

BUDGET



BUDGET OF THE UNITED STATES GOVERNMENT

Fiscal Year 2000

9. BUILDING ONE AMERICA

"We must continue to expand opportunity. Full participation in our strong and growing economy is the best antidote to envy, despair and racism. We must press ahead to move millions more from poverty and welfare to work; to bring the spark of enterprise to inner cities; to redouble our efforts to reach those rural communities prosperity has passed by. And most of all, we simply must give our young people the finest education in the world."

President Clinton
August 1997

After six years of the Clinton Administration, the American economy continues to break records. Homeownership and job creation are at all time highs, while crime, poverty, and welfare rolls continue to fall. This new era of prosperity offers unprecedented opportunity, but the doors of opportunity are not open equally to all. "The economy has never been stronger," the President has observed, "but there are still striking disparities in jobs, in investments in neighborhoods, in education and criminal justice."

We must create One America, not only to address the errors of the past, but to assure our future. By the middle of the next century, there will be no majority race in this country. This, said the President recently, "can either strengthen and unite us, or... weaken and divide us... Today children of every race walk through the same door, but then they often walk down different halls... they sit in different classrooms, they eat at separate tables. Far too many communities are all white, all black, all Latino, all Asian. Segregation is no longer the law, but too often separation is still the rule."

Because these challenges reach far beyond the Federal Government and require our engagement as individuals, in our families, churches and communities, the President began, in 1997, a national Initiative on Race. The elements of this Initiative were three-fold: action, study, and dialogue with communities and community leaders of all races and regions to raise, discuss, and better understand the tensions that divide us. A distinguished advisory board reported

to the President throughout their year of service. Later this year, the President will issue his assessment to the American people. Many of the programs in this budget are already part of the response.

To build One America, it is essential that we close the opportunity gap. We must do this by increasing our efforts to spur economic development and by expanding access to jobs with a future, to quality education, to decent health care, and to safe, affordable housing. We must guarantee that the criminal justice system works for all Americans. And we must ensure that civil rights are enforced with vigor, for as the President reminds us, "we cannot forget one stubborn fact: There is still discrimination in America." Legally-enforced segregation, of course, is now a relic of another time. Yet, in housing, for example, researchers using pairs of applicants matched in all respects but race, find that half the blacks and Hispanics looking for a place to live face discrimination—they are kept from seeing, buying or renting homes that they can fully afford. Other situations are more subtle: the lack of opportunity for some inner-city students, for example, to go to a top-notch high school, to benefit from after-school programs, or to be guided by mentors who help lead the way to college.

To build One America, we must also act to ensure economic opportunity throughout our cities, across rural communities, and Tribal reservations. There are still too many areas, rural and urban, whose economies are isolated from the Nation's prosperity.

In many cities, the economic base disintegrated years ago when the manufacturing industry began to fail and factories moved away, leaving behind unemployment, poverty, and social problems. In many rural areas, the trend toward concentrations of fewer, much larger farms has left small farmers unable to compete and in need of other ways to be able to support themselves and their families.

The budget contains important new initiatives and expands current programs to encourage investment. It includes initiatives to provide communities with economic and tax incentives to encourage private investment through fundamental elements of its development agenda—the Empowerment Zones and Enterprise Communities program—and the New Markets Initiative, and to encourage volunteerism and community service through the National Service program. In these efforts, the Federal Government works cooperatively in partnership with States, localities, businesses, non-profits, schools, families, and individuals.

Jobs and Economic Development

The President has strongly supported efforts to strengthen and encourage economic growth in distressed communities. The centerpiece of this approach—Empowerment Zones and Enterprise Communities—has made significant progress in promoting economic development in rural and urban areas. Building on that progress, this budget proposes the New Markets Initiative—a program to stimulate billions in new private investment in America's untapped markets in urban and rural areas.

