

# REVIVING JOB CREATION AND LAYING A NEW FOUNDATION FOR ECONOMIC GROWTH

The economy has been rescued from disaster, and is on the road to recovery. We are no longer facing the potential collapse of our financial system, and the country has avoided the depression many feared just a year ago. Our economy is growing; our markets are returning to functionality; and some of the losses of the past year have been restored. These indicators may be heartening to economists, but they are cold comfort to the millions who are out of work, communities that have seen industries downsized and factories shuttered, and the cities and towns who are finding it hard to provide services to their residents.

There are 7 million fewer jobs today than when the recession began in December 2007. The immediate effects of being unemployed are felt deeply by the unemployed and their families: bills that are not paid, college tuition payments that are not sent, and homes that are no longer affordable. Moreover, there is growing evidence that unemployment has a lasting effect on these workers' children too. A range of studies have found that having a parent experience unemployment is closely tied with whether you graduate from high school, whether you go to college, whether you get a job after college, and how much you get paid in that job. And the effect is persistent—with higher high school dropout rates and lower college enrollment rates evident even years later. For those in college and graduating into a recession, studies suggest that it leads to depressed wages in the first year of employment and for years to come. There is also evidence that unemployment has a lasting negative effect on community and civic engagement, not only among the jobless but among their neighbors as well.

We cannot sit idly by and allow a generation of Americans to be knocked off course just as they are ready to come into their own. We cannot be content with a recovery that is felt on Wall Street, but not on Main Street. And we cannot be satisfied with business as usual, returning to an economy of boom and bust, easy credit, and reckless actions that only works for the wealthiest and the well-connected. We must lay a new foundation in which innovation and job creation are nurtured, the middle class is strengthened, and economic opportunity is available to all. Doing that entails using this moment of economic recovery to rebuild our Nation and transform our economy so that we can compete and thrive in the decades ahead.

## *Investing in Job Creation*

In the short-term, it is critical that we take steps to jumpstart job creation so that the nascent economic recovery is one that lifts American workers and families. Looking to the future, we know that in the high-tech, interdependent economy of the 21st Century, two of the most precious resources for any nation are the know-how and creativity of its people. Basic research across the sciences leads to discoveries and technologies that create whole industries, thousands of businesses, and millions of jobs. From bio-technology to information technology, we have seen that happen in our own time. Yet this is not the moment to rest on our past accomplishments; we must support invention and innovation today so that our scientists, engineers, and entrepreneurs can grow these businesses of tomorrow.

At the same time, we need to recognize that our economy is strongest when we tap the potential of all its participants. Small businesses, which over the past 15 years have created roughly 65 percent of all new private sector jobs in America, are critical to the future of our economy. We need to create the conditions whereby if you have a good idea and the drive to act on it, you can open your own store or start your own company. Economic growth and job creation also must not be limited to our cities and suburbs; rural America too must be able to provide jobs and economic opportunities to its residents. Hard-working young people in small towns across America should be able to find good jobs and promising opportunities at home. Moreover, we need to recognize that competitive, high-performing regional economies are essential to a strong national economy. That's why the President announced a broad-based initiative to review how Federal policies impact local communities and to better target and coordinate resources across agencies to promote job creation, environmental sustainability, and broad-based economic growth. Finally, all Americans should be able to balance the needs of their careers and their families and retire with security. To foster job growth across the economy, the Budget will:

**Spur Job Creation.** While we are no longer hemorrhaging jobs at the rate we were last year, unemployment is still unacceptably high. Looking to the future, the investments made in the Budget in education, clean energy, infrastructure, and in several other areas will lay a new foundation for economic growth and job creation. But in the short term, it is clear that the some targeted measures are required to spur private sector job creation. The Administration will work with the Congress to implement a jobs creation package along the lines the President announced in December of 2009. It will include immediate steps to help small businesses grow and hire, to upgrade and build infrastructure, and create jobs through energy efficiency and clean energy investments. In addition, to help those most affected by the recession, the Budget will extend emergency assistance to seniors and families with children, Unemployment Insurance benefits, COBRA

tax credits, and relief to States and localities to prevent layoffs.

