

## **An Economy Built to Last and Security for Latino Families**

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.

Latinos will continue to drive the growth of the labor force in the coming decades – as they will account for 60 percent of the Nation's population growth between 2005 and 2050 – so how Latinos recover from this recession is of both immediate and long-term importance to our economy.

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

### **Give Every American a Fair Shot at Success by Improving and Reforming K-12 Education.**

The Latino community is a young community, with 17.1 million Latinos ages 17 and younger in the U.S., representing more than 23 percent of this age group. The Administration has jump-started landmark reforms in our education system by rewarding excellence and promoting innovation, which will benefit the nearly 22 percent of Latinos enrolled in America's public schools. 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.
- *Support Learning Among Migrant Children.* The Budget includes \$393 million to support high-quality education programs for migrant children to help them 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. Funds promote coordination of services and sharing of records across States so that migrant children not only are provided with appropriate education services (including supportive services) that address their special needs but also that such children receive full and appropriate opportunities to meet the same challenging State academic content and student academic achievement standards that all children are expected to meet.
- *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. These efforts will help boost college attainment for Latinos. Today, only 13 percent of Latinos have college degrees. 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.
- *Improve Higher Education for Students from Minority Backgrounds.* The Budget invests \$55 million in a new initiative to increase college access and completion and improve educational productivity through an evidence-based grant competition, up to \$20 million of which will go directly to minority serving institutions. It provides \$30 million for a new competitive grant program to improve and expand teacher education programs at minority-serving institutions, a significant pipeline for preparing a diverse teaching force; and \$9 million to promote post-baccalaureate programs for Hispanic-Americans.

**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. At nearly 23 million, Latino workers represented 15 percent of the United States' labor force in 2010. By 2018, Hispanics are expected to comprise 18 percent of the labor force. 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 21<sup>st</sup> 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.

**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. 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.* 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 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 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.

**Promote Affordable Homeownership.** The Administration projects that the Federal Housing Administration (FHA) will \$149 billion in mortgage borrowing in 2013, supporting new home purchases and re-financed mortgages that significantly reduce borrower payments. FHA financing was used by 37 percent of all homebuyers and 59 percent of Hispanic families who purchased homes in 2009. It also is a vital financing source for first-time homeowners, 56 percent of whom used FHA insured financing in 2009 and 2010. In addition, 92 state and local

housing finance agencies utilized Treasury's \$15 billion Housing Finance Agencies Initiative to provide mortgages in low and moderate income communities for creditworthy homebuyers, with an average home purchase price of \$110,000.

**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 Budget also includes \$141 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 million households since its inception in 2008.

**Preserve Affordable Rental Opportunities.** The Budget proposes \$19.1 billion for the Housing Choice Voucher program to help more than two million extremely low- to low-income families with rental assistance live in decent housing in neighborhoods of their choice. The Budget funds all existing mainstream vouchers and provides new vouchers targeted to homeless veterans. The Administration remains committed to working with the Congress to improve the management and budgeting for the Housing Choice Voucher program, including reducing inefficiencies, and re-allocating Public Housing Authorities' Housing Voucher reserves based on need and performance. This year, the Administration extended the \$15 billion Treasury Housing Finance Agencies Initiative that helped support development of more than 25,000 affordable rental properties over the past 2 years. The Budget also provides: (1) \$8.7 billion for Project-Based Rental Assistance to preserve approximately 1.2 million affordable units through funding for contracts with private owners of multifamily properties; and (2) a total of \$6.6 billion for the Public Housing program, which provides decent, safe, and sanitary housing to 1.1 million extremely low- to low-income families. In addition, the Budget proposes \$1 billion in mandatory funding to finance the development, rehabilitation, and preservation of affordable housing for extremely low-income families through the Housing Trust Fund.

**Extend Expanded Tax Cuts for Lower-Income 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 2010. The expanded refundability of the Child Tax Credit provides a larger credit to 11.8 million families with 21.3 million children, including a significant number of Latino families. 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.

**Help States Provide Paid Family Leave to Workers.** Too many families must make the painful choice between the care of their families and a paycheck they desperately need. The Family and Medical Leave Act allows workers to take job-protected unpaid time off, but millions of families can't afford to use unpaid leave. A handful of States have enacted policies to offer paid family leave, but more States should have the chance. The Budget supports a \$5

million State Paid Leave Fund within the Department of Labor that will provide competitive grants to help States that choose to launch paid-leave programs cover their start-up costs.

**Prevent Hunger and Improve Nutrition.** Hispanic households experience hunger at rates that are higher than the national average. One out of every four Hispanic households in the U.S. is food insecure, compared with a national average of 15 percent. At a time of continued need, the Budget provides full funding to support the 9.1 million individuals expected to participate in the Special Supplemental Nutrition Program for Women Infants and Children (WIC) program, which is critical to the health of pregnant women, new mothers, and their infants. The Budget also supports continued implementation of the Healthy, Hunger-Free Kids Act of 2010, which is strengthening the child nutrition programs and increasing children's access to healthy meals and snacks. In addition, the Budget re-proposes to extend certain temporary Supplemental Nutrition Assistance Program (SNAP) benefits. SNAP is the cornerstone of our Nation's food assistance safety net and touches the lives of millions of Americans, half of them children. Finally, in order to combat food deserts, the Departments of Agriculture, Health and Human Services, and Treasury have partnered to make available approximately \$400 million in financing to community development financial institutions, other nonprofits, public agencies, and businesses with sound strategies for addressing the healthy food needs of underserved communities.

**Improve Retirement Security.** After a lifetime of employment, American workers deserve to know that their efforts have resulted in a secure retirement. The Administration is committed to giving Americans more and better choices to save for retirement while also strengthening the existing private pension system. The Budget proposes to expand and improve employment-based retirement security by establishing automatic workplace pensions and doubling the Small Employer Pension Plan Startup Credit from \$500 a year to \$1,000 per year.