The New Markets Investment Initiative: The budget provides tax credit and loan guarantee incentives to stimulate billions of new private capital investments in targeted areas; creates a network of private investment institutions to funnel credit, equity, and technical assistance into businesses in America's new markets; and provides the expertise to targeted small businesses that will allow them to use investment to grow.

- *The New Markets Tax Credit:* To help spur \$6 billion in new equity capital, this tax

credit is worth up to 25 percent for investments in a variety of vehicles serving these communities, including community development banks, venture funds and other new investment company programs created by this initiative. A wide-range of businesses could be financed by these investment funds, including small technology firms, inner-city shopping centers, manufacturers with hundreds of employees, and retail stores.

- *America's Private Investment Companies (APICs):* Just as America's support for the Overseas Private Investment Corporation helps promote growth in emerging markets abroad, APICs will encourage private investment in this country's untapped markets by providing loan guarantees—administered by the Department of Housing and Urban Development (HUD) and the Small Business Administration (SBA)—for private investors who target larger businesses that are expanding within or relocating to inner-city and rural areas.
- *Small Business Investment Companies New Markets Initiative:* Last summer, the Vice President challenged the SBA to find ways to better meet the needs of minority firms and underserved markets. The SBA is responding by offering more flexibility and new financing terms—through a new type of federally-guaranteed loan—to make it more attractive for SBICs to invest in low- and moderate-income areas.

Other key elements include: New Markets Venture Capital Firms, which will match equity of private investors with Government debt guarantees and deferred interest to provide capital and expert guidance to inner-city and rural entrepreneurs to transform their small businesses into thriving companies; New Markets Lending Companies, which will allow non-bank lenders with strategies to target their lending to underserved areas to originate loans through the SBA; BusinessLinc, an innovative public-private partnership, spearheaded by the Vice President and CEOs—for which \$3 million in

Building One America for the 21st Century: The President's Initiative on Race

In June 1997, the President created his Initiative on Race. Led by an Advisory Board and involving thousands of citizens from all races and communities, the Initiative created our Nation's first public forum on race. Americans spoke candidly about their impressions and experiences of race in America, and shared their hopes, and fears, about the future. This effort made an important first step toward bringing down the barriers that continue to divide us.

For 15 months, the Advisory Board engaged issues such as civil rights enforcement, racial disparities in education, economic opportunity, race and housing discrimination, negative racial stereotypes, crime and the administration of justice, and immigration. The meetings highlighted America's common ground. Equally important, they offered compelling evidence about the need to confront our past in order to change our future. The Board suggested actions to address these issues, as part of what is needed to build a more equal country.

The Initiative made clear that we still must struggle, both to reconcile and overcome the past and to become a part of the multi-racial and multi-cultural America that is our future.

Throughout the year, the Advisory Board made recommendations to the President and the Nation, which were acted upon: to continue the dialogue that is needed; to continue public education about the facts of race in America and the thousands of efforts in communities, schools, and churches Nation-wide to bridge racial divides and create a larger community; to close the gap and ensure common opportunities in education, the workplace, our homes and communities; to ensure common access to health care and to ensure the broad enforcement of laws against discrimination. In the course of its work last year the Administration made progress in a range of program areas, including those listed below. Many others are listed in this chapter and throughout the *Budget*.

- **Americans with Disabilities Act:** A \$1 million increase in the Department of Justice's Civil Rights Division to enhance enforcement of the Americans with Disabilities Act.
- **Educational Help for Low-Income Students:** The Administration proposed, and Congress enacted, an early intervention program for low-income students. The budget would double funding for GEAR-UP, the early intervention program that provides funds to State and local partnerships to help students prepare for and attend college.
- **Eliminating Health Disparities:** \$65 million in first-year funding was appropriated for an initiative that sets a national goal of eliminating longstanding disparities in the health status of racial and ethnic minority groups in the next decade. The budget includes \$135 million to continue this initiative.

