

7. STRENGTHENING THE AMERICAN COMMUNITY

We need to provide the same encouragement to invest in Appalachia, Native American reservations, the Mississippi Delta, and the inner cities that we provide today to invest in new markets overseas ... It's good for business, it's good for America's growth, and it's the right thing to do.

President Clinton
August 1999

President Clinton took office in 1993 determined to rebuild the American economy. In February of 2000, the economy is poised to enter the longest period of economic expansion in recorded history. For many Americans, the past seven years have meant opportunity and prosperity: more than twenty million new jobs have been created; real wages have continued to rise and the number of people who own homes has reached an all-time high. However, there are still some communities which have not been lifted up by this historic wave of economic expansion. In these areas, unemployment is still too high, economic development is still too weak, and the opportunity to build a better life is limited.

Because the President believes that “a Nation that lives as a community must value all its communities,” he is committed to new and renewed efforts to promote an agenda of opportunity and responsibility and generate growth in these areas. The guiding principle is that the public sector can provide incentives to attract private sector investment, creating partnerships that tap the potential for growth, profit, and economic opportunity in distressed areas. Proposals to expand both the New Markets and the Empowerment Zone/Enterprise Community Initiatives serve as the centerpieces of this year’s Administration efforts to foster the economic development of America’s neediest communities.

At the start of his first term, the President proposed, and worked with Congress to pass, legislation creating Empowerment Zones (EZs) and Enterprise Communities (ECs) to encour-

age private sector investments in underserved areas. These efforts also established the Community Development Financial Institutions Fund to build a network of institutions to facilitate lending, including mortgage financing to first-time home buyers and commercial loans to small businesses.

The New Markets Initiative in its expanded form will leverage even more private sector investment as part of the President’s overall community development effort. Using tax credits, loan guarantees, private investment institutions, universities, and technical expertise for small business, this initiative offers the potential to connect residents of distressed neighborhoods to the jobs and opportunities of the regional marketplace, and replace economic distress with opportunity.

In addition to the New Markets Initiative, the Administration has been committed to strengthening America’s communities through the Empowerment Zone/Enterprise Community Initiative. Along with more private investment, the Empowerment Zone/Enterprise Community Initiative has helped create thousands of jobs that are now filled by those who have traditionally lacked access to economic opportunity. The initiative has also provided job training and educational opportunities for nearly 45,000 residents of EZs/ECs. Additionally, the program has helped create more affordable housing opportunities; allowed communities to address important public safety, infrastructure and environmental concerns; provided social services including affordable health care, child care, and youth development

programs; and, encouraged investment in New Markets areas.

Many Native American communities have not taken part in this wave of economic prosperity. High unemployment, lack of physical infrastructure, remote locations, and lack of access to technology all contribute to the challenges facing Indian Country. The Administration will work with Tribes, on a government-to-government basis, to help this generation and future generations of Native Americans receive greater opportunities. With these goals in mind, the budget includes significant funding increases for Native American communities in areas including health care, education, economic development, and law enforcement.

Jobs and Economic Development

The budget builds upon ongoing efforts to encourage economic growth in America's distressed communities through three complementary efforts: the New Markets Initiative; the EZ/EC program; and, the Community Development Financial Institutions Fund (CDFI).

The New Markets Initiative: The New Markets Initiative, for which Congress expressed a measure of support last year by funding \$39.5 million (contingent upon authorization) of the Administration's request, is expanded to a total of \$248 million. It includes three new elements: a \$15 million microenterprise initiative for investments and support of microentrepreneurs, Program for Investment in Microentrepreneurs; a \$5 million university partnerships initiative; and, \$30 million to make banking more affordable and accessible to low-income communities. Qualifying Tribes or Tribal consortia are eligible for these programs.

- ***The New Markets Tax Credit:*** To help spur \$15 billion in new equity capital for a range of private investment vehicles serving distressed communities, a 25-percent tax credit is proposed, more than doubling last year's proposal, at a cost of \$5 billion over 10 years. Eligible entities will include community development banks, community-oriented equity funds, and other new investment programs created by this initiative. A wide range of businesses can be

financed by these investment funds, including inner-city shopping centers and retail stores, small technology firms, manufacturing facilities and incubators, and data management facilities.

- ***America's Private Investment Companies (APICs):*** APICs will encourage private investment in this country's untapped markets by providing loan guarantees to the debt issued by these funds, administered by the Department of Housing and Urban Development (HUD) in consultation with the Small Business Administration (SBA). Private investment companies that target portfolios of larger businesses relocating to or expanding in economically distressed inner-city and rural areas will be eligible for loan guarantees. To be licensed, APICs must raise a substantial amount of private capital managed by staff with a balance of experience in private investing and in community development. Last year, APICs received \$20 million subject to enactment of authorizing legislation. The budget proposes \$37 million.
- ***New Markets Venture Capital (NMVCs):*** New Markets Venture Capital Firms invest in smaller growth companies that can also benefit from expert management assistance. NMVCs match equity of private investors with Government-guaranteed debt and technical assistance funding to cultivate the growth of smaller firms. Last year, NMVCs received \$15 million in appropriations. The budget proposes \$52 million.
- ***Program for Investment in Microentrepreneurs (PRIME):*** This initiative will provide \$15 million to provide technical assistance grants to microenterprise intermediaries to assist low-income and disadvantaged entrepreneurs. Microenterprises are very small businesses that typically have fewer than 10 employees and generally lack access to conventional loans, equity, or other banking services.
- ***BusinessLINC:*** The Vice President, along with a number of CEO's, launched BusinessLINC in December 1998 to encourage learning, investment, networking, and collaboration between large and small businesses, in order to accelerate the

growth of businesses in economically distressed areas. The budget proposes \$6.6 million in additional funding for local BusinessLINC coalitions that match large and small firms, and provide supportive services. Of this amount, \$1.25 million will be used to develop appropriate BusinessLINC connections in Indian Country.

