To help meet this challenge we must ensure that we strengthen our small businesses and encourage entrepreneurship. America's 28 million small businesses currently employ over 60 million Americans, which is half of private sector non-farm employment, and over the last two decades have been responsible for creating two out of every three net new jobs

In his State of the Union Address, the President put forward a plan to help entrepreneurs and small business owners expand and create jobs through initiatives on tax reform, manufacturing, clean energy, immigration, and skills and education. The President's plan will strengthen America's small businesses and entrepreneurs by making America a magnet for jobs, equipping every American with the skills they need to do those jobs, and ensuring hard work leads to a decent living. When combined with the President's plan for balanced deficit reduction, none of these proposals will add a dime to the deficit.

To strengthen the economy for small businesses and create jobs, the 2014 Budget will:

Continue to Expand Capital Access for Small Businesses and Entrepreneurs. The Administration has already taken unprecedented action to increase capital access for small businesses and, to build on

this success, the Budget will strengthen existing programs and support several new initiatives, including: creating a single, streamlined application interface for all Small Business Administration (SBA) Section 7(a) loan guarantees; waiving fees for small dollar SBA loans where the market gap is widest; increasing the SBIC authority from \$3 billion to \$4 billion; and expanding refinancing opportunities in SBA's 504 program.

Strengthening SBA's Flagship Credit Programs. The Budget supports \$17.5 billion in loan guarantees through SBA's flagship Section 7(a) program and \$7.5 billion in its Section 504 program, which provides long-term financing for fixed assets. In addition, the Budget provides \$25 million in microloans of under \$50,000 for new and growing businesses.

Expanding Refinancing Opportunities for Small Businesses. Alongside the President's plan to help responsible homeowners refinance their mortgages, the President's Budget reauthorizes a temporary Section 504 refinancing program for small businesses. This program helps small business owners lock-in lower interest rates for their commercial mortgage debts and take equity out to invest in their businesses, which could help up to 10,000 small businesses. SBA's 504 Refinancing program was originally authorized in 2010 and expired in September 2012, after helping 2,700 business owners refinance a total of \$2.5 billion in loans.

Creating a Single, Streamlined Application for All SBA 7(a) Loan Products through SBA ONE. The President's Budget provides additional resources to create a single common loan application for all of SBA's 7(a) loans, which will be called SBA ONE. The program will significantly reduce the time and cost for lenders to process an SBA loan and encourage lenders to make more SBA loans, which will open more points of credit access for small businesses.

Waiving Fees for Small Dollar SBA Loans. The American Recovery and Reinvestment Act temporarily reduced fees for SBA's loan products, which helped bring back 1,000+ lenders to SBA and increase SBA weekly loan volume by 90%. The President's Budget proposes waiving fees on loans less than \$150,000 because this is where the largest credit gap exists and these loans are particularly important for underserved communities and start-up entrepreneurs. This proposal would go into effect starting in FY14.

Increasing the Small Business Investment Company (SBIC) Authority at No Cost to the Taxpayer. The Budget proposes to increase the authorization of SBA's Small Business Investment Company program from \$3 billion to \$4 billion per year, which can be done at no cost to the taxpayer and will ensure that this program can continue to expand access to capital for growing small businesses, with a focus on underrepresented regions and key emerging industries. In 2012, the SBIC program had its third consecutive record breaking year, and more than a third of all small businesses financed were located in low income areas or are owned by minority or female entrepreneurs. SBA will continue to address the capital gap many start-ups face between early-stage angel financing and later-stage venture capital financing through the SBIC's Innovation Fund, which will make available up to \$200 million in guaranteed debentures for matching funds in 2014 to investors seeking to support innovative start-ups. In addition, SBA will continue to broaden access to venture capital financing in 2014 by leveraging the SBIC Impact Fund to support \$200 million in equity-based impact investments in regions not well served by private financial markets.