As these efforts continue, many other programs included by the President in the budget and described in this chapter will advance these goals. Furthermore, later this year the President will present to the American people a comprehensive report of his own vision. It will describe the steps that we as a Nation can take to overcome the burdens of the past and realize the potential of One America in the 21st Century.

seed money will encourage large businesses to work with small businesses to improve economic competitiveness in small firms in urban and rural distressed areas; and specialized small business investment companies, which will be able to provide increased equity capital through expanded tax incentives.

Community Development Financial Institutions (CDFI): The New Markets Initiative also provides increased funding for CDFIs,

which have expertise in lending and investment in underserved areas, both rural and urban.

In 1994, the President proposed, and the Congress established, the CDFI Fund. CDFIs include a broad range of institutions—community development banks, low-income credit unions, venture capital 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.

The Fund represents a new approach to community development that uses limited Federal resources to leverage significant private sector resources. 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 \$120 million in financial and technical assistance to CDFIs. In addition the Fund has awarded nearly \$60 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, including \$15 million for a new microenterprise initiative that would 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.

Other programs that provide services to underserved markets include:

Department of Agriculture's (USDA's) Rural Development Programs: Because their needs are so different, no single approach will help both urban and rural communities. The Administration proposes to give States, localities, and Tribes more flexibility in how they use 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 \$3.0 billion

in loans and grants for RCAP, nine percent more than in 1999 and the full flexibility that the 1996 Farm Bill envisioned. It also includes the new Partnership Technical Assistance grants and grants for early-warning weather systems in areas prone to tornadoes.

Economic Adjustment Grants: On November 13, 1998, the President signed the Economic Development Administration and Appalachian Regional Commission Reform Act of 1998, to further leverage private sector investment and create jobs in America's poorest communities. The budget continues support for the Appalachian Regional Commission and provides a \$20 million increase for the Economic Development Administration's economic adjustment program, which helps distressed communities recover from sudden and/or severe economic downturns such as those caused by increased foreign imports, international trade agreements, industry downsizing, plant closings, environmental regulations, and natural disasters.

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.

Empowerment Zones (EZs) and Enterprise Communities (ECs): The EZ and EC initiative is the foundation of the Administration's empowerment agenda for communities with high unemployment and poverty rates. This initiative challenges these urban and rural communities 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 EZs and ECs is available in many forms. The Federal Government provides tax benefits for businesses and flexible block grants to communities for job training, day care and other purposes. EZs and ECs can apply for waivers from Federal regulations, enabling them to better address local needs. Special set-asides from USDA

Investment in Rural America

Over the last year, the Administration reviewed the effectiveness of USDA's programs to address the needs of rural America, focusing on achievements in rural development since 1993 and how rural financing needs are changing.

Financial Credit: The lack of credit in rural areas is no longer a pervasive problem, but the range of credit institutions serving rural areas is likely to be different, often narrower, than those serving urban areas. In 1994, 27 percent of rural counties were served by two or fewer banks, while 40 percent of urban counties were served by 10 or more. The size of rural communities and the number of total rural borrowers often limit how many lenders can profitably compete to make rural loans. Not all rural market segments are equally well served. In some rural areas, the range of available financial services is still too narrow to ensure borrowers have access to sufficient credit at competitive terms.

Housing: The 1990 Census data show that the cost of housing continues to be a serious problem for the rural poor.

- Nearly 22 percent of the Nation's 20.4 million nonmetro households paid 30 percent or more of their income for shelter in 1991.
- Nonmetro areas have a greater incidence of moderate or severe housing quality problems than metro areas.

Innovations developed since 1993 to address the needs of rural areas have been structured to address diversity of need (through the flexible funding structure of the Rural Community Advancement Program-RCAP), coordinate Federal and other programs collectively to help communities including EZ and ECs and Champion Communities, and make the most of constrained resources (e.g., leveraging). Building on the findings of the Administration's review, the budget continues and improves upon these approaches through the proposed Partnership Technical Assistance Grants, which will provide technical assistance to under-served communities to create strategic plans, better use and coordinate USDA's rural development grant and loan programs, and achieve sustained economic viability, job creation, and improved quality of life.