- *University Partnerships:* Another new element of the New Markets Initiative includes \$5 million, from HUD, for a pilot project to provide grants to 10 to 12 business and law schools to institutionalize their role in local economic development, through a range of activities including convening discussions on community needs, identifying local assets, formulating strategies, and organizing new efforts. In addition, these grants will be used by schools to foster business development and serve businesses and community development corporations in low- to moderate-income areas.
- *Financial Services:* The New Markets Initiative also includes \$30 million to provide increased access to financial and banking services for the approximately 10 million unbanked households who do not have access to the mainstream banking system. The initiative will encourage the creation of low-cost bank accounts and the placement of Automated Teller Machines (ATMs) in post offices and other locations in low-income neighborhoods where access to ATMs is limited. It will also promote financial education for low-income families.

Empowerment Zones (EZs)/Enterprise Communities (ECs): While the New Markets and CDFI programs address capital access and credit, the EZ/EC Initiative is the foundation of the Administration's empowerment agenda for communities with high unemployment and poverty rates. This initiative challenges qualified urban and rural areas to develop comprehensive strategic plans for revitalization, with input from residents and community partners. The program selects communities with the most innovative plans and significant local commitments.

Investment in EZ/ECs is available in many forms. The Federal Government provides tax benefits for businesses and flexible grants to communities for job training, day care, and other purposes. EZ/ECs can apply for waivers from Federal regulations, enabling them to better address local needs. Special set-asides from Department of Agriculture rural development programs are also available to rural EZ/ECs.

Round I EZ/ECs: Designated in 1994, these EZ/ECs are showing promising results. The Baltimore, MD, EZ, for instance, has created approximately 2,860 new jobs as a result of Title XX funding and other leveraged investments, and 3,250 Zone residents have been placed directly into jobs through various work force placement partners. Through June 1999, Empower Baltimore Management Corporation (EBMC) has spent more than \$18.4 million across four components of Baltimore's strategy: business development for job creation; work force development; quality of life, and, community-capacity building. The Kentucky Highlands Rural EZ has used its \$11 million venture capital fund to assist 30 new businesses or business expansions, leveraging almost \$66 million in capital that created 2,319 jobs and expects to create over 1,000 more in the next few years. Since this EZ was designated in December 1994, unemployment in the area has dropped by more than half.

Round II and Round III EZ/ECs: In January 1999, the Administration designated a second round of 15 urban EZs, five rural EZs, and 20 rural ECs, selected on a competitive basis, from applications of more than 250 communities. The budget proposes \$1.4 billion in mandatory grant funding for the remaining nine years for urban EZs and \$120 million for the remaining eight years for rural EZs, as the Administration proposed in 1999 and 2000. These grants would allow communities to implement comprehensive long-term strategies to address their local needs.

The budget also proposes a series of tax measures to extend and improve economic growth in the 31 existing Round I and Round II EZs and also proposes to create a Third Round of 10 new EZs (eight urban

and two rural). The total cost of these tax expenditure proposals is approximately \$4.4 billion over 10 years. To encourage employment and growth, the budget proposes to create and extend a 20-percent wage credit for all existing and proposed EZs through 2009 (under current law, only Round I EZs have the credit and it is scheduled to expire in 2004.) To enhance the incentives for small businesses in EZs, the budget proposes to allow them to deduct an additional \$35,000 in investments above the normal small business investment deductions. The proposal will also increase access to capital through tax exempt financing by allowing local governments to issue tax-exempt bonds on behalf of EZ businesses. The President's proposal would permanently extend the Brownfields Tax Incentive in EZs.

Community Development Financial Institutions Fund (CDFI Fund): Complementing the New Markets Initiative and EZ/EC initiatives, the Fund uses the provision of Federal resources as the foundation for leveraging significant private sector resources. CDFIs include a broad range of institutions—community development banks, credit unions, venture capital funds, business loan funds, and microenterprise loan funds—that provide a wide range of products and services, such as mortgage financing to first-time home buyers, commercial loans for small businesses, and other basic financial services. By creating and expanding a diverse set of CDFIs, the Fund helps develop new private markets, create healthy local economies, promote entrepreneurship, restore neighborhoods, generate tax revenues, and empower residents in distressed urban and rural communities.

Every CDFI that receives financial assistance from the Fund must provide at least a one-to-one match with funds from non-Federal sources. To date, the CDFI Fund has awarded over \$215 million in financial and technical assistance to CDFIs. In addition, the Fund has awarded over \$90 million to traditional banks and thrifts for increasing their activities in economically distressed communities and investing in CDFIs. The budget proposes \$125 million for the CDFI Fund.

Other programs that promote economic development and provide services to underserved families, individuals and markets include:

HUD's Community Empowerment Fund (CEF): The CEF/EDI, working in tandem with the Section 108 loan guarantee program, will work with a new pilot program beginning in 2000 to create loan pools to improve the securitization of Section 108 loans.

HUD's Continuum of Care: This program promotes comprehensive systems to address the needs of homeless individuals and families. The Administration proposes \$1.2 billion in HUD homeless assistance, an increase of 18 percent over 2000. This funding level includes \$105 million for rental assistance vouchers to help the homeless move to permanent housing with supportive services. The Administration also proposes to expand access to mainstream health, social services, and employment programs for which the homeless may be eligible through a new \$10 million program administered by the Department of Health and Human Services, States, and large counties. The initiative includes expanding access to Medicaid, State Children's Health Insurance Program, Temporary Assistance for Needy Families, Food Stamps, and services funded through the Mental Health and Substance Abuse Block Grant, Workforce Investment Act, and the Welfare-to-Work grant program.

Department of Agriculture's (USDA) Rural Development Programs: Because their needs can vary widely, no single approach will help both urban and rural communities. The Administration once again proposes to give States, localities, and Tribes more flexibility in their use of USDA's Rural Development grants and loans for businesses, water and wastewater facilities, and community facilities such as day care centers and health clinics. The 1996 Farm Bill authorized this approach through a new Rural Community Advancement Program (RCAP), combining 12 separate USDA programs into a Performance Partnership that can tailor assistance to the unique economic development needs of each rural community. The budget proposes \$3.4 billion in loans and grants for RCAP, 29 percent more than in 2000, and the full flexibility

that the 1996 Farm Bill envisioned. It also repropose Partnership Technical Assistance (PTA) grants to assist rural communities in developing strategic plans for economic development, and grants for early-warning weather systems in areas prone to tornadoes. As part of the Administration's multi-agency initiative for the Mississippi Delta Region (MDR), \$2 million of the \$7 million in PTA grants are targeted to MDR counties (the 219 counties of the region as defined by P.L. 100-460). In addition, there is a set-aside of \$8 million in Intermediary Relending Program Loans for the MDR.