Increase Access to Intensive Entrepreneurship Education for Growing Small Businesses. Millions of small business owners with the desire to grow their business have no formal training in areas like

accounting and finance and do not have mentors or networks to create strong growth plans to expand their businesses, get access to capital and revenue opportunities, and ultimately create new jobs. Many reside in underserved areas, where these issues are further magnified, even though research suggests that individuals in underserved communities are 50% more likely to become business owners. The Budget includes \$40 million for an intensive small business leadership program to help existing small business owners with the desire to grow take their business to the next level. This program will include immersion in core business concepts such as accounting and financing, peer-to-peer review among fellow business owners, tailored mentorship from experienced entrepreneurs, introductions to capital access and revenue opportunities, and culminate in the creation of a targeted growth plan for each business owner with actionable steps to put their learning into practice. The program will be modeled as a public-private partnership that is built in collaboration with existing partner networks and other working public, private sector and non-profit models. The Budget also includes \$7 million to invest in intensive entrepreneurship education for veterans and returning service-members. In addition, the Budget includes over \$120 million for SBA's Small Business Development Centers, Women's Business Centers, and SCORE.

Cut Taxes for Small Businesses Seeking to Grow and Expand. The President is proposing to build on the 18 small business tax cuts he has already signed into law with new tax cuts to encourage growth and investment, including: expanding and making permanent the elimination of taxes on capital gains for key small business investments; expanding and simplifying a tax credit for small businesses that provide health care to their workers; permanently extending increased expensing for small businesses; doubling the amount of start-up expenses entrepreneurs can deduct; and providing a 10 percent tax credit for increases in wage expenses that are due to new hires or higher wages.

Strengthen American Suppliers and Small Manufacturers. The President is taking a number of steps to help America's suppliers and small manufacturers become more effective at competing for domestic and international business. The Department of Commerce's Manufacturing Extension Partnership (MEP) provides a range of business services to strengthen our small manufacturers. The President's Budget will propose an increase of \$25 million for MEP to develop Manufacturing Technology Acceleration Centers (MTACs), which will be industry-specific centers that can serve as a coordination point within key supply chains. In addition, the Small Business Administration is ramping up its American Supplier Initiative (ASI), a Federal government-wide initiative to increase the number of small businesses in large corporate supply chains and the Federal government's supply chain. Through this initiative, SBA seeks to address the challenges small businesses face as they seek to break into the federal and commercial supply chain, including access to capital and business training.

Help Small Businesses and Entrepreneurs Connect to Regional Innovation Clusters. The Budget includes \$5 million each for SBA's growth accelerators and Regional Innovation Clusters programs. Start-up accelerators provide intensive mentorship and introductions to capital and revenue opportunities for first-time entrepreneurs. Through its start-up accelerator initiative, SBA will collaborate with existing private and non-profit accelerators to help scale models that are working and support capacity building at new accelerators, with particular emphasis on bringing accelerators to underserved regions. In addition, SBA's Regional Innovation Clusters program will help small businesses tap into local clusters of economic activity through dedicated efforts to connect innovative small suppliers with large companies, link research at university labs with the start-ups that can commercialize new ideas, and train workers at small suppliers with skills that firms need to capitalize on business opportunities. These grants will target industry-specific and high growth mentoring, and

will complement the broad services and expertise of SBA's existing resource partner network. In addition, through the Investing in Manufacturing Communities Partnership Fund, which will be supported in part with \$113 million in the President's Budget at the Economic Development Administration (EDA), the Administration will accelerate alignment of Federal regional economic development resources and help U.S. localities make coordinated, long-term investments in their public goods in partnership with universities and industry, which will make these regions more attractive for businesses and small suppliers.

Increase Exports from Small Businesses. The President, in 2009, set the goal of doubling American exports over five years. The Budget proposes \$520 million for the International Trade Administration (ITA) to continue implementation of the National Export Initiative, a comprehensive Federal strategy to increase American exports and export-related jobs. With this funding, ITA will strengthen its efforts to promote exports from small businesses; help enforce international free trade agreements; fight to eliminate barriers to sales of U.S. products; improve the competitiveness of U.S. firms; expand services in important international markets; and attract investment through the SelectUSA initiative to create domestic jobs. The Budget also supports the activities of the Export-Import Bank to strengthen its efforts to promote small business exports and to meet increased financing demands at no cost to the taxpayer.