**Provide Small Businesses Access to Credit.** One of the biggest challenges facing the country as we recover from the economic crisis is giving small businesses access to credit. That is why the Budget provides funds to support \$17.5 billion in SBA 7(a) loan guarantees that will help small businesses operate and expand. The Budget also supports \$7.5 billion in guaranteed lending for commercial real estate development and heavy machinery purchases; \$3 billion in Small Business Investment Company debentures to support new businesses and new jobs through early-stage and mezzanine small business financing; and \$25 million in direct microloans, for intermediaries to provide small loans to emerging entrepreneurs and other promising, but "un-bankable," borrowers. In addition, the Budget proposes to significantly increase the maximum loan sizes on SBA loans, including an increase from \$2 million to \$5 million for 7(a) business loans, to further improve small business access to credit.

**Refocus Troubled Asset Relief Program (TARP) Funds to Assist Small Businesses.** As we move from rescue to recovery and financial stabilization funds are being repaid, the Treasury is redirecting TARP to focus on preserving homeownership and supporting small business lending. The Treasury is working with the Small Business Administration to refocus funds on a special initiative that—with the support of new legislation—is designed to encourage widespread participation by small banks in increasing lending to small businesses in their communities. The Administration has also announced a TARP program to increase small business lending in hard-hit areas by providing lower cost capital to Community Development Financial Institutions.

**Eliminate Capital Gains Tax on Investments in Small Businesses.** Opening up one's own business is a critical part of the American dream; it is a hallmark of our economy's vitality and an important creator of jobs. To create an incentive for long-term investments in the small business sector, the Budget eliminates

capital gains taxes on long-term investments in many small businesses. The American Recovery and Reinvestment Act (Recovery Act) temporarily increased the exclusion to 75 percent. The Budget proposes to raise this exclusion to 100 percent, meaning that no income tax whatsoever would be paid on these investments in our Nation's small businesses.

**Extend the Making Work Pay Tax Cut.** The Recovery Act created the Making Work Pay tax credit, a refundable income tax credit, which offsets the Social Security payroll tax on up to the first \$6,450 of earnings for about 95 percent of all American workers. This helps small business owners struggling to meet expenses, and will put needed money in the pockets of families struggling to make ends meet and cover their costs. As part of its plan to restore health to the economy, the Budget proposes to extend the Making Work Pay tax cut for one year.

**Promote American Exports to Fuel Economic Growth.** A key component of stable, long-term economic growth is opening up foreign markets to American goods and services. The Budget provides \$534 million, a 20-percent increase, to the Commerce Department's International Trade Administration, to promote exports from small businesses, help enforce free trade agreements with other nations, eliminate barriers to sales of U.S. products, and improve the competitiveness of U.S. firms. The Budget also provides funding to the Export-Import Bank to expand U.S. small business use of the Bank's financial export assistance. In addition, the Budget supports expanded action by the Department of Agriculture to overcome sanitary and phyto-sanitary public health and related technical barriers to trade and to assist overseas market development activities, and provides funds to better protect U.S. intellectual property rights overseas.

**Invest in Science Research and Development.** Investment in science and basic research is critical to long-term economic growth. That's why the Budget invests \$61.6 billion in civilian research and development, an increase of \$3.7 billion, a 6.4 percent increase, and an amount

that continues the commitment to double funding for three key basic research agencies—the National Science Foundation, the Department of Energy's Office of Science, and the National Institute of Standards and Technology. This funding includes \$1.8 billion for research in basic energy sciences to discover novel ways to produce, store, and use energy to address energy independence and climate change and \$300 million for the Advanced Research Projects Agency-Energy, to accelerate game-changing energy technologies in need of rapid and flexible experimentation or engineering. The Budget includes increased funding for research to help create the foundation for the industries and jobs of the future, such as nano-manufacturing, advanced robotics, and new tools for the design of biological systems.

**Increase Funding for Biomedical Research.** To accelerate progress in biomedical research, the Budget continues to support research both on the campuses of the National Institutes of Health (NIH) and for approximately 300,000 scientists and other research personnel at institutions across the country. Investments will focus on priority areas including genomics, translational research, science to support health care reform, global health, and reinvigorating the biomedical research community. The Budget also includes \$6,036 million to continue to expand research related to cancer, and \$143 million to expand research related to Autism Spectrum Disorders. Finally, under the President's Executive Order and subsequent NIH Guidelines for Human Stem Cell Research, NIH approved 40 responsibly-derived stem cell lines—nearly double the previous number of lines available—for path-breaking research. Additionally, NIH will pursue the discovery, development, and pre-clinical testing of novel compounds for the prevention and treatment of symptoms associated with Alzheimer's disease.