Since 1994, USDA's Water 2000 initiative—an effort to bring safe drinking water to rural communities with serious water problems—has funded almost \$1.6 billion in loans and grants on approximately 1,400 high-priority Water 2000 projects Nation-wide. With proposed 2000 RCAP funding (12 percent above 1999), USDA expects to fund 300 clean water systems out of the \$1.5 billion targeted for water and wastewater programs. Additional RCAP goals in 2000 include providing 100,000 new or saved jobs, compared to 82,000 in 1998, through the Business and Industry loan programs, intermediary relending program, and community facilities programs. In 2000, USDA will also reduce the number of rural residents living in substandard housing by providing \$4.3 billion in single family housing loans and loan guarantees providing 50,500 new or improved homes.

rural development programs are available to rural EZs and ECs.

- *Original EZs and ECs:* Designated in 1994, these EZs and ECs are already showing promise of success. The Rio Grand Valley EZ, for instance, is using \$40 million of EZ funds to expand businesses and rehabilitate housing and educational facilities. It has already used \$11 million of EZ funds to leverage \$100 million in additional capital to create or save 1,500 jobs, train 900 persons, and serve 3,200 youth in developmental programs.
- *Additional EZs and ECs:* The Administration has worked to expand the reach of these initiatives to other distressed communities. In 1997, Congress authorized 22 additional EZs and made qualified businesses in these zones eligible for tax incentives including: up-front deductions for qualifying capital investments; new tax-exempt facility bonds; new deductions for environmental remediation costs; and new tax credits for holders of qualified zone education academy bonds. In January 1999, the Administration announced that it had designated 20 new Zones, selected

on a competitive basis, from the applications of more than 250 communities.

Flexible grants will be used by these new Zones to carry out comprehensive revitalization strategies. In 1999, Congress provided first-year funding of \$55 million for the new EZs, and authority and \$5 million in first-year funding for 20 new rural Enterprise Communities announced in January.

The budget also proposes mandatory funding for 10 years for a total commitment of \$1.6 billion: \$100 million a year for urban EZs; \$50 million in mandatory funding over 10 years for rural EZs; and \$5 million a year for rural ECs. It also provides \$20 million in HUD funding for technical assistance and planning and implementation grants and \$45 million to support 15 new Strategic Planning Communities. It also includes a new USDA program to provide \$5 million for partnership technical assistance grants to help rural communities develop comprehensive strategies for revitalization and to better coordinate Federal assistance. In addition, the budget proposes a \$50 million Regional Empowerment Zone Initiative to assist urban EZs and ECs in linking their economic development strategies to their broader metropolitan regional economies to increase youth employment.

Designated EZ and EC communities will receive priority consideration for funds from Federal economic development programs and for waivers of certain regulatory requirements from the Community Empowerment Board chaired by the Vice President.

Livability Initiative: The budget proposes six new investments as part of the Livability initiative. The budget includes an unprecedented request for Community Transportation Choices, a \$6.1 billion mass transit program, a \$1.8 billion congestion relief and air quality improvement program, and \$614 million to implement innovative community based transportation programs; \$9.5 billion over five years for Better America Bonds, a new State and local bonding authority for green space preservation, water quality enhancement, and clean up of abandoned industrial sites; and a \$50 million HUD Regional Connections Initiative

to 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. The budget also proposes \$40 million for a Community-Federal Information Partnership to provide communities with grants for easy to use information tools to help develop strategies for future growth; \$130 million for Regional Crime Data Sharing to expand programs to help communities share information to improve public safety; and \$10 million for Community-Centered Schools, a new grant program administered by the Education Department to encourage school districts to involve the community in planning and designing new schools. Also included in the budget is the Lands Legacy initiative (see Chapter 6), which will complement the Livability agenda, emphasizing land conservation; smart growth; and partnerships with State and local governments, land trusts, and other non-profit groups to preserve open spaces in urban, suburban, rural, and coastal areas. As part of the broader Livability Initiative, the budget proposes \$50 million for a new HUD program that will support local partnerships that are designing "smart growth" strategies. Partnerships that cross jurisdictional lines will receive grants to address problems of sprawl and congestion in ways that address the needs of both cities and suburbs. The outcome will be development that reduces commute times, preserves open space, and provides a balanced distribution of economic opportunity and access to affordable housing regionwide.