Provide One-Stop Access to Federal Services for Small Businesses. Businesses looking for assistance from the Federal Government should feel like they are interacting with one coordinated entity, rather than a number of separate components. To this end, the Budget fully supports the BusinessUSA initiative, a one-stop resource that will make it easier for businesses to access the wide array of Federal small business and export promotion services available to them, while also further streamlining and coordinating Federal programs to reduce costs and provide customer-oriented services.

Increase Federal Contracting Opportunities for Small Businesses. During the first three years of the Administration, the Federal Government awarded over \$286 billion of Federal contracting dollars to small businesses, a \$32 billion increase over the three preceding years, even as overall Federal contracting spending decreased. To continue this progress, the Budget provides \$4 million for SBA to hire 32 new Procurement Center Representatives, who will be strategically embedded across the Federal Government's largest buying activities to increase the small business share of Federal procurement awards by reserving procurements for competition among small businesses and identifying small business sources to Federal buying agents.

###

Strengthening the Economy for the LGBT Community

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

To strengthen the economy for the LGBT community, the 2014 Budget will:

Improve Access to Services under the Violence Against Women Act. The Violence Against Women Act (VAWA) signed by President Obama on March 7 prohibits discrimination based on sexual orientation and gender identity in VAWA funded programs and improves access to services in the STOP grant program. The Budget includes \$412.5 million in Department of Justice Office on Violence Against Women grants and assistance to support victims of violence, including LGBT victims of domestic violence, dating violence, sexual assault and stalking.

Strengthen Anti-Discrimination Enforcement. Even in tough budget times, the substantial investments that have been made by the Administration to strengthen civil rights enforcement against racial, ethnic, sexual orientation, disability, religious, gender, and gender identity discrimination continue in the 2014 Budget. The Budget provides \$12.5 million, a 9 percent increase over the 2012 enacted level, for the Community Relations Service in the Department of Justice to fight hate crimes and provides a \$13 million, or 3 percent, increase over the 2012 enacted level for the Equal Employment Opportunity Commission (EEOC), which is responsible for enforcing Federal laws that make it illegal to discriminate against a job applicant or an employee. This investment will allow

EEOC to add staff to reduce the agency's backlog of private-sector discrimination charges, including gender discrimination charges.

Increase Funding for Homeless Assistance Grants. The Budget provides \$2.4 billion -- \$480 million above the FY 2012 enacted level -- for Homeless Assistance Grants. The request allows HUD to renew all existing assistance, as well as provide \$60 million for new targeted rapid re-housing and \$40 million for new permanent supportive housing, serving an additional 30,000 people. This \$100 million funding increase will primarily be administered by nonprofits, and helps make progress toward ending homelessness by supporting the goals of *Opening Doors: The Federal Strategic Plan to Prevent and End Homelessness*.

Make Communities Safer by Reducing Gun Violence. We can protect our Second Amendment rights while coming together around reforms like background checks to make it harder for criminals to get their hands on a gun—common-sense reforms that will help protect our citizens from the scourge of gun violence that has plagued too many communities across the country. On January 16th, 2013, the President announced his gun safety initiative which consisted of several legislative measures now currently under consideration by the Congress and numerous executive actions, most which are already well underway. The 2014 Budget includes \$667 million in additional resources to help implement the President's gun safety plan which includes closing background check loopholes to keep guns out of dangerous hands and taking other common-sense steps to reduce gun violence; making schools safer; and increasing access to mental health services.

Maintain Affordable High-Quality Primary and Preventive Care. Health centers are a key component of the Nation's health care safety net. These sites offer comprehensive, high quality, primary and preventive health care services to all Americans regardless of ability to pay. As insurance coverage is expanded through the Affordable Care Act, Health Centers will continue to be a critical element of the health system, including for the LGBT community. To ensure that health centers continue to provide critical access and services to millions of Americans, the Budget continues to fully support all existing health center sites and includes sufficient funding to open a minimum of 40 new health centers in areas in the country where they do not currently exist. There are over 8,000 health center sites across the country that provide services to over 20 million people.