Farm Safety Net proposal: Many rural communities depend significantly on the economic health of the farm sector. In addition to helping these communities diversify their economic base, through the New Markets and other economic and community development initiatives in the budget, the Administration is proposing an \$11 billion package to enhance the farm safety net through 2002, when the next farm bill will be enacted (see Table 7-1).

It has become painfully clear that the 1996 Farm Bill fails to support farm family incomes when prices fall or natural disasters strike. Even with \$15 billion in emergency funding appropriated for distressed farmers and ranchers in the last two years, assistance remains inadequate because the 1996 Farm Bill is fundamentally flawed. While we cannot rewrite all farm policy this year, we can provide relief to those in need through the life of the current farm bill.

The budget proposes to mend the farm safety net by providing counter-cyclical income assistance when crop prices are low, to make up a portion of farmers' lost revenue relative to a five-year average, freezing the USDA marketing loan rates for the 2000 crops at their 1999 levels, and increasing Federal crop insurance subsidies so farmers are better protected from natural disaster losses.

The budget also proposes major increases in USDA conservation programs, such as the new Conservation Security Program and the existing Conservation and Wetlands Reserve and Farmland Protection Programs, which would enable farm families to conserve and enhance environmentally sensitive farm-

land and protect their farms from urban and suburban sprawl while increasing farm income. To help diversify farm families' income sources, the budget also includes funding to enable farmer cooperatives to build commodity processing facilities that will channel value-added profits back to producers, and supports greater crop use for bioenergy production.

Appalachian Regional Commission (ARC): The Administration continues support for ARC to help 406 economically distressed counties in the 13 State Appalachian region. The ARC's Federal-State partnership is a proven economic development model of balanced fiscal decision-making that has helped improve the economic viability of this region over the past 35 years. Furthermore, the Administration is doubling the ARC's Entrepreneurship Initiative, which seeks to fund innovative economic development projects in the region, from \$5 million to \$10 million in 2001, a significant increase to ARC's total funding of \$71 million.

Rural Alaskan Economic Development: The Denali Commission, which focuses on the economic development challenges of rural Alaska, will provide resources to improve the basic infrastructure of this region. Thirty million of new funding will address water and sewer and leaking fuel storage tanks in Alaska. Funds will also be used to create job training programs to provide the sustainable economic development opportunities for these remote Alaskan communities.

Delta Regional Authority (DRA): The budget includes \$153 million to create the new DRA to assist the Lower Mississippi Delta Region. This proposal includes \$30 million in new resources to create this new authority. Modeled after other economic development agencies, the DRA will target its funding and resources to economically distressed counties throughout the Delta. The remaining \$123 million will be targeted to these counties from existing programs at the Departments of Housing and Urban Development, Commerce, Transportation, Agriculture, Labor, Education, and Health and Human Services.

Livable Communities Initiative: The Livability Communities initiative encourages the creation of livable communities and regions

Table 7-1. \$5.7 Billion Increase in 2001 for the Farm Safety Net
(Mandatory funding, in millions of dollars)

		Actual		2000 Estimate	2001		Change: Authorized Level to Proposed
		1993	1999		Author- ized Level	Proposed	
Proposed Authorizations:							
Crop insurance reform	BA	868	1,674	742	1,759	2,669	+910
	OL	726	1,588	1,967	2,015	2,560	+545
Non-insured Crop Disaster Assis- tance: Remove area-loss trigger	BA	.....	54	185	86	196	+110
	OL	.....	54	185	86	196	+110
Income assistance:							
Guarantee 92 percent of five-year average ¹	BA	.....	.....	.....	.....	2,464	+2,464
	OL	.....	.....	.....	.....	2,464	+2,464
Extend dairy price-support pro- gram to 2002	BA	120	242	250	107	257	+150
	OL	120	242	250	107	257	+150
Total, Income assistance	BA	120	242	250	107	2,721	+2,614
	OL	120	242	250	107	2,721	+2,614
Conservation programs ²	BA	.....	335	355	246	1,409	+1,163
	OL	.....	323	417	300	1,124	+824
Empowerment Zones/ Enterprise Communities ³	BA	.....	15	15	.....	15	+15
	OL	.....	.....	5	.....	.....	.....
Cooperative development	BA	.....	.....	.....	.....	80	+80
	OL	.....	.....	.....	.....	80	+80
Subtotal, Proposed Authorizations	BA	988	2,320	1,547	2,198	7,090	+4,892
	OL	846	2,207	2,824	2,508	6,681	+4,173
Existing Authorization:							
Marketing loan rates frozen	BA	.....	.....	20	.....	500	+500
	OL	.....	.....	20	.....	500	+500
Bioenergy (ethanol) Incentive Pay- ments:	BA	.....	.....	100	.....	150	+150
	OL	.....	.....	100	.....	150	+150
Conservation Reserve Program (CRP):							
Continuous sign-up bonus	BA	.....	2	110	13	138	+125
	OL	.....	2	110	13	138	+125
Farm storage facility loans	BA	.....	.....	.....	.....	10	+10
	OL	.....	.....	.....	.....	10	+10
Subtotal, Existing Authorization	BA	.....	2	210	13	798	+785
	OL	.....	2	210	13	798	+785
Total, Farm Safety Net Ini- tiative	BA	988	2,322	1,796	2,211	7,888	+5,677
	OL	846	2,209	3,059	2,521	7,479	+4,958

¹The income assistance proposal would also generate \$600 million in 2000 outlays.

²This initiative would also increase cumulative CRP enrollment to 40 million acres, allowing an additional 1.2 million acres to sign up annually in 2001 through 2003. The first CRP payments for these additional acres would be made in 2002.

³1999 and 2000 amounts are classified as discretionary spending.

by aligning and dedicating new and existing Federal resources in support of locally determined livability initiatives. The programs included in the Livable Communities initiative will help accelerate and strengthen the devel-

opment of regional capacities to address the problems of making America's metropolitan and rural areas good places to live, work, play and raise a family. The budget proposes

four investments as part of the Livable Communities initiative.

