

Office of Management and Budget: Standing with Indian Country

We now face a make-or-break moment for the middle class and those trying to reach it. After decades of eroding middle-class security as those at the very top saw their incomes rise as never before and after a historic recession that plunged our economy into a crisis from which we are still fighting to recover, it is time to construct an economy that is built to last. The President's 2013 Budget is built around the idea that our country does best when everyone gets a fair shot, does their fair share, and plays by the same rules. We must transform our economy from one focused on speculating, spending, and borrowing to one constructed on the solid foundation of educating, innovating, and building. That begins with putting the Nation on a path to living within our means – by cutting wasteful spending, asking all Americans to shoulder their fair share, and making tough choices on some things we cannot afford, while keeping the investments we need to grow the economy and create jobs. The Budget targets scarce federal resources to the areas critical to growing the economy and restoring middle-class security: education and skills for American workers, innovation and manufacturing, clean energy, and infrastructure. The Budget is a blueprint for how we can rebuild an economy where hard work pays off and responsibility is rewarded.

To construct an economy that is built to last and provide security for Indian Country, the 2013 Budget will:

Strengthen Tribal Nations. The Administration is engaged in a wide range of activities that enhance tribal self-determination. The Budget increases funding to compensate tribes for the work they perform in managing Federal programs under self-determination contracts and self-governance compacts. The Administration continues to focus attention on combating crime in Indian Country through cooperative efforts by Federal, State and tribal entities. In July 2010, the President signed the Tribal Law and Order Act, which addresses many of the public safety challenges that confront tribal communities. In support of these efforts, the Administration proposes funding to operate six new detention centers that were constructed with Recovery Act funds. It also increases funds for tribal courts and additional law enforcement officers, coordinates community policy programs to reduce crime, and protects natural resources in Indian Country. In addition, to address the United States Supreme Court decision in *Carcieri v. Salazar*, the Budget includes language reaffirming the Secretary of the Interior's authority to take land into trust for all federally recognized Indian tribes. The Administration's efforts to strengthen the government-to-government relationship are discussed in subsequent sections.

Continue Efforts to Increase Access to Health Care for American Indians and Alaska Natives (AI/ANs). The

Budget includes \$4.4 billion for the Indian Health Service (IHS), an increase of 2.6 percent over the 2012 enacted level in order to make key investments in clinical services and staffing, tribally-operated health programs and health facilities construction. The Budget also includes \$40 million for a new Behavioral Health Tribal Prevention Grant within the Substance Abuse and Mental Health Services Administration (SAMHSA), which will support AI/ANs efforts to prevent substance abuse and suicide.

Expand Access to College and Boost Native American College Completion. The Budget maintains its commitment to Pell Grants by sustaining the \$5,635 maximum award in 2013, which will help nearly 10 million needy students. The Budget also provides \$132 million in the Bureau of Indian Education to support post-secondary education for Native American students at 27 tribal colleges and universities, two tribal technical colleges, and two BIA-operated universities, as well as providing higher education scholarships to approximately 32,000 students.

Combat Crime in Indian Country. Within the Department of Justice, the Budget provides \$346 million, a 12-percent increase over the 2012 enacted level, for criminal justice programs involving tribal areas. Of this amount, \$81 million is associated with a new flexible tribal grant program funded in the Office of Justice Programs (OJP), which will set aside 7 percent of OJP's discretionary grant program funding and make it available to address public safety and tribal justice needs in Indian Country. In addition, the Department will continue to use a single grant solicitation to award most tribal assistance provided by the Office of Justice Programs and its subcomponents, the Office of Community Oriented Policing Services, and the Office on Violence Against Women. Administration efforts to combat crime in Indian Country through cooperation between Federal, State, and tribal entities are making progress, as demonstrated by an agency high priority pilot program to reduce violent crime on selected reservations. The Budget builds on this progress by increasing funds for operating tribal courts, and staffing new detention centers, and coordinating community policing programs to reduce crime. In 2011, the Department of the Interior set an agency High Priority Performance Goal to reduce crime by at least 5 percent on four reservations with high crime rates. When this goal was set, it was considered highly ambitious; Interior had never before adopted a crime reduction goal and does not control most of the factors that affect the crime rate. Nevertheless, by the end of 2011, the initiative far exceeded its goal, reducing violent crime, on average, by a remarkable 35 percent

across all four reservations, with crime going down on three of the four. This effort will continue with the FY 2013 Budget as the initiative is being expanded to two additional reservations.

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, equal to levels enacted in 2012. 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 \$60 million for HUD's Indian Community Development Block Grant program, a competitive program that provides funds to tribes for activities such as improving the housing stock, providing community facilities, making infrastructure improvements, and expanding job opportunities.

Protect Tribal Lands and the Environment. The Budget provides \$266 million, a \$26 million increase above the 2012 enacted level, for environmental protection programs. This includes a \$30 million increase for grant programs specifically targeted at tribes and tribal consortia to develop and help implement environmental protection programs on tribal lands.