Urban and Rural Development and Increasing Homeownership

In 1994 the Administration launched an unprecedented partnership with 58 key public and private organizations to form a National Homeownership Strategy to increase homeownership. Along with a strong economy and low interest rates, the Administration's policies have helped boost homeownership to 66.8 percent—a new all-time high; 7.4 million Americans have become homeowners under this Administration, including record numbers of minorities.

Federal Housing Administration (FHA)

Loan Limits: The Administration's successful 1999 proposal to increase the FHA mortgage limit will allow FHA to help more families purchase their first homes, especially in areas with high housing prices. Reforms of FHA's property disposition practices, starting this year, will reduce costs and stabilize neighborhoods.

Play-by-the-Rules: Also in 1999, the Administration proposed, and Congress enacted, a \$25 million Neighborhood Reinvestment Corporation Play-by-the-Rules pilot program. This program will allow renters with solid payment track records to own their own homes. The budget proposes a second \$15 million investment in this initiative.

Low-Income Housing Tax Credit: The budget proposes to expand the Low-Income Housing Tax Credit to spur the private sector to develop more affordable low-income rental housing. The proposal will cost \$1.6 billion over the next five years and help develop another 75,000 to 90,000 units per year. It will restore the value of the tax credit, which has eroded over the last decade due to an increase in building costs, helping to reduce rents by an average of \$450 a month for the average assisted renter who, earns \$13,300 a year.

Public Housing Program: In 1998, Congress passed comprehensive public housing reform legislation, the Quality Housing and Work Responsibility Act. The Act increases the availability of Federal housing assistance to very poor families with limited housing choices while at the same time promoting a greater mix of income and new administrative flexibility in public housing.

The budget builds on these reforms and reduces poverty concentrations by providing \$625 million in HOPE VI grants to local housing authorities to demolish an additional 20,000 dilapidated public housing units and replace them with portable subsidies or newly constructed mixed income housing. These funds provide sufficient resources to achieve the Administration's goal of demolishing 100,000 of the most severely distressed units.

The Administration also proposes \$580 million for 100,000 portable housing vouchers, including 25,000 for families seeking to move from welfare to work, 18,000 to help homeless move to permanent housing with supportive services, and 15,000 to assist the extremely low-income elderly with housing. Local housing agencies that work in partnership with State and local welfare agencies will get the flexibility to design programs to serve welfare families for whom housing assistance is critical to getting and retaining jobs.

Elderly Housing Program: The budget expands HUD's elderly housing program by providing mandatory funds for 15,000 new housing vouchers targeted at the elderly, in addition to \$660 million in discretionary resources. Together this funding will address the changing needs of the elderly population and reconfigure an aging housing stock to better serve the frail elderly. Discretionary spending of \$660 million will provide grants to non-profits for construction of 5,970 units and conversion of some projects to assisted living facilities, using a combination of capital grants and service coordinators to bring community services to residents. The budget permanently authorizes 15,000 new housing vouchers linked to Low-Income Housing Tax Credit properties to make these units affordable to extremely low-income elderly.

Regional Affordable Housing: The budget also proposes a new demonstration program, the Regional Affordable Housing Initiative that will award funds competitively to provide technical assistance and project development to five regions committed to creating and adhering to an affordable housing plan that integrates job development with housing production on a regional basis.

Closing the Opportunity Gap

The budget includes numerous programs to narrow disparities and to increase economic opportunity in our Nation, so that we may achieve the goal of building One America. What follows are selected examples of such programs in areas including education, national service, health, and justice.