This initiative includes an unprecedented request for a \$6.3 billion mass transit transportation initiative, a \$1.6 billion congestion relief and air quality improvement program, \$468 million for the Expanded Passenger Rail Fund, \$719 million to implement the enhancements program; and, \$52 million for the Transportation and Community and System Preservation pilot. In addition, the Better America Bonds program, administered by the Environmental Protection Agency, will provide Federal tax credit bonds enabling local, State and Tribal governments to issue \$10.8 billion over five years for green space preservation, water quality enhancement, and clean up of abandoned industrial sites. HUD's \$25 million Regional Connections Initiative will promote regional "smart growth" strategies and complement the Administration's other regional efforts. Regional Connections' matching grants will help local partnerships design and pursue smarter growth strategies across jurisdictional lines. As a part of the Livable Communities Initiative, the budget also proposes \$125 million for the Department of Justice's Crime-Solving Technologies to improve community safety.

Also included in the budget is the continuation of the Lands Legacy initiative, which will complement the Administration's Livable Communities initiative, by emphasizing land conservation; smart growth planning; and partnerships with State, local, and Tribal governments and non-profit groups to preserve open spaces in urban, suburban, rural, and coastal areas (see Chapter 4, "Protecting the Environment"). This year's Lands Legacy initiative includes \$50 million for the Interior Department's new State Planning Partnerships of which \$30 million is for the Community/Federal Information Partnership (C/FIP). The funding will provide grants, contracts, technical assistance, information, and analytical tools to communities to manage resources and future growth while preserving environmentally sensitive land.

The Administration is proposing a manufacturing initiative to assist industry, workers, and communities that have been adversely impacted in part by the slowdown in the

Asian economy and other factors beyond their control. This initiative will double the funding for the Economic Development Administration's Economic Adjustment program to better assist communities that experience sudden and severe economic distress due to adverse global market conditions. It will provide the tools and resources to get direct technical assistance to communities in need, as have similar intensive, inter-agency efforts in the past which have successfully engaged industry, communities, and workers to address situations prompted by a downturn in economic conditions, like base closings. Additionally, the initiative will support efforts to promote the use of electronic commerce for trade promotion activities by large and small manufacturers. Increased funding of \$15.5 million for the Department of Commerce will provide the resources to support enhanced trade compliance activities, by adding trade and compliance officers to monitor unfair trade practices and by reducing the time it takes to prepare dumping and countervailing duty cases. This enhanced monitoring and preparing trade cases in a quicker time frame will better provide effective relief to trade-injured industries and workers.

Housing Needs of American Communities

The Administration's efforts to create the National Partners in Homeownership—a coalition of 66 key public and private housing organizations—and to form a National Homeownership Strategy have led more families to homeownership than at any time in American history. Along with a strong economy and low interest rates, the Administration's policies have helped boost homeownership to 67 percent—a new all-time high. Under this Administration, 8.7 million Americans have become homeowners, including record numbers of minorities.

The Administration's efforts to increase support for housing for low-income families resulted in an increase in 2000 of 60,000 new housing vouchers. The budget seeks to build on this progress and proposes to double the number of new housing vouchers, providing \$690 million for 120,000 new vouchers Nationwide.

Federal Housing Administration (FHA): The Administration's successful 1999 proposal to increase the FHA mortgage limit has allowed FHA to help 50,000 more families purchase their first homes, especially large families and families in high cost areas. Building on this success, the budget proposes to further increase the FHA mortgage limit to allow an additional 55,000 families to purchase homes in 2001. The budget also authorizes FHA to offer new adjustable-rate mortgage (ARM) products, opening homeownership to more than 40,000 families in 2001. These new products will offer a sound mortgage product to borrowers who do not qualify for a fixed-rate mortgage or cannot afford fixed-rate pricing, but who want to avoid the volatility associated with traditional ARMs.

Low-Income Housing Tax Credit (LIHTC): The budget proposes to expand the LIHTC to spur the private sector to develop more affordable low-income rental housing in high poverty areas. The proposal will cost \$1.0 billion over the next five years and help develop another 75,000 to 90,000 units per year.

Assisted Housing: The Administration proposes \$690 million for 120,000 housing vouchers, including 32,000 for families seeking to move from welfare to work, and 18,000 to help the homeless move to permanent housing with supportive services. Under the HUD Welfare-to-Work voucher program, local housing agencies that work in partnership with State and local welfare agencies will get the flexibility to design programs serving welfare families for whom housing assistance is critical to getting and retaining jobs. In addition, the budget continues to reduce poverty concentrations by providing \$625 million in HOPE VI grants to local housing authorities to demolish approximately 28,000 dilapidated non-viable public housing units over the next three years, and replace them with portable subsidies or newly constructed mixed-income housing. These funds provide sufficient resources to surpass the Administration's goal of demolishing 100,000 of the most severely distressed units by 2003.

USDA's Rural Housing Service (RHS) offers direct and guaranteed loans and grants to help very low- to moderate-income rural residents buy and maintain adequate, affordable housing. One of the RHS goals is to reduce

the number of rural residents living in sub-standard housing. The RHS direct loan program provides subsidized loans to very low and low-income rural residents. Its single family guaranteed loan program guarantees up to 90 percent of a private loan for buying new or existing housing. Together, the two programs will provide \$5 billion in loans and loan guarantees in 2001, providing 68,000 decent, safe, affordable homes for rural Americans. This level of funding includes a legislative proposal increasing the single family housing guarantee program loan fee from one percent to two percent, which permits the Administration to provide higher loan levels at less cost.

RHS's section 515 program, which generally lends to private developers, finances both the construction and rehabilitation of rural rental housing for low- to moderate-income, elderly, and handicapped rural residents. The budget provides \$120 million in direct loans, providing over 1,400 new units for very low-income tenants in rural America. RHS also provides section 538 multifamily housing guaranteed loans, and the budget provides a loan level of \$200 million, which funds 3,200 new units for low to moderate income tenants. Additional multifamily housing funding includes \$45 million in the farm labor housing program level—an increase of 20 percent over 2000—that serves almost 100 percent minority populations.

In addition, the budget contains \$20 million as a new set-aside within the HUD CDBG program in competitive grants for targeted technical assistance to increase the role of non-profit (including community-based and interfaith) organizations in supplying and maintaining affordable housing, creating economic opportunity, and participating in a wide range of HUD programs that assist low-income people in high poverty areas.