Support Infrastructure Development for Native Americans. The Budget reflects the Administration's proposal of a \$50 billion up-front investment in 2012 followed on with a six-year \$476 billion reauthorization for surface transportation programs. This proposal provides a significant increase in Federal transportation infrastructure funding including funds dedicated to Indian Reservation roads, bridges and transit service.

Increase Funding to Address Unemployment in Indian Country. The Budget includes a \$5 million (10 percent) increase from the 2012 enacted funding level – for a total of \$53 million – to provide grants to Indian tribes, Alaska Natives, Native Hawaiians, and tribal non-profit organizations that provide employment and training services to unemployed and low-income Native Americans, Alaska Natives and Native Hawaiians. The additional funding in 2013 will allow grantees to serve more participants and expand their emphasis on helping individuals advance along career pathways.

Support Business Growth and Access to Credit in Indian Country. 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, including Indian Country. To help businesses thrive, the Budget will:

- ***Support Growth and Lending.*** For example, the Budget provides \$221 million for the Treasury Department's Community Development Financial Institutions (CDFI) Fund, which provides capital to low-income communities across the Nation. CDFI is reserving \$12 million specifically for leveraging capital to Indian Country, and is also targeting a portion of its funds to help bring grocery stores and other healthy food retailers to underserved urban and rural communities. 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 and the Small Business Investment Company (SBIC) Impact Fund debenture program, which will support impact investments that target residents of economically distressed regions or owned by a socially or economically disadvantaged group. The Budget also supports funding 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.* That is why the Administration is taking a series of steps to improve the access to capital for small businesses. First, the Administration supports \$16 billion in SBA 7(a) loan guarantees, which will help small businesses operate and expand. This includes an estimated \$14 billion in term loans and \$2 billion in revolving lines of credit; the latter are expected to support \$46 billion in total economic activity through draws and repayments over the life of the guarantee. The Administration also supports \$6 billion in guaranteed SBA lending for commercial real estate development and heavy machinery purchases; \$4 billion in Small Business Investment Company (SBIC) debentures to support new businesses and new jobs through early-stage and mezzanine small business financing; and \$18 million in direct loans, for intermediaries to provide small loans to emerging entrepreneurs and other borrowers unable to receive credit elsewhere.

- ***Cut Taxes for Small Businesses Seeking to Grow and Expand.*** The President is proposing to build on the 17 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, providing a 10 percent income tax credit on new payroll for small businesses in 2012 (through either or increased wages), expanding and simplifying a tax credit for small businesses that

provide health care to their workers and doubling the amount of start-up expenses entrepreneurs can deduct. The President is also proposing to extend 100-percent first-year depreciation into 2012, giving firms an incentive for investing in plants and equipment now.

Take Immediate Action to Support Growth and Job Creation. While we have made progress in restarting job creation – with 3.7 million private sector jobs created over the past 23 months – the President believes much more needs to be done to put Americans back to work. Building off the provisions he proposed in the American Jobs Act, the President is calling for immediate steps to support job creation this year. These steps include extending the payroll tax cut through the end of the year – ensuring that 160 million workers do not see their taxes go up – providing aid to states and localities to hire and retain teachers and first responders, extending Unemployment Insurance, and making a \$50 billion up-front investment in infrastructure.

Give Every American a Fair Shot at Success by Improving and Reforming K-12 Education. The Administration has jump-started landmark reforms in our education system by rewarding excellence and promoting innovation. To build on this success, the Budget will:

- **Support Improvements in Early Learning.** Recognizing that quality education is an investment that pays off for years to come, the Administration proposes \$850 million in the Race to the Top program, which seeks to implement systemic reforms in five critical areas, including early learning and care. As part of the 2013 Race to the Top, the Budget supports deepening the Administration's investment in Race to the Top Early Learning Challenge, a program that in 2011 awarded nine grants to States committed to ambitious efforts to build statewide systems of high-quality early learning and development programs intended to close the school readiness gap. The Budget also provides \$300 million in new resources at the Department of Health and Human Services to improve child care quality and prepare children for success in school.

- **Improve Elementary and Secondary Education.** Too often, education funds are allocated based on factors not tied to success. Consistent with goals for the reauthorization of the Elementary and Secondary Education Act, the Administration is committed to consolidating narrow programs into broader authorities with higher, clearer standards and assessments; recognizing and rewarding schools and teachers that help students make gains; and giving States and school districts new flexibility to help all students graduate from high school, college- and career-ready. The Budget also

continues to support successful new programs like Race to the Top, School Turnaround Grants, Investing in Innovation, and Promise Neighborhoods.

- **Expand Opportunities for Students in Math, Science, and Engineering.** The Budget provides \$141 billion overall for research and development in science and engineering. It also allocates \$80 million from the Department of Education to prepare effective STEM (science, technology, engineering and mathematics) teachers and funds a jointly-administered mathematics education initiative, with \$30 million from the Department of Education and \$30 million from the National Science Foundation, to support evidence-based approaches at the K-12 and undergraduate levels. These programs will be developed in conjunction with a Government-wide effort to increase the impact of Federal investments in math and science education by ensuring that all programs supporting K-12 and undergraduate education adhere to consistent standards of effectiveness.