Education

Head Start: Among the President's highest priorities, Head Start will serve 877,000 low-income children in 2000, providing comprehensive child development services and helping parents get involved in their children's lives. Since 1993, the President has worked with the Congress to increase annual Head Start funding by 68 percent. This year's proposal will keep the program on track to meet the President's goal of serving one million children by 2002. The President proposes to focus resources this year to boost minority participation in Head Start, particularly in areas with recent influxes of limited English-proficient children.

Title I—Education for the Disadvantaged: This program provides funds to raise the educational achievement of disadvantaged children. The Title I Account will receive \$8.7 billion in 2000, a \$373 million increase over 1999. This funding includes resources for a new Accountability Fund, which would support immediate and significant State and local interventions in the lowest performing schools to improve student achievement.

The End of Social Promotion: The President is committed to ending social promotion and will work to give students the tools they need to meet challenging academic standards. The budget proposes an expansion to the 21st Century Community Learning Centers, enabling more than 7,500 schools to open their doors before and after the school day and during the summer.

Hispanic Education Agenda: Because the educational achievement of Hispanic-Americans continues to lag behind that of other groups, in 1999 President Clinton proposed, and the Congress enacted, the first-ever Hispanic Education Agenda. The budget continues support for this plan by proposing increases for Bilingual Education, Adult Education, Migrant Education, Comprehensive School Reform, High School Equivalency Program, and College Assistance Migrant Program, among others.

GEAR-UP: GEAR-UP will provide increased funds for States and local partnerships to help low-income students prepare for and attend college.

These and other programs designed to ensure educational opportunity for disadvantaged Americans are discussed in Chapter 3, "Investing in Education and Training."

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 American ever since its founding. In 1994, President Clinton signed the King Holiday and Service Act making the national holiday a day of service that would bring people together, promote racial cooperation and help to solve problems through citizen action.

The Corporation for National Service: This program encourages Americans of all ages and backgrounds to help solve community problems and provides opportunities to engage in community-based service. The budget proposes \$848 million for the Corporation, an 18.6 percent increase over 1999.

AmeriCorps: Over 150,000 individuals will have participated in AmeriCorps in the first five years. The program allows 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.

The National Senior Service Corps: This program provides opportunities for citizens age 55 and older to use their time and talents to meet community needs. The budget funds the Retired and Senior Volunteer Program, the Foster Grandparent Program, and the Senior Companion Program, enabling more than half a million older Americans to serve.

Health Care and Services

Providing Quality Health Care to Native Americans: The budget proposes an increase

of \$170 million for IHS, which will provide for many services, including expanded breast cancer screenings, dental services, immunizations, pre-natal care and more. In addition, the Administration will coordinate efforts to ensure that HHS health grants provide assistance to Native Americans, review reimbursements from Medicaid and Medicare, and increase vigilance to ensure that Federal funds are used properly.

Help to reduce racial disparities in health status: Despite improvements in the Nation's overall health, continuing disparities remain in the burden of death and illness that certain minority groups experience. For example, the infant mortality rate for African-Americans is more than twice that of Caucasians. To address this and other disparities, the budget includes \$135 million for health education, prevention, and treatment services for minority populations.

(For additional information see Chapter 5, "Strengthening Health Care.")

Justice

Criminal Justice: The administration of criminal justice in America reflects the same racial and ethnic disparities as other aspects

of American society, with differing rates of incarceration, sentencing and imposition of the death penalty. For example, black inmates comprise 50 percent of Federal prison population, four times their proportion of the general population. These disparities create a distrust of law enforcement in many minority communities. Moreover, criminal victimization rates, particularly with regard to violent crimes, are substantially higher for minorities. The Hate Crimes Initiative addresses one aspect of this complicated area. President Clinton first announced the addition of approximately 50 FBI and Federal prosecutors to enforce the laws against hate crimes in 1997 at the White House Conference on Hate Crimes. The budget proposes \$31 million to continue the battle against hate crimes in this Nation.

(For additional information, see Chapter 8, "Enforcing the Law.")