New Opportunity Agenda through Volunteerism

The budget includes numerous programs to narrow disparities and to increase economic opportunity in our Nation so that we may achieve the goal of strengthening the American community.

National Service: The President has consistently supported and encouraged community service and volunteerism through such programs as AmeriCorps and other programs supported through the Corporation for National and Community Service. Volunteerism and community service have been a strong and important tradition in America ever since its founding. In 1994, President Clinton signed the King Holiday and Service Act making this national holiday a day of service to bring people together, promote racial cooperation, and help solve problems through citizen action.

The Corporation for National and Community Service: This agency and its programs encourages Americans of all ages and backgrounds to help solve community problems and provides opportunities to engage in community-based service. The budget proposes \$851 million for the Corporation, a 16-percent increase over 2000.

AmeriCorps: Over 150,000 individuals will have participated in the Corporation's AmeriCorps in its first five years. The program helps young Americans of all backgrounds to serve in local communities through programs sponsored by local and national nonprofits. Participants serve full- or part-time, generally for at least a year. In return, they earn a minimum living allowance, set at about the poverty level of a single individual and, when they complete their service, they earn an education award to help pay for postsecondary education or repay student loans. Building upon the Administration's commitment to national service, the budget proposes to increase annual AmeriCorps participation to 100,000 by 2004. As the first step on that path, the budget adds 9,000 AmeriCorps participants in 2001 for a total of 62,000. In addition, the budget provides \$5 million for an AmeriCorps Reserves Program, modeled after the military reserves, to re-engage AmeriCorps alumni in service to their communities on weekends and in times of natural disasters.

Service Opportunities for Youth: The budget includes \$15.5 million in the Corporation for New Youth Initiatives, including \$5 million for a Community Coaches program to increase service-learning opportunities for youth; \$3 million for Youth Empowerment Grants to support youth-focused projects that

solve problems in their communities, such as youth violence; and \$7.5 million to support America's Promise: The Alliance for Youth to help all children grow into healthy, strong, and productive adults.

The National Senior Service Corps: This Corporation program provides opportunities for citizens age 55 and older to use their time and talents to meet community needs. The budget includes \$193 million for the Retired and Senior Volunteer Program, the Foster Grandparent Program, and the Senior Companion Program, enabling more than half a million older Americans to help others of all ages.

From Digital Divide to Digital Opportunity

Access to computers and the Internet and the ability to use this technology are becoming increasingly important for full participation in America's economic, political, and cultural life. In the face of strong evidence of a digital divide—a gap between those who have access to information technology and those who do not—the Administration proposes an initiative to help close the digital divide and ensure that every American benefits from the opportunities created by information technology.

Community Technology Centers (CTCs): CTCs are designed to provide access to and training for information technology in a community-based setting within traditionally underserved areas. The budget provides \$100 million in 2001 to support the creation of up to 1,000 CTCs.

Broadband Communities: Grants and loans to communities by the Department of Commerce's Economic Development Administration (EDA) and the USDA's Rural Utilities Service (RUS) will help ensure that underserved rural, urban, and Native American communities can build the infrastructure necessary to promote economic development through broadband (high-speed Internet) technology and electronic commerce. The Administration proposes \$23 million for EDA to provide grants to distressed communities to plan for and install broadband infrastructure, and a RUS pilot program consisting of \$2 million in grants and \$100 million in loans to finance

installation of broadband transmission capacity to and through rural communities.

Internet Home Access Program: The Administration proposes \$50 million for a new grant program that would provide low-income individuals and families with connections, training, and support necessary for full participation in today's increasingly online society. The National Telecommunications and Information Administration within the Department of Commerce will encourage community-based partnerships between local organizations, academia, and private industry to devise solutions that address the needs of low-income populations in gaining access to technology and online resources at home. In order to demonstrate the local and private sector commitments, applicants will be required to provide matching funds.

Technology Opportunities Program: Increased economic opportunity for all Americans hinges not only upon access to information technology tools but also upon content and applications that help empower low-income households and underserved communities. The budget proposes increasing funding for the Department of Commerce's Technology Opportunities Program (formerly the Telecommunications and Information Infrastructure Applications Program) to \$45 million to expand its successful program of replicable, community-based grants into areas such as on-line support for microenterprise development and distance learning.

Civil Rights Enforcement

The Administration is committed to expand efforts to help ensure that no American is denied a job, a home, or an education because of their race, ethnicity, gender, religion, or disability; we will help ensure equal opportunity for all Americans. The budget

includes \$698 million for funding civil rights enforcement agencies, an \$81 million, or 13-percent, increase over the 2000 level of \$617 million.

The budget proposes a total of \$322 million for the Equal Employment Opportunity Commission (a 15-percent increase) to support the agency's effort to reduce the backlog of private sector cases to 28,000 by the end of 2001; \$98 million for the Department of Justice's Civil Rights Division (a 19-percent increase) to expand investigations and prosecutions of criminal civil rights cases (including hate crimes), promote compliance with the Americans with Disabilities Act and handle more police misconduct cases; \$76 million for the Department of Education's Office of Civil Rights (a seven-percent increase) which includes funds to support staff training and technological improvements to ensure a viable civil rights compliance and enforcement program; \$76 million for the Department of Labor's Office of Federal Contract Compliance Programs (a four-percent increase) to continue the President's Equal Pay Initiative; and, \$50 million for HUD's fair housing activities (a 14-percent increase) to reduce housing discrimination by working with public and private fair housing groups to assist in enforcement of the Fair Housing Act. Additionally, \$21 million will be used by USDA to improve civil rights enforcement and program outreach to under-represented customers. (See Table 7-2 for the civil rights enforcement funding summary.) The budget also includes a \$27 million Equal Pay Initiative to educate employers and the public about wage issues, to provide training to women for non-traditional jobs, and to help employers assess and improve their pay policies.

Public Television in the Digital Age

The budget provides a total of \$393 million for 2001 through 2003 for the public broadcasting system's transition to digital technology. Digital broadcasting will allow greatly expanded educational, community service, and cultural programming through innovative applications, including high-definition and interactive television. Funding through the Department of Commerce will be devoted to promoting digital transmission, while funding for the Corporation for Public Broadcasting will be for digital program production and development capabilities.

