

An Economy Built to Last for Rural America

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.

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

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

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.

Expand Access to Healthy Foods. The 2013 Budget provides funding for expanding access to healthy foods that will increase the availability of affordable, healthy foods in underserved urban and rural communities by bringing grocery stores and other fresh food retailers to "food desert" communities, which are neighborhoods that do not provide residents access to affordable and healthy food options. To support the goal of expanding access to healthy foods, the Departments of Agriculture, Health and Human Services, and Treasury have partnered to make available over \$400 million in financing to community development financial institutions, other non-profits, public agencies, and businesses with sound strategies for addressing the healthy food needs of

communities. Instead of supermarkets and grocery stores, these communities are typically served by fast food restaurants and convenience stores that offer little if any fresh produce. This lack of access contributes to a poor diet and can lead to higher levels of obesity and other diet-related diseases, such as diabetes and heart disease. Most often, these communities are economically distressed and less attractive, under conventional financing, to retailers of healthy food. But effective local programs have shown that well-targeted financing and technical assistance can create viable business outcomes and access to healthier food options. Targeting Federal financial assistance to these areas will not only increase the supply of healthy foods and create new markets for farmers, but also create jobs and support broader development efforts to revitalize distressed communities.

Promote Infrastructure and Community Development. The Budget supports economic growth in rural areas by funding loan programs that effectively promote infrastructure investment and access to capital throughout rural America. For instance, in order to provide support for projects in low-income rural areas, the President's Budget includes a \$700 million increase in the Community Facilities program's direct loan level, which funds a wide array of rural projects, including schools, hospitals, day care facilities, and fire and police stations. In addition, the Budget also provides \$24 billion in guaranteed single-family housing loans, which will support mortgage lending institutions in rural areas and boost home ownership among moderate to low-income rural residents.

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 Agricultural Exports. The Department of Agriculture's Foreign Agricultural Service (FAS) continues to support the National Export Initiative (NEI) which has the primary goals of spurring economic growth and employment opportunities. Currently, FAS employs available personnel and information resources to contribute to preparation of the National Export Strategy, report on NEI activities and accomplishments, and the planning and execution NEI road shows. The Budget also makes available \$200 million through the Market Access Program, which helps U.S. producers, exporters, private companies, and other trade organizations finance promotional activities for U.S. agricultural products.

Increase the Number of Primary Health Care Providers in Rural America. The Budget invests \$300 million in the National Health Service Corps (NHSC) to place providers in rural regions and other medically underserved areas to improve access to needed health care services. Under the NHSC, primary health professionals such as physicians, nurse practitioners, and dentists agree to serve in a medically underserved community in exchange to receiving a portion of their student loans paid off. In 2013, more than 7,000 clinicians will be providing essential primary and preventative care services in health care facilities across the country.

Continue Critical Funding for Health Centers. 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. With approximately 45 percent of their patients from rural areas, Health Centers serve a critical role in providing health care in rural communities.

Conserve Landscapes and Ecosystems as Part of the America's Great Outdoors Initiative. The 2013 Budget leverages and integrates efforts of the Fish and Wildlife Service, the National Park Service, the Bureau of Land Management, and the U.S. Forest Service, along with States, Tribes, and others, to conserve the most critical landscapes. The Administration maintains support for land management operations and proposes funding Land and Water Conservation Fund programs in the Departments of the Interior (DOI) and Agriculture at \$450 million, a 30 percent increase over the 2012 enacted level. These funds are vital to the protection of air and water quality and conserving open spaces for current and future generations to enjoy. Of this amount, \$270 million is proposed to conserve lands within national parks, refuges, and forests, including \$109 million in collaborative funds for Interior and the U.S. Forest Service to jointly and strategically prioritize and conserve the most critical landscapes. The Administration also proposes funding for key grant and partnership programs, such historic preservation programs and wildlife protection programs, and reauthorizes DOI's authority under the Federal Land Transaction Facilitation Act to use proceeds from the sale of low-conservation value lands to acquire additional high-priority conservation lands.

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

Expand Transportation Options in Rural Communities. As part of the President's \$476 billion six-year surface transportation reauthorization proposal, the Budget increases support for transportation in rural communities in several ways. Under its Highway Safety Improvement Program, the Federal Highway Administration is proposing a minimum 10 percent set-aside (approximately \$225 million) for Rural Road Safety. In addition, the Flexible Investment Program of the National Highway Program (\$15.6 billion) is eligible for improvements that offer

enhanced transportation access in rural areas. The Federal Transit Administration (FTA) programs will provide rural communities over \$600 million to support important public transportation services, plus an immediate investment of \$300 million to jumpstart job creation. FTA is preserving its foundational support for rural transit service in its reauthorization proposal continuing a long-standing commitment, dating back several authorizations, to communities with less than 50,000 in population. This includes continued support for critical intercity bus services.

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

- *Support Growth and Lending.* 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.
- *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.

Promote Renewable Energy Development. To enhance energy security, create green jobs in new industries, and mitigate the effects of climate change, the Administration proposes key funding increases for renewable energy development and Federal natural resource stewardship. The Budget includes \$86 million to maintain capacity to review and permit new renewable energy projects on Federal lands, with the goal of permitting at least 11,000 megawatts of new solar, wind, and geothermal electricity generation capacity affecting DOI-managed lands by the end of 2013. To develop the revolutionary technologies that will nourish these domestic renewable energy industries and jobs of the future, the Budget also includes \$2.3 billion for DOE's Office of Energy Efficiency and Renewable Energy (EERE) to advance state-of-the-art clean energy technologies and \$350 million for DOE's Advanced Research Projects Agency-Energy (ARPA-E) to support transformational research in clean energy in areas such as solar energy and advanced biofuels.

Expand Access to and Improve Adoption of Broadband. High-speed, wireless broadband is fast becoming a critical component of business operations and economic growth. The Budget proposes legislation to provide authority for "voluntary incentive auctions" that will enable spectrum licensees to auction the rights to use their spectrum in return for a share of the proceeds. Voluntary incentive auctions, along with other measures to enable more efficient spectrum management, will allow us to provide \$7 billion to build a interoperable wireless broadband network for public safety, reserve additional spectrum that is valued at over \$3 billion for public safety users, and establish a \$300 million Wireless Innovation Fund as part of the funding for a public safety broadband network, to accelerate the research and development of cutting-edge wireless technologies and applications for public safety communications. Taken together, these proposals will also reduce the deficit nearly \$21 billion over 10 years.

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