Reform our Immigration System. The President's plan for common-sense immigration reform would continue investments in border security, crack down on companies that hire undocumented workers, improve the legal immigration system for employment-sponsored and family-sponsored immigrants, and establish a responsible pathway to earned citizenship. The plan would require anyone who is undocumented to pay their taxes and a penalty, move to the back of the line, learn English, and undergo background checks.

A Pathway to Earned Citizenship. The President's proposal would provide a provisional status to the millions of individuals living here illegally by creating a responsible pathway that could ultimately lead to a green card and citizenship. All applicants would be required to pass national security and criminal background checks, pay taxes, fees and penalties, learn English, and get in the back of the line behind those waiting in the legal immigration system to become eligible for citizenship.

Expand Access to HIV/AIDS Treatment, Care, and Prevention. The Budget expands access to HIV/AIDS prevention and treatment activities and supports the goals of the National HIV/AIDS

Strategy to reduce HIV incidence; increase access to care and optimizing health outcomes for people living with HIV; and reduce HIV-related health disparities. By providing resources for Affordable Care Act implementation, the Budget will support increased health care coverage for thousands of people living with HIV/AIDS. The Budget increases funding for the Ryan White HIV/AIDS program by \$20 million, including an additional \$10 million for the AIDS Drug Assistance Program (ADAP) to ensure that individuals living with HIV can access their medications and an additional \$10 million for HIV medical clinics to expand access to care and improve systems for connecting individuals to care, and retaining them in care over time. The Budget includes an increase of \$10 million for CDC HIV/AIDS prevention activities to expand surveillance activities and improve timeliness of data. The Budget also redirects \$40 million from less effective activities to support a new \$40 million initiative to improve systems that link persons recently diagnosed with HIV to care.

Support Federal Employee Domestic Partner Benefits. The Budget proposes a change to the Federal Employee Health Benefits (FEHB) program that would create a new “self plus one” option for FEHB coverage for Federal employees. Same-sex domestic partners of Federal employees would be among those eligible to receive coverage under this new option. This proposal would align the FEHB program with best practices in the private sector as larger employers competing for talent are increasingly offering domestic partner benefits. The Administration also continues to support the Domestic Partnership Benefits and Obligations Act, which provides the same benefits to same-sex domestic partners of Federal employees as those provided to married heterosexual partners of Federal employees, including not only health insurance, but also survivor annuities, compensation for work-related injuries, travel and relocation benefits, life insurance, and vision and dental benefits. In addition, the Administration has also, to the extent permissible by current law, expanded benefits for same-sex partners of Federal employees.

###

Strengthening the Economy for Those Living With HIV/AIDS and Fighting the HIV/AIDS Epidemic

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

The 2014 Budget also aligns with the President's commitment to reaching an AIDS-free generation. To advance this goal in the U.S. and around the world, the Budget will:

Continue to Support the National HIV/AIDS Strategy (NHAS) and Expand Investments in Prevention, Care, and Research. The Budget expands access to HIV/AIDS prevention and treatment activities and supports the goals of the National HIV/AIDS Strategy to reduce HIV incidence; increase access to care and optimize health outcomes for people living with HIV; and reduce HIV-related health disparities. By providing resources for Affordable Care Act implementation, the Budget will support increased health care coverage for thousands of people living with HIV/AIDS and expand access to HIV testing for millions of Americans. The Budget makes smarter investments by prioritizing HIV/AIDS resources within high-burden communities and among high-risk groups, including gay men, black Americans and Latino Americans. Compared to 2012, the Budget increases domestic discretionary Health and Human Services (HHS) HIV/AIDS funding by \$73 million and Veterans Affairs (VA) HIV/AIDS funding by \$155 million. Overall, total U.S. Government-wide spending on HIV/AIDS increases from \$27.8 billion in FY 2012 to \$29.7 billion in the FY 2014 Budget.