**Expand 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. To ensure that health centers continue to provide critical access and services to millions of Americans in 2013 and for many years to come, the Budget promotes a policy of steady and sustainable health center growth by distributing Affordable Care Act resources over the long-term, including in years after 2015. In addition, the Budget provides sufficient funding to open new health centers in areas in the country where they do not currently exist, through 2015 and beyond. The Budget invests \$3.1 billion for health center services in 2013 to support the creation of new health center sites across the country. The Budget will also continue support for the over 200 new health center sites created in 2012. In 2013, health centers are estimated to serve nearly 21 million patients.

**Ensure that Workers Receive the Pay and Benefits to Which They are Entitled.** When employees are misclassified as independent contractors, they are deprived of benefits and protections to which they are legally entitled, such as overtime and unemployment benefits. Misclassification also costs taxpayers money in lost funds for the Treasury and in the Social Security, Medicare, and Unemployment Insurance Trust Funds. The Budget includes \$13.8 million to combat misclassification, including \$10 million for grants to states to identify misclassification and recover unpaid taxes and \$3.8 million for additional Wage and Hour Division personnel to investigate misclassification. The Budget also provides an additional \$6

million for the Wage and Hour Division 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.

**Boost Funding for Workplace Safety.** The Budget provides robust funding for the Department of Labor's (DOL) worker safety and health agencies to make sure they have the resources to meet their responsibilities to the Nation's workers. Latinos work in some of the hardest and most dangerous jobs in the U.S., and experience some of the highest work-related fatality and injury rates. The Budget includes an additional \$5 million to bolster the Occupational Safety and Health Administration's (OSHA's) enforcement of the almost 20 laws that protect workers and others who are retaliated against for reporting unsafe and unscrupulous practices. The Budget maintains funding within DOL and the Federal Mine Safety and Health Review Commission (FMSHRC) to continue efforts to address FMSHRC's large case backlog. It also preserves funding to allow the Mine Safety and Health Administration to effectively enforce safety and health laws, while achieving efficiencies and reallocating resources from lower priority activities into coal and metal/non-metal enforcement.

**Revitalize Distressed Urban Neighborhoods.** The Budget reflects an integrated and performance-driven approach to distressed urban neighborhoods, where the challenges tied to jobs, education, public safety, and other needs intersect and compound each other. The Budget provides \$150 million for the Choice Neighborhoods initiative to continue transformative investments in high-poverty neighborhoods where distressed HUD-assisted public and privately owned housing is located, a \$30 million increase from 2012 enacted level. The Budget will provide grants that primarily fund the preservation, rehabilitation and transformation of HUD-assisted public and privately-owned multifamily housing, and will also engage local governments, nonprofits, and for-profit developers in partnerships to improve surrounding communities. The Budget also maintains funding for the Department of Labor's YouthBuild program, which helps low-income young people ages 16-24 finish high school and learn job skills by building affordable housing in their communities. Additionally, it provides \$100 million in dedicated support for Promise Neighborhoods, modeled after the Harlem Children's Zone, which aims to improve college-going rates by combining a rigorous K-12 education with a continuum of effective family and community services in an entire neighborhood. Several Promise Neighborhood grantees are already developing or implementing plans to improve the educational and developmental outcomes of children and youth in Latino communities like San Antonio, TX, Lawrence, MA, and Los Angeles, CA. In addition, the Budget includes \$15 billion for Project Rebuild, which invests in proven strategies that leverage private capital and expertise to rehabilitate hundreds of thousands of properties in communities across the country.

**Invest in Regional and Community Planning Efforts for Sustainable Development.** The Budget continues to support the multi-agency Partnership for Sustainable Communities, which aims to lower the cost of living while improving the quality of life for families and is one of the pillars of the Administration's place-based agenda. The Budget provides HUD \$100 million to create incentives for more communities to develop comprehensive regional and local housing and transportation plans that result in sustainable development, reduced greenhouse gas emissions, and increased transit-accessible housing. As a part of this effort, up to \$3 million will be used to improve energy efficiency in HUD-assisted public and privately-owned housing through better energy use data collection and analysis. HUD's funds are used in combination

with DOT's funding for strengthening State and local infrastructure capacity and EPA's technical assistance. The Budget also provides \$4 billion for DOT's Livable Communities program, which will focus resources on place-based planning, policies, and investments to help communities increase transportation choices and access to transportation services.

**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, religious, and gender, and gender identity discrimination continue in the 2013 Budget. The Budget proposes an increase for the Community Relations Service in the Department of Justice to fight hate crimes and provides a \$14 million, or 4 percent, increase over the 2012 enacted level for the Equal Opportunity Employment 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 charges of discrimination.

**Promote Citizenship and Integration.** The Administration increases support for integration of new immigrants, proposing \$11 million to promote citizenship through education and preparation programs, replication of promising practices in integration for use by communities across the Nation, and expansion of innovative English learning tools.

**Support the DREAM Act.** Today, there are hundreds of thousands of students excelling in our schools who are not American citizens. Some are the children of undocumented workers, who had nothing to do with the actions of their parents. They grew up as Americans and pledge allegiance to our flag, and yet they live every day with the threat of deportation. Others come here from abroad to study in our colleges and universities. But as soon as they obtain advanced degrees, we send them back home to compete against us. It makes no sense. That's why this Administration strongly supports the DREAM Act; it's important to our economic competitiveness, military readiness, and law enforcement efforts. And as the non-partisan Congressional Budget Office reported, the DREAM Act would cut the deficit by \$2.2 billion over the next 10 years.

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