**Reinvigorate Space Science and Exploration.** Leaving the boundaries of our planet has helped to spur innovation and push the boundaries of scientific knowledge across many fields. Recognizing the importance of space science and exploration, the Administration is proposing to cancel the National Aeronautics and Space

Administration's (NASA's) Constellation program—which is based largely on existing technologies and was over budget, behind schedule, and lacking in innovation—and replace it with a bold, new approach to human space flight that embraces commercial industry, forges international partnerships, and invests in the building blocks of a more capable approach to space exploration. This includes: research and development to support future cost-effective, heavy-lift rocket systems; a vigorous new technology development and test program that aims to increase the capabilities and reduce the cost of future exploration activities; and the development of precursor robotic exploration missions to scout locations and demonstrate technologies to increase the safety and capability of future human missions and provide scientific dividends. To support this effort, the Budget adds \$6 billion to NASA's budget over the next five years.

**Enhance Regional Economic Competitiveness.** Competitive, high-performing regional economies are essential to national growth. The Budget supports growth strategies based on stronger regional clusters of economic activity through funding across many agencies. The Budget provides \$75 million in regional planning and matching grants within the Commerce Department's Economic Development Administration to support the creation of regional innovation clusters. The SBA will support enhanced small business participation in clusters by awarding competitive grants to promote greater coordination of resources. Recognizing that labor markets are typically regional, yet the workforce system is designed around State and local boundaries, the Department of Labor's Workforce Innovation Fund will support these efforts by facilitating regional collaboration and close linkages with employers so that relevant training leads to good jobs.

**Foster Job Creation and Economic Growth in Rural America.** The country as a whole cannot prosper if we do not tap the potential of all Americans—including those who call rural America home. That's why the Budget includes several investments to promote economic growth and job

creation in rural communities. First, to support the Rural Innovation Initiative, the Department of Agriculture (USDA) plans to set aside funding to foster rural revitalization through a competitive grant program. Second, the Budget supports local and regional food systems through many USDA programs including the Business and Industry guaranteed loan program and the Federal State Marketing Improvement Program. Third, the Budget funds a variety of USDA renewable energy programs including support for bio-refineries to utilize advanced biomass crops, research designed to create cellulosic and other advanced biofuels, and assistance to help transition fossil fuel-dependent electric utilities to renewable energy—all of which can help a clean energy economy take root in rural America. In addition, the Administration proposes more than \$700 million to restore ecosystems and manage public lands, which will increase employment in rural areas, produce new sources of renewable energy, and develop recreational opportunities, including fishing and hunting, for local residents and tourists. Finally, the Budget fully funds the Voluntary Public Access and Habitat Incentive Program, which encourages private landowners to voluntarily open their land to the public for hunting and fishing.

**Aid Working Adults in Caring for Their Families.** In today's economy, working Americans struggle to find time and money to provide their children and their own parents with the care they deserve. That is why the Budget provides tax relief of up to \$2,100—an increase of \$900 relative to current law—for middle-class families to pay for the costs of caring for a child or a relative. The Budget also provides a \$1.6 billion increase in child care funding for working families with low incomes—not only extending the funding provided in the Recovery Act, but also providing new funding for new slots. In addition, the Budget includes \$103 million for the Administration on Aging's Caregiver Initiative, which will help family caregivers better manage their multiple responsibilities and help seniors and people with disabilities live in the community for as long as possible.

**Help Americans Prepare for a Secure Retirement.** Too many families have seen their IRAs and their 401(k)s lose value during the recent downturn, and far too many lack retirement savings at all. The Budget includes a series of steps to shore up saving including enhancing transparency and consumer protections, requiring employers who do not offer a retirement plan to give employees the option of making deposits into retirement accounts, doubling the small employer pension plan startup credit for firms that establish a retirement plan, expanding the Saver's Credit, and reducing barriers to saving for recipients of means-tested programs.

**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 includes \$250 million for the Department of Housing and Urban Development's (HUD's) Choice Neighborhoods program, which will target neighborhoods anchored by distressed public or assisted housing with physical and social revitalization grounded in promising, measurable, and evidence-based strategies. Choice Neighborhoods also will coordinate with the Department of Justice, which is requesting \$40 million for targeted, innovative programs to assist neighborhoods and has a variety of other programs to prevent gang violence and assist prisoners re-integrate into the job market and community life. The Budget also includes \$2.5 billion for health centers to provide affordable high-quality primary and preventive care to underserved populations, including the uninsured.