Support the Ryan White HIV/AIDS Program. The Budget includes an increase of \$20 million for care and treatment through the Ryan White HIV/AIDS Program. The Budget includes \$943 million for AIDS drug assistance programs, an increase of \$10 million above FY 2012 to ensure that individuals living with HIV have access to and remain on their antiretroviral (ARV) treatments. The Budget also increases funding for the Ryan White Part C program by \$10 million above FY 2012 to expand access to care and improve systems for linking people to and retaining them in care and on their ARV medications over time. By helping people living with HIV remain in care and on their medications, the Ryan White program plays a critical role in preventing the spread of the HIV epidemic, as recent research has shown that ARV treatment reduces HIV transmission by 96 percent.

Increase Funding for HIV/AIDS Prevention and Service Integration. The Budget includes \$833 million, an increase of \$10 million for the Centers for Disease Control and Prevention (CDC) to continue implementing the goals of the National HIV/AIDS Strategy by preventing HIV/AIDS among high-risk communities using evidence-based interventions. The Budget redirects \$40 million from less effective activities to support a new \$40 million Community High-Impact Prevention initiative to improve systems that link persons recently diagnosed with HIV to care. The Budget also increases funding for data collection by \$10 million to improve timeliness of data and invests \$10 million to build the infrastructure and capacity that State Public Health Departments and community-based organizations will need to bill private insurers for infectious disease testing.

Support Research at the National Institutes of Health (NIH). To address critical AIDS research priorities, the FY 2014 President's Budget request for the trans-NIH AIDS research is \$3.12 billion, an increase of \$48 million above the FY 2012 level. This FY 2014 request reflects several shifts of funds to address the many new and exciting scientific opportunities in AIDS research, including etiology and pathogenesis that provides the underlying foundation for all HIV research; development of vaccines and microbicides; and new and innovative approaches for research toward a cure.

Support Housing Assistance for People Living with HIV/AIDS. The Budget includes \$332 million for the Department of Housing and Urban Development's Housing Opportunities for Persons with AIDS (HOPWA) program, to address housing needs among people living with HIV/AIDS and their families. The program is designed to provide States and localities with the resources to create comprehensive strategies for providing housing assistance that gives patients the stability needed for effective treatment. However, the existing formula for distributing HOPWA funds does not reflect the current nature of the epidemic. To modernize the HOPWA program, the Administration is proposing an updated formula based on cases of people living with HIV and adjusted for an area's fair market rent and poverty rates, focusing HOPWA on the areas with the most need. The proposal will also include several changes that will allow better targeting of HOPWA resources and more flexibility for grantees to provide the most cost-effective, timely interventions. These changes, which will be proposed in subsequent authorizing legislation, will improve the Nation's response to the specialized housing needs of HIV/AIDS patients.

Increase Support for Our Veterans Living with HIV/AIDS. The Budget includes \$1.1 billion within the Department of Veterans Affairs (VA), a 16 percent above the 2012 level, to ensure that veterans living with HIV and AIDS receive high quality, comprehensive clinical care, including diagnosis of their infection and timely linkage to medical care. VA also promotes evidence-based HIV prevention services and is implementing its plan to meet the goals outlined in the President's National HIV/AIDS Strategy.

Fight HIV/AIDS Related Stigma and Discrimination. To strengthen civil rights enforcement against racial, ethnic, sexual orientation, religious, and gender discrimination, the Budget includes a 7.4 percent increase in funding above the 2012 level to the Department of Justice's Civil Rights Division. This investment will help the Division handle enforcement of civil rights protections for people living with HIV/AIDS.

Support the President's Ambitious Goals for Global AIDS. On World AIDS Day 2011, the President announced ambitious new targets for the prevention and treatment of HIV/AIDS that will bring us closer to the goal of an AIDS-free generation. Through the President's Emergency Plan for AIDS Relief (PEPFAR), the Budget request of \$6.0 billion for global AIDS supports focused investments on proven methods to prevent new HIV infections, including supporting voluntary medical male circumcision, preventing mother-to-child transmission, and expanding access to condoms. In addition, PEPFAR is on track to reach the President's goal of supporting 6 million patients on antiretroviral treatment (ART) in 2013, and will continue to expand access to ART in 2014. These accomplishments are possible in a constrained budget environment due to the strong programmatic foundation that the U.S. has built under Presidents Bush and Obama, and relentless work to bring down costs and find efficiencies. The per-patient cost to the U.S. of providing antiretroviral treatment has fallen by over 50 percent since 2008 because PEPFAR has invested carefully, tailoring prevention to countries' urgent needs, using generic drugs, shipping more efficiently, and linking PEPFAR to other needed health services.