Table 7-2. Civil Rights Enforcement Funding
(Budget authority, in millions of dollars)

	1999 Actual	2000 Estimate	2001 Proposed	Change: 2000 to 2001
Department of Agriculture: Civil Rights Programs	16	18	21	+3
Department of Education: Office for Civil Rights	66	71	76	+5
Department of Health and Human Services:				
Office for Civil Rights	21	22	24	+2
Department of Housing and Urban Development:				
Fair Housing Activities	40	44	50	+6
Department of Justice:				
Civil Rights Division	69	82	98	+16
Department of Labor:				
Office of Federal Contract Compliance Programs	65	73	76	+3
Civil Rights Center	5	6	6	.....
Department of Transportation: Office of Civil Rights	7	7	9	+2
Environmental Protection Agency: Office of Civil Rights	4	4	5	+1
Commission on Civil Rights	9	9	11	+2
Equal Employment Opportunity Commission	279	281	322	+41
Total	581	617	698	+81

Commitment to Native Americans

The relationship between the U.S. Government and Native Americans is a historical one founded on a trust responsibility. The Administration continues to honor its government-to-government relationship with Tribes by supporting critical programs serving Indian reservations, and by bringing together Tribal leaders and resources across the Government to address priority Tribal concerns, such as health care, education, economic development, infrastructure development, and other basic services. Within the total funding to address the unique relationship with Native Americans, the Administration includes a Government-wide initiative increase of \$1.2 billion to address these crucial issues comprehensively and systematically. The Domestic Policy Council Interagency Work Group, chaired by the Interior Secretary, will coordinate agency efforts to implement the initiative.

The budget reflects the Administration's commitment to Native Americans, proposing \$9.4 billion, 14 percent more than in 2000 and 75 percent over 1993, for Federal programs addressing basic Tribal needs and encouraging self-determination (see Table 7-3). The Health and Human Services Department's Indian Health Service (IHS) at \$2.6 billion (10 percent over 2000) and the Interior

Department's Bureau of Indian Affairs (BIA) at \$2.2 billion (18 percent over 2000) make up more than half of total Federal funding for Native American programs and services. In addition, BIA and IHS will continue to promote Tribal self-determination through local decision-making. Tribal contracting and self-governance compact agreements now represent 41 percent of BIA's operations budget, and over 42 percent of IHS' budget.

The Government-wide initiative will substantially expand existing services and create new opportunities for Native Americans in four principal areas:

- *Health Care:* For IHS, the budget proposes an investment of \$2.6 billion, a 10-percent increase over the 2000 level. This increase will enable IHS to continue expanding accessible and high-quality health care to its Native American service users, through IHS' existing network comprised of over 543 direct health care delivery facilities. This increase reflects a five-pronged approach for IHS: a substantial funding increase in 2001, better access to health grants, Medicare and Medicaid reimbursements, achievement of medical efficiencies by ensuring that health care procedures are done only when they are necessary and are done in a cost-effective manner,

Table 7-3. Selected Components of the Native American Initiative
(Budget authority, in millions of dollars)

	Actual		2000 Estimate	2001 Proposed	Change: 1993 to 2001	Change: 2000 to 2001
	1993	1999				
Health Care:						
Indian Health Service (IHS/HHS)	1,858	2,240	2,391	2,620	+762	+230
IHS program level, including receipts	2,022	2,650	2,830	3,060	+1,038	+230
Education:						
BIA School Construction, Repair, Maintenance (BIA/DOI)	90	60	133	300	+210	+167
School Construction For Public Schools Serving High Concentrations of Native Americans (Ed Dept)	4	5	5	55	+51	+50
BIA School Operations (BIA/DOI)	343	476	467	507	+164	+40
Indian Education Assistance for Public and BIA Schools Serving Native Americans (Ed Dept)	82	66	77	116	+34	+39
Support of Tribal Community Colleges (Multiagency)	24	44	52	67	+43	+15
Economic Development:						
New Markets and Other Activities—Economic Development Administration (Commerce)	3	3	3	49	+46	+46
Digital Opportunity and Other Activities (NSF)				10	+10	+10
Small Business Development (SBA)		*	*	6	+6	+6
Community Development Financial Institutions (Treasury)				5	+5	+5
Rural Community Advancement Program/RCAP (USDA)			12	24	+24	+12
Commercial Code Implementation and Other Activities—Administration on Native Americans (HHS)	35	35	35	44	+9	+9
Infrastructure and Other Basic Services:						
Indian Reservation Roads and Bridges:						
Road/Bridge Construction (DOT)	202	284	250	375	+173	+125
Road/Bridge Maintenance (BIA/DOI)	30	26	26	32	+2	+6
Indian Housing:						
Housing and Urban Development	401	693	693	725	+324	+32
Housing Improvement Program (BIA/DOI)	20	16	16	32	+12	+16
Joint Indian Country Law Enforcement:						
Department of Justice	4	182	195	279	+275	+84
BIA/DOI	9	98	141	157	+148	+16
Subtotal, Law Enforcement	13	280	336	439	+426	+103
Capacity Building & Other Basic Services:						
Environmental Protection Agency	38	159	170	188	+150	+18
Improved Trust Services (BIA/DOI)	85	74	73	108	+23	+35
Operation of Indian Programs (BIA/DOI)	1,363	1,584	1,640	1,795	+432	+155
Total Government-wide Funding for Native American Programs	5,361	7,806	8,201	9,380	+4,019	+1,178

* \$500 thousand or less.

and vigilance on fraud and abuse. (Additional detail is provided in Chapter 3, "Strengthening Health Care.")

The budget also supports access to health services and improves the health status of Native American by ensuring that IHS' health facilities are adequately maintained. Within the increase, IHS will continue the construction of the Navajo Fort Defiance (AZ) Hospital, the Parker Health (AZ) Clinic, and the Winne-

bago (NE) Hospital. In addition, the \$30 million a year in diabetes-related funding that IHS receives under the Children's Health Insurance Program will help alleviate complications from diabetes.