Civil Rights Enforcement: Since the civil rights movement eliminated the most obvious forms of discrimination, including segregation, it has become increasingly difficult to document remaining discrimination in areas such as housing, employment, credit and insurance. The budget includes \$663 million for funding

Table 9-1. CIVIL RIGHTS ENFORCEMENT FUNDING

(Budget authority, dollar amounts in millions)

	1998 Actual	2000 Proposed	Dollar Change: 1998 to 2000	Percent Change: 1998 to 2000
Equal Employment Opportunity Commission	242	312	+70	+29%
Housing and Urban Development: Fair Housing Activities	30	47	+17	+57%
Justice: Civil Rights Division	65	82	+17	+26%
Labor: Office of Federal Contract Compliance Programs	62	76	+14	+23%
Education: Office for Civil Rights	62	73	+11	+18%
Health and Human Services: Office of Civil Rights	20	22	+2	+11%
Agriculture: Civil Rights Programs	15	19	+4	+27%
U.S. Commission on Civil Rights	9	11	+2	+22%
Transportation: Office of Civil Rights	6	8	+2	+28%
Labor: Civil Rights Center	5	6	+1	+14%
EPA: Office of Civil Rights	2	2		
Justice: Attorneys General		5	5	
Total	518	663	145	28%

Table 9-2. GOVERNMENT-WIDE NATIVE AMERICAN PROGRAM FUNDING

(Budget authority, dollar amounts in millions)

	1998 Actual	1999 Estimate	2000 Proposed	Dollar Change: 1999 to 2000	Percent Change: 1999 to 2000
BIA	1,703	1,746	1,901	+155	+9%
IHS	2,099	2,242	2,412	+170	+8%
Program level (non-add) ¹	(2,431)	(2,652)	(2,822)	(+170)	(+6%)
All other	3,355	3,762	3,865	+103	+3%
Total	7,157	7,750	8,178	+428	+6%

¹ IHS program level includes both budget authority and Medicaid, Medicare, and private insurance collections.

civil rights enforcement agencies, an \$84 million or 15-percent, increase over the 1999 level of \$579 million. The budget proposes a total of \$312 million for the Equal Employment Opportunity Commission (a 12-percent increase); \$82 million for the Department of Justice's Civil Rights Division (a 19-percent increase); \$76 million for the Department of Labor's Office of Federal Contract Compliance Programs (a 17-percent increase); and \$47 million for HUD's fair housing activities (an 17-percent increase). Additionally, over \$10 million will be used by the USDA to improve civil rights enforcement and program outreach to under-represented customers. (See Table 9-1 for civil rights enforcement funding.)

The budget proposes to target \$10 million to identify and document discrimination. These funds include \$7.5 million for the Department of Housing and Urban Development to expand studies that document discrimination in the housing market. The budget provides additional funds to encourage other agencies to begin tracking discrimination, and also funds the creation of a coordinated research agenda for Federal agencies to document discrimination in a variety of areas.

Commitment to Native Americans

The Administration honors its government-to-government relationship with Tribes by protecting critical, reservation-level programs, and bringing together government leaders and resources to address priority Tribal con-

cerns, such as crime and educational opportunities. The budget proposes \$8.2 billion, six percent more than in 1999, for Government-wide programs addressing basic Tribal needs and encouraging self-determination (see Table 9-2).

Law Enforcement: The second year of the Interior and Justice Departments' joint law enforcement initiative, for which the budget proposes \$164 million in 2000 (50 percent over 1999), will continue to address high crime rates in Indian country with more resources for drug control and youth crime prevention programs, equipment, detention services, crime reporting surveys, and officer hiring and retention.