Support and Leverage Funding for the Global Fund to Fight AIDS, Tuberculosis and Malaria. The U.S. is delivering on our historic 3 year, \$4 billion pledge to the Global Fund, which has helped leverage approximately \$6 billion in contributions from other donors. PEPFAR and the Global Fund financed programs are complementary and deeply intertwined in countries where both exist. Better program coordination, decreased costs, and greater efficiencies between Global Fund and U.S. investments are helping to increase coverage of essential HIV services and save more lives. Over the last year and with our partners, the U.S. has driven an ambitious reform agenda at the Global Fund, including a comprehensive overhaul of the Fund's management, funding model and fiduciary oversight systems. This year's \$1.65 billion contribution to the Global Fund marks our continued strong support for reforms and challenges other donors to match the U.S. contribution 2-to-1 during the Global Fund's replenishment.

###

Strengthening the Economy for Women and Girls

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way.

The President believes we must invest in the true engine of America's economic growth – a rising and thriving middle class. He is focused on addressing three fundamental questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do the jobs of the 21st Century? How do we make sure hard work leads to a decent living? The Budget presents the President's plan to address each of these questions.

To make America once again a magnet for jobs, the Budget invests in high-tech manufacturing and innovation, clean energy, and infrastructure, while cutting red tape to help businesses grow. To give workers the skills they need to compete in the global economy, it invests in education from pre-school to job training. To ensure hard work is rewarded, it raises the minimum wage to \$9 an hour so a hard day's work pays more.

The Budget does all of these things as part of a comprehensive plan that reduces the deficit and puts the Nation on a sound fiscal course. Every new initiative in the plan is fully paid for, so they do not add a single dime to the deficit. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balanced way. When combined with the deficit reduction already achieved, this will allow us to exceed the goal of \$4 trillion in deficit reduction, while growing the economy and strengthening the middle class. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices and his seriousness about finding common ground to further reduce the deficit.

* * *

To strengthen the economy for women and girls, the 2014 Budget will:

Strengthen Efforts to Combat Violence Against Women. Despite progress made in recent years, too many women – particularly young women – are beaten, raped, and stalked every year. The Budget plays a critical role in helping to create a coordinated community response to this problem. The Budget includes \$412.5 million in Department of Justice Office on Violence Against Women grants and assistance to support victims of violence, including domestic abuse and sexual assault victims. The Budget also proposes an increase of \$95 million in the Crime Victim Fund for a range of services including domestic trafficking, tribal victim services, and increased funds to States to better serve crime victims including violence against women. The Budget works to improve the apprehension and prosecution of sex offenders by providing \$20 million to address the nation's backlog of rape kits.

Encourage State Establishment of Family Leave Initiatives. Too many American workers must make the painful choice between the care of their families and a paycheck they desperately need. While the Family and Medical Leave Act allows many workers to take job-protected unpaid time off, millions of families cannot afford to use unpaid leave. A handful of States have enacted policies to offer paid family leave, but more States should have the chance to follow their example. The Budget

supports a \$5 million State Paid Leave Fund to provide technical assistance and support to States that are considering paid leave programs.

Strengthen Enforcement of Wage and Hour and Family Leave Laws. The Budget provides an increase of \$3.4 million for the Wage and Hour Division (WHD) for increased enforcement of the Fair Labor Standards Act and the Family and Medical Leave Act, which ensure that workers receive appropriate wages, overtime pay, and the right to take job-protected leave for family and medical purposes.