- *Education:* The Administration is continuing its commitment to Native American education by systematically funding school repair and replacement needs on Indian reservations. The budget proposes

\$300 million (more than double the 2000 level) for BIA to fund the replacement of six elementary and secondary schools and numerous health and safety improvement and repair projects across Indian Country. Within BIA's school construction funds, up to \$30 million may be used by Tribes or tribal consortia to defease the principal on bonds authorized under the Administration's school construction bonding proposal. In addition to school construction, BIA will provide \$507 million (nine percent over 2000) for elementary and secondary school operations, early childhood development, and early intervention partnerships by establishing therapeutic pilots at six BIA boarding schools to provide students with services ranging from education to mental health and substance abuse treatment.

The Education Department will provide \$1.7 billion (eight percent over 2000) in direct and indirect support for the education of Native Americans. This includes \$116 million (\$39 million over 2000) for the Indian Education program to fund grants to local educational agencies and continue the second year of in-service and pre-service training for the American Indian Teacher Corps initiative. This amount also provides \$5 million for a new initiative, the American Indian Administrator Corps, that will support the recruitment, training, and in-service professional development of American Indian professionals to become effective school administrators in schools with high populations of Native American students. The Department will also set aside \$50 million in its \$1.3 billion national School Renovation initiative for public schools with high concentrations of Native American students and provide an additional \$5 million for the schools under Impact Aid Construction.

Across the Government, agencies contribute to Native American postsecondary education through financial support of Tribal colleges. For example, the Interior, Agriculture, Education, Housing and Urban Development, and Transportation Departments propose a total of \$67 million (29 percent over 2000) for activities related to curriculum development, student recruitment, student services, pro-

fessor training, research capacity-building, and tribal outreach.

- *Economic Development:* The 2001 Budget proposes \$54 million in Tribal funding (nearly nine times the 2000 level) for the Department of Commerce. In keeping with last year's efforts to expand New Markets to underserved areas, \$49 million of the total amount will further the Economic Development Administration's infrastructure, planning, and public works projects on Indian Reservations. These projects will focus on technology, business development, and Tribal economic development activities.

The Administration proposes a new initiative for Tribal colleges to encourage Native Americans to pursue information technology and other science and technology fields as areas of study, as well as to increase the capacity of these institutions to offer relevant courses. The budget provides \$10 million, to be administered by the National Science Foundation, for course and program development, and for teacher professional development activities at feeder schools.

The budget also proposes \$6 million for the Small Business Administration (SBA) to fund the Office of Native American Affairs and to establish two initiatives for improving economic development on reservations: BusinessLinc and Native American Small Business Development Centers (SBDC). The SBA will expand the successful BusinessLINC program to Indian Country by establishing mentor/protege relationships between large and small businesses. In addition, the budget proposes new funding to expand the SBDC program into Indian Country to provide business and technical assistance to Native American entrepreneurs. A set-aside of \$5 million from the Treasury Department's Community Development Financial Institutions Fund will also be used to promote New Markets on reservations by establishing a training and technical assistance program addressing human capital development needs in Indian Country.

The budget includes \$229 million (16 percent over 2000) for Agriculture Department programs serving Indian reservations, of which \$26 million (\$14 million over 2000) is targeted

to Tribes through Rural Community Advancement Program (RCAP) and other economic development activities. This funding will provide low-interest loans and grants to construct and improve Tribal water and wastewater systems, and community facilities like health clinics and child care centers on Indian reservations, and to diversify and expand economic opportunities.

In addition, the Health and Human Services Department's Administration on Native Americans will allocate \$2 million of its \$9 million increase over 2000 to support additional efforts to develop Tribal legal codes. This funding will support Tribal efforts to develop environmental and tax codes, as well as codes addressing the areas of business, commercial, zoning, land use, hunting, fishing, and juvenile and child welfare.

- *Infrastructure and Other Services:* The Department of Transportation's (DOT) 2001 proposed level of \$375 million (50 percent over 2000) will improve roads, bridges, highway safety and transportation services on Indian reservations. Within this total, \$349 million for the Indian Reservation Roads Program, (a 50-percent increase over 2000) will allow Tribes to address the estimated backlog of \$4 billion in needs on these roads and bridges. In addition, a \$5 million set-aside for Indian tribes within DOT's Access program will increase mobility and access to employment opportunities on reservations. To ensure that Native Americans have the skills to compete for transportation jobs, \$1 million will be dedicated for construction skills training. In addition, total funding to improve highway safety on Indian reservation roads will double with an additional \$1 million.

Of the BIA's total funds, \$32 million (20 percent over 2000) will be used to supplement DOT's funds by maintaining BIA and Tribal roads on reservations across the country, and \$32 million (more than twice the 2000 level) will be used to repair or replace dilapidated homes across Indian Country, to prevent family displacement.

The budget includes \$725 million (five percent over 2000) in HUD to enable Tribes and Tribal housing entities to create affordable

rental and homeownership opportunities, as well as develop the regulatory and legal framework necessary to facilitate economic revitalization and homeownership on Tribal lands. The budget establishes a new information hotline for Government-wide Native American programs funded out of the Indian Community Development Block Grant program.

The third year of the Interior and Justice Departments' joint law enforcement initiative, for which the budget proposes \$439 million in 2001 (31 percent over 2000), will continue to address high crime rates in Indian Country by providing more resources for officer hiring and retention, drug control and youth crime prevention programs, law enforcement equipment, construction of detention facilities, and crime reporting surveys.

The Environmental Protection Agency (EPA) will continue to provide technical assistance to Tribes on such activities as hazardous and solid waste removal, leaking underground storage tanks, and water protection. The budget increases the Tribal share of the Clean Water State Revolving Fund appropriation from 0.5 to 1.5 percent. Part of EPA's proposed \$188 million Tribal budget would also be used for increased Tribal general assistance grants to build institutional capacity for implementing Tribal environmental programs on Indian lands.

The Administration is committed to improving trust services and management through its trust reform efforts at the Interior Department. The budget proposes \$108 million (48 percent over 2000) for improved trust services in the BIA, for activities such as probate, real estate appraisals and other services, and cadastral surveys.

In addition, the Administration is committed to resolving disputed Indian trust fund account balances through informal dispute resolution and supports the unique government-to-government relationship that exists in Indian trust land management issues. After Tribal consultations, BIA submitted its recommendations to Congress in November 1997. Legislation reflecting these recommendations was proposed in 1998, but not enacted. The Department will continue efforts to resolve trust fund account balances.