Education: The Administration is continuing its commitment to education by systematically expanding the school construction initiative to address Indian reservations' school repair and replacement needs. As part of the school modernization proposal, Interior's Bureau of Indian Affairs (BIA) will receive a set-aside in bond authority (\$200 million in both 2000 and 2001, plus up to \$30 million to ensure bond principal repayment) for its schools on Indian reservations in need of replacement or major repairs. In addition to school construction, BIA will increase resources for school operations; early intervention partnerships; child care; and technology within schools, classrooms and libraries. The Nation-wide class size reduction initiative also includes a set-aside for BIA schools. A separate Education Department initiative

will hire 1,000 new Indian teachers and provide professional development.

Bureau of Indian Affairs and Indian Health Services: The BIA and the Health and Human Services Department's Indian Health Service (IHS) make up nearly two-thirds of Federal funding for Native American programs. For the BIA, the budget proposes \$1.9 billion, nine percent over the 1999 enacted level. Over 90 percent of BIA operations funding goes for basic, high-priority reservation-level programs such as education, social services, law enforcement, housing improvement, and natural resources management.

For IHS, the budget proposes \$2.4 billion, a substantial increase of eight percent over the 1999 level. This increase would enable IHS to continue expanding accessible and high-quality health care to its Native American service users, through IHS' existing network comprised of over 540 direct health care delivery facilities (discussed earlier in this chapter). This increase reflects a four-pronged approach for IHS: substantial increase in 2000, access to health grants, Medicare and Medicaid reimbursements, and vigilance on fraud and abuse, which is discussed in detail in Chapter 5, "Strengthening Health Care)."

The budget also supports access to health services and improves 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 Hospital, the Parker Health Clinic and three to eight dental units. In addition, the \$30 million a year in diabetes-related funding that IHS receives under the new Children's Health Insurance Program will help alleviate complications from diabetes.

Tribal Contracting and Self-Governance: BIA and IHS will continue to promote Tribal self-determination through local decision-making. Tribal contracting and self-governance compact agreements now represent half of BIA's operations budget, and over 40 percent of IHS' budget.

Indian Trust Fund Balances: 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. It will be re-proposed in the 106th Congress.

Trust Land Management: As part of BIA's commitment to resolving trust land management issues, BIA will re-propose legislation to establish an Indian Land Consolidation program to address the ownership fractionation of Indian land. In 1999, BIA will devote \$5 million to three pilot projects in Wisconsin in cooperation with Tribes, to purchase small ownership interests in highly fractionated tracts of land from willing sellers. The budget proposes to double funding for this program.

Trust Management Improvement Project: The budget provides \$90 million for DOI's Office of Special Trustee's trust management improvement project, an increase of \$51 million over 1999. Current activities include verifying individual Indian's 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.

Commitment to the District of Columbia

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 five years ago—produced a budget surplus in 1997 and 1998. If the District continues to balance its budget through 2000, it will regain full home-rule.

Under the comprehensive financial restructuring plan, the Federal Government assumed certain functions in which it has a clear interest.

Medicaid: The Federal Government has assumed the role typically played by both Federal and State governments under this health insurance program, paying 70 percent of Medicaid spending in the District (compared to the previous 50 percent).

Criminal Justice: The Federal Government now funds the District's Court System and other key elements of the District criminal justice system, including the incarceration of sentenced felons and supervision of all adult offenders. By 2001, all adult-sentenced felons will be in the custody of the Federal Bureau of Prisons (FBOP). The budget includes \$393 million to implement the President's plan for District courts and corrections and \$255 million to accommodate the transfer of D.C. inmates for which FBOP assumed responsibility.

Pensions: The Federal Government has resumed responsibility for an estimated \$5.9 billion unfunded pension liability that it transferred to the District in 1979.

The Federal Government eliminated its annual payment to the District, though it provided a one-time, \$190 million payment for District operations in 1998 and provided \$248 million in funding for earmarked eco-

nomic development and infrastructure investments 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.

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. The Administration strongly supports the District's right to self-governance and is committed to do its part.

Public Television in the Digital Age

The budget provides a total of \$414 million for 2000 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 Commerce Department will be devoted to promoting digital transmission, while funding for the Corporation for Public Broadcasting will be for digital program production and development capabilities.