Promote Equal Pay For Equal Work. According to the latest Census statistics, full-time working women earn 77 cents to every dollar earned by men, and the gap is significantly more for women of color. The Budget makes important investments to help ensure that women receive equal pay for equal work. It provides additional resources to strengthen the pay discrimination enforcement efforts of the Department of Labor's Office of Federal Contract Compliance Programs and the Equal Employment Opportunity Commission, agencies that work to secure equal employment opportunities for all workers.

Increase Access to High-Quality Early Childhood Education. To build a foundation for success in the formative early years of life, the Budget outlines a proposal to increase access to high-quality early childhood education with the Preschool for All initiative. This initiative is financed by raising the Federal tax on cigarettes and other tobacco products, which would also have substantial public health impacts, particularly by reducing youth smoking. In addition, the Budget makes three complementary investments, including Preschool Development Grants, to help States build the infrastructure so they can participate in Preschool for All; an Early Head Start-Child Care Partnership fund to increase access to high-quality early learning environments; and an extension and expansion of the evidence-based voluntary home visiting program to provide our most vulnerable parents and children with the education and services to ensure our youngest children develop into healthy learners in safe homes.

Provide High-Quality Preschool for All. In partnership with the States, the Budget provides all low- and moderate-income four-year-olds with high-quality preschool, while encouraging States to serve additional four-year-olds from middle-income families. The initiative also promotes access to full-day kindergarten and high-quality early education programs for children under age four. To support this initiative, the Budget also proposes a \$750 million investment in Preschool Development Grants to ensure that States willing to commit to expanding preschool access are able to make the critical investments necessary to serve their four-year-olds in high-quality programs.

Invest in High-Quality Infant and Toddler Care. The Budget provides \$1.6 billion for companion investments in high-quality early learning for infants and toddlers through new Early Head Start-Child Care Partnerships.

Invest in Effective Parent and Family Strategies. The Budget also provides \$15 billion to extend and expand evidence-based voluntary home visiting programs that allow nurses, social workers, and other professionals to connect families to tools that positively impact the child's health, development, and ability to learn.

Improve College Affordability and Value. The Budget proposes to improve college affordability and value with a continued commitment to Pell Grants; budget-neutral student loan reform that will make interest rates more market-based; a \$1 billion Race to the Top fund to support competitive grants

to States that drive higher education reform, while doing more to contain tuition; a \$260 million First in the World fund to spur cutting-edge innovations that decrease college costs and boost graduation rates; and reforms to Federal campus-based aid to reward colleges that set responsible tuition policy, provide a high quality education , and better serve students with financial need.

Expand Child and Dependent Care Tax Credit. Child care costs can be a major burden for working families and a barrier to employment for some individuals. To help defray these costs, the Budget increases the Child and Dependent Care Tax Credit available to working families with incomes between \$15,000 and \$100,000.

Prepare Students for STEM Careers in the 21st Century Economy. The Budget proposes a comprehensive reorganization of Federal STEM education programs to make better use of resources and improve outcomes in four areas: K-12 instruction, undergraduate education, graduate fellowships, and education activities that typically take place outside the classroom. This reorganization will be implemented with a focus on increasing participation and opportunities for individuals from groups historically underrepresented in these fields, including women and girls.

Support Nutritional Needs of Expectant and New Mothers. At a time of continued need, the Budget provides \$7.1 billion in funding to support the 8.9 million individuals expected to participate in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which is critical to the health of pregnant women, new mothers, infants, and young children.

Make Tax Cuts Permanent for Working Families. The Budget permanently extends expansions of the Child Tax Credit and the Earned Income Tax Credit that were passed in the Recovery Act and continued as part of the bipartisan Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act and The American Taxpayer Relief Act that the President negotiated and signed into law in January 2013. The expanded refundability of the Child Tax Credit benefits 12 million families with 21 million children. The expansion of the Earned Income Tax Credit for married couples and families with three or more children provides tax cuts averaging \$500 to 6 million families. These improvements lifted 1.6 million Americans out of poverty in 2010. The Budget also proposes to make permanent the American Opportunity Tax Credit, which currently helps about 11 million students and families afford college.