The budget provides \$83 million for the Interior Department's (DOI's) Office of Special Trustee, including the trust management improvement project. Current activities include verifying the remaining individual Indian account data and converting these data to a commercial-grade accounting system. Ownership, lease, and royalty information related to the underlying trust assets will also be verified and converted to a recently acquired commercial asset management system.

As part of DOI's commitment to resolving trust land management issues, DOI worked with Congress in 1999 to repropose legislation to establish an Indian Land Consolidation program to address the ownership fractionation of Indian land. DOI began implementing three pilot projects in Wisconsin, in cooperation with Tribes, to purchase small ownership interests in highly fractionated tracts of land from willing sellers. In the nine months of this effort, more than 8,000 small ownership interests have been consolidated. The budget proposes \$13 million in 2001 for this program and DOI will work with Congress to get legislation enacted in the 106th Congress, limiting future fractionation.

Firefighter Health and Safety Initiative

Firefighters play a critical role in protecting the health and safety of the community, and in order to further protect their own health and safety, the Administration is proposing a new \$25 million pilot grant program that will assist needy communities in obtaining necessary health and safety equipment for their firefighting personnel. This program, administered by the Federal Emergency Management Agency, will help communities reduce firefighter injuries and fatalities, and improve their ability to effectively respond to fire emergencies.

Commitment to the District of Columbia

The Administration strongly supports the District of Columbia's right of self-governance and continues to work with the District to promote economic well-being and to advance the interests of the District. As part of the 1997 balanced budget agreement, the President proposed, and Congress enacted, a comprehensive financial restructuring plan for the District of Columbia. It relieved

the District of major financial burdens and laid the groundwork to restore the District's fiscal health. Due to prudent fiscal management and on-going efforts to build private investment, the District—facing bankruptcy only six years ago—produced budget surpluses in 1997 and 1998 and projects a third budget surplus in 1999. To maintain a balanced budget in the future, the District has launched major management reforms, cut spending, and directed a portion of budget surpluses to eliminate its accumulated deficit by 2000. If the District continues to balance its budget through 2000, it can regain full home-rule.

The budget includes \$486 million to implement the President's plan for District courts and corrections, including \$224 million to house the District's sentenced felon population. By December 2001, all adult-sentenced felons will be in the custody of the Federal Bureau of Prisons.

The Administration—through its departments and agencies—will continue to provide technical help and other assistance to the District in such areas as education and law enforcement. In addition, the Administration continues to assist the District in spurring neighborhood revitalization and economic development and in bolstering the District's long-term fiscal stability. In 2000, the Federal Government provided \$17 million to launch a college tuition program for District residents. This budget proposes to continue to fund the program at \$17 million.

For 2001, the budget provides \$38 million for economic development and infrastructure investments, including \$10 million for environmental remediation and site preparation of property to be used in an economically distressed neighborhood slated for economic development, \$3 million for the study and designs for a National Museum of American Music, and \$25 million for the Federal share of construction of a Metrorail station at the intersection of New York and Florida Avenues, in Northeast DC. This \$25 million will be matched by city and private funds to create an improved gateway into the Nation's Capital and revitalize the distressed neighborhoods surrounding the Metrorail site.

Building One America for the 21st Century

The President's vision of One America in the 21st Century is a diverse, democratic community in which we respect and celebrate our differences, while embracing the shared values that unite us. The President envisions an America based on opportunity for all, responsibility from all, and one community of all Americans. To reach that goal, he has asked all Americans to join him in a national effort to deal openly and honestly with our racial differences. Americans must improve their understanding of the history of race, and how this history contributes to conflicting views on race and racial progress held by Americans of color and white Americans. The President recognizes that, even as America rapidly becomes a truly multi-racial democracy, race relations remains an issue that too often divides our Nation and keeps the American dream from becoming a reality for everyone who seeks to take part through hard-work and responsibility.

In February 1999, the President established his Initiative for One America, the first White House office dedicated to ensuring a coordinated and focused strategy to close the opportunity gap that exists for many minorities and the underserved. The One America office builds on the important work done by the President's Initiative on Race in 1997 and 1998 by promoting the President's goals of educating the American public about race; encouraging racial reconciliation through a national dialogue on race; identifying policies that can expand opportunities for racial and ethnic minorities; and ensuring common access to health care and the broad enforcement of laws against discrimination. The Initiative for One America coordinates the work of the White House and Federal agencies to carry out the President's vision of One America and partners with non-government entities to increase private sector commitment, investment and action to increase opportunity.

The One America Initiative has hosted discussions and public forums on diversity and opportunity to a wide range of organizations, educational institutions, and communities all across the country. For example, it launched the Presidential Call to Action to the American Legal Community in a joint effort with Department of Justice officials and professionals to implement a nationwide strategic plan to increase opportunity and promote racial diversity in the legal profession. It also worked with the Department of Education to promote a Campus Days Dialogue program to discuss a variety of educational challenges and the importance of faculty leadership on the issue of diversity. This year, 620 educational institutions participated in the Campus Dialogue program. The Initiative also worked with local elected officials and advocacy organizations to develop a proactive strategy to address the sometimes volatile relationship between communities of color and law enforcement agencies.

The Administration has made progress in a range of program areas, including those listed below. Many others are listed throughout the budget.

For example:

- *Eliminating Racial and Ethnic Disparities in Health.* In February 1998, the President committed the Nation to an ambitious goal by the year 2010: eliminate disparities in six health areas where racial and ethnic minorities are disproportionately affected, while continuing the progress we have made in improving the overall health of the American people. As a key part of this effort, the budget includes \$35 million, a 17-percent increase over 2000, for demonstration projects (begun in 1999) to better address racial disparities in health.

Building One America for the 21st Century—Continued

- *Closing the Education Opportunity Gap.* Increases in funding for major education initiatives, including school construction and class size reduction, will significantly benefit minority groups. Other targeted programs also receive generous funding increases, including a \$823 million increase in the Hispanic Education Action Plan and a \$20 million increase in funding for Historically Black Colleges and Universities.

As these efforts continue, many other programs included by the President in the budget and described in these chapters will advance these goals to realize the potential of One America in the 21st Century.