- **Attract, Prepare, Support, and Reward Great Teachers.** The Budget provides \$400 million in the Teacher and Leader Innovation Fund, a competitive grant program to transform teacher and leader evaluation and support systems, to reward strong teaching and improve learning and instruction, and \$2.5 billion for an overhauled teacher quality formula grant, including a 25 percent set-aside to build evidence on ways to best recruit, prepare and support effective teachers and principals. The President is also asking for a new \$5 billion competitive program that will challenge states and districts to work with their teachers and unions to comprehensively reform and support the teaching profession.

- **Give Students Access to Successful Schools.** The Budget provides over \$500 million to School Turnaround Grants to help States and school districts turn around our Nation's lowest performing schools and expand educational options by helping to grow effective charter schools and other autonomous public schools that achieve positive results.

Expand Access to College. To boost the number of college graduates, we need to make it easier for students to afford a postsecondary education and increase the number of students who complete their degree. The Administration has already taken significant strides to improve access to college. Today, nearly 10 million students receive Pell Grants, and more than 13 million students receive low-cost loans, with new affordable repayment options based on their income after leaving school. To help more young Americans go to college, the Budget will:

• *Keep College Affordable.* Since 2008, the Administration has increased the maximum Pell Grant by \$900, to \$5,635 in 2013, ensuring access to postsecondary education for nearly 10 million needy students. The Budget continues that commitment to Pell and provides the necessary resources to sustain the maximum award through the 2014-15 award year. In addition, the Budget proposes a one-year measure to prevent student loan interest rates from doubling this summer and increases funding for work-study jobs. To address rising costs of higher education, the Budget also supports a new Race to the Top for College Affordability and Completion program and reforms to federal campus-based aid programs.

• *Help Students and Their Families Pay for College.* The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended for two years the new American Opportunity Tax Credit (AOTC) – a partially refundable tax credit worth up to \$10,000 per student over four years of college. AOTC helps more than 9 million students and their families afford the cost of college. The President’s Budget proposes to make it permanent.

Equip American Workers for Good-Paying Jobs Today and in the Future. In this increasingly interconnected global economy, it is important that we give American workers the capabilities and American businesses the tools to compete and win in the global economy. To improve the capabilities of our workforce and expand lifelong learning opportunities, the Budget will:

• *Build the Skills of American Workers.* The Budget includes a \$12.5 billion Pathways Back to Work Fund, which will support summer and year-round jobs for low-income youth, and will help connect the long-term unemployed and low-income adults to subsidized employment and work-based training opportunities. To complement this short-run investment, the Budget continues to support a Workforce Innovation Fund that, paired with broader waiver authority, will encourage States, regions, and localities to break down barriers among programs, test new ideas, and replicate proven strategies for delivering better employment and education results in a more cost-effective way. The Budget also funds a new initiative designed to improve access to job training across the nation and provides \$8 billion in the Departments of Education and Labor to support State and community college partnerships with businesses to build the skills of American workers.

• *Give Dislocated Workers the Help They Need to Find New Jobs.* Nearly 7 million of the Americans who lost jobs

in 2009 were displaced from jobs that are unlikely to come back, and those who do find reemployment, on average, suffer significant earnings losses. As part of the Administration’s effort to reform and modernize the nation’s job training system so that individuals can quickly gain the training they need for the jobs created as our economy evolves, the Budget proposes a universal core set of services where the focus is on helping all dislocated workers find new jobs.

• *Prepare Young People for Jobs through a Reformed Career and Technical Education Program.* The President’s Budget recommends reauthorization and reform of the Career and Technical Education (CTE) State Grant program, currently set to expire in 2013. The Administration’s \$1.1 billion reauthorization proposal would restructure CTE to align what students learn in school with the demands of 21st Century jobs. The Budget also invests \$1 billion through immediate job-creation measures to increase substantially the number of students enrolled in Career Academies, a particularly successful educational model for young people.

• *Reform Job Corps.* The Administration strongly supports Job Corps, but believes the program could be more effective and efficient. The 2013 Budget launches a bold reform effort for Job Corps to improve program outcomes and strengthen accountability.

Adjust LIHEAP for Expected Winter Fuel Costs. The President’s Budget provides \$3 billion for the Low Income Home Energy Assistance Program (LIHEAP) to help struggling families make ends meet by offsetting some of their home heating and cooling costs. While the cost of natural gas – which is the heating fuel most LIHEAP households use – has not risen in recent years, the price of heating oil has been on the rise. The additional \$450 million over the 2012 request reflects expected home heating costs for winter 2012-2013.

Extend Expanded Tax Cuts 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 that the President negotiated and signed into law in December of 2010. The expanded refundability of the Child Tax Credit provides a larger credit to 11.8 million families with 21.3 million children. The expansion of the Earned Income Tax Credit is worth up to \$655 for families with three or more children, benefitting 5.8 million families with 12.5 million children. ♣

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