Improve Health Care Services for Women Veterans. To ensure that the women who served our country receive the care they need throughout their lives, the Budget includes a \$422 million investment, a 29 percent increase from the 2012 enacted amount, for gender-specific health care within the Department of Veterans Affairs (VA) for eligible women veterans to address their health care needs. In total, the Budget includes nearly \$4.9 billion to provide VA medical care services to eligible women veterans, a 19 percent increase from the 2012 enacted level.

Support Evidence-Based Teen Pregnancy Prevention. Because the President believes that more progress must be made on reducing the number of unplanned pregnancies, the Budget provides \$260 million for teen pregnancy prevention and related efforts. A \$105 million initiative targets funds for grants to community-based and faith-based organizations that implement the evidence-based models that have been proven to work in reducing teen pregnancy -- models that provide medically accurate, age-appropriate, and complete information on contraception and sexual health. The model will also fund and rigorously evaluate programs that are promising but not yet proven. The Budget also

proposes a new program to help reduce pregnancy among youth in foster care, funded by Abstinence Education funds that are not used by States.

Support Expanded Resources for Family Planning Programs and Preventative Health Services.

The President believes that we still need to make progress on reducing the number of unplanned pregnancies and ensure that low-income women have access to primary and preventative health services. Therefore the President's Budget includes \$327 million, an increase of \$34 million above the 2012 enacted level, to improve access to family planning centers and health services for low-income individuals. This funding will allow clinics to provide access to reproductive and preventive services and other family planning activities at more than 4,000 clinics nationwide.

Support Women-Owned Businesses. According to Census data, there are nearly 7.8 million women-owned firms, and women's business ownership grew by 20 percent between 2002 and 2007, which is the latest available official data.

Enhance Small Business Access to Credit. The Administration is working to improve access to capital for small businesses, which are the engine of economic growth and job creation. The Budget provides \$17.5 billion in loan guarantees through SBA's flagship Section 7(a) program and \$7.5 billion in its Section 504 program (including \$6.3 billion supported by requested loan subsidy and \$1.2 billion from expected carryover), which provides long-term financing for fixed assets. In addition, the Budget provides \$25 million in microloans of under \$50,000 for new and growing businesses. The Budget also proposes to increase the authorization of SBA's Small Business Investment Company program from \$3 billion to \$4 billion per year, which can be done at no cost to the taxpayer and will ensure that this program can continue to expand access to capital for growing small businesses, with a focus on underrepresented regions and key emerging industries.

Support Growth and Lending in Underserved Communities. The Budget provides \$225 million for the Treasury Department's Community Development Financial Institutions (CDFI) Fund. The Budget also funds several initiatives designed to promote entrepreneurship in underserved areas including the Small Business Administration's (SBA) Small Loan Advantage and Community Advantage programs. In addition, SBA will continue to broaden access to venture capital financing in 2014 by leveraging the SBIC Impact Fund to support \$200 million in equity-based impact investments in regions not well served by private financial markets, including impact investments that target residents of economically distressed regions or businesses owned by women entrepreneurs.

Increase Access to Intensive Entrepreneurship Education for Growing Small Businesses. Millions of small business owners, including women entrepreneurs, with the desire to grow their business have no formal training in areas like accounting and finance and do not have mentors or networks to create strong growth plans to expand their businesses, get access to capital and revenue opportunities, and ultimately create new jobs. Many reside in underserved areas, where these issues are further magnified, even though research suggests that individuals in underserved communities are 50% more likely to become business owners. The Budget includes \$40 million for an intensive small business leadership program to help existing small business owners with the desire to grow take their business to the next level. This program will include immersion in core business concepts such as accounting and financing, peer-to-peer review among fellow business owners, tailored mentorship from experienced entrepreneurs, introductions to capital access and revenue opportunities, and culminate in the creation of a targeted growth plan for each business owner with

actionable steps to put their learning into practice. The program will be modeled as a public-private partnership that is built in collaboration with existing partner networks and other working public, private sector and non-profit models. The President's Budget will also call for \$7 million to invest in intensive entrepreneurship education for veterans and returning service-members. In addition, the President's Budget will call for over \$120 million for SBA's Small Business Development Centers, Women's Business Centers, and SCORE.

###