**Promote Responsible and Affordable Homeownership.** The President's Budget proposes important reforms to the Federal Housing Administration's (FHA's) core mortgage finance programs, including its widely used single-family mortgage insurance product. These reforms will protect taxpayers by replenishing the FHA's capital reserves, while continuing to promote affordable homeownership and support the recovery of the housing market, which is

central to the broader economic recovery. At the same time, these changes will better manage credit risk to the Federal taxpayer. In addition, the Budget supports increased funds for housing counseling. To mitigate the threat of foreclosure for responsible homeowners, the Administration is continuing to implement the Home Affordable Mortgage Program, which will commit up to \$50 billion through the Department of the Treasury along with approximately \$25 billion through the Government-Sponsored Enterprises. These funds will offer relief to an estimated 3 to 4 million at-risk homeowners struggling to make their mortgage payments, while preventing communities from suffering the spillover effects of foreclosures. Treasury is also implementing the recently extended and expanded homebuyer tax credit, which supports demand for home sales in markets nationwide.

### ***Building the Infrastructure for Job Creation***

For too long, our Nation avoided making the necessary investments in the roads, bridges, levees, waterways, communications networks, and transit systems needed to keep pace with the times. Outdated infrastructure burdens our communities in a number of ways: longer commutes, businesses choosing to locate elsewhere including overseas, and growth and job creation held back. Through the Recovery Act, we made the largest investment in our Nation's infrastructure since President Eisenhower called for the creation of the national highway system half a century ago. In just 10 months since it became law, the Act funded—for example—more than 12,000 transportation projects, and more than 500 new or improved waste and water systems in rural America. This year, funds from the Act will help bring broadband Internet access to remote corners of our country, lay the foundation for a high-speed rail network, and jump-start innovative transportation projects through competitive awards. In the 2011 Budget, the Administration will:

**Create a National Infrastructure Innovation and Finance Fund.** The Budget includes \$4 billion to create a National Infrastructure Innovation and Finance Fund to invest in projects of regional or national significance. This marks an important departure from the Federal Government's traditional way of spending on infrastructure through grants to specific States and localities. The Fund will allocate resources based on demonstrable merit and analytical measures of performance. The Fund will provide planning, feasibility, and analytical capacity to help sponsors identify high-value projects from around the country and then carefully select the most worthwhile projects.

**Expand Access to Broadband.** During 2011, the Department of Commerce and USDA will focus on administering the \$7.2 billion program to expand broadband deployment, as well as programs to improve broadband adoption and data collection, which were funded by the Recovery Act. In addition, the Budget expands access to broadband services by offering \$418 million in USDA loans and grants to move rural communities into the modern information economy.

**Invest in a Smart, Energy-Efficient, and Reliable Electric Grid.** The Budget continues to support modernization of the Nation's electric grid by investing in the research, development, and demonstration of smart-grid technologies that will spur the Nation's transition to a smarter, stronger, more efficient, and reliable electric system. The end result will promote energy- and cost-saving choices for consumers, increase efficiency, and foster the growth of renewable energy sources like wind and solar. In addition, the Budget supports the Power Marketing Administrations' ability to reliably operate, maintain, and rehabilitate the Federal hydropower and transmission systems.

**Support Clean Water Infrastructure Investments.** The 2011 Budget requests \$3.3 billion for the Clean Water and Drinking Water State Revolving Funds (SRFs). The Federal SRF funding provides grants to States for low-interest loans to communities through a combination of

Federal capitalization, State matches, State leveraging, interest, and loan repayments. Since loan interest and principal payments are returned to the program, the SRFs continue to generate funding for new loans even without continued Federal funding. For 2011, the Environmental Protection Agency proposes a new approach to helping small drinking water systems, as well as reforms to improve the long-term financial, managerial, and environmental sustainability of the SRFs.

**Reform Surface Transportation Programs and Put the System on a Viable Financing Path.** Surface transportation programs are at a crossroads. The current framework for financing and allocating surface transportation investments is not financially sustainable, nor does it effectively allocate resources to meet our critical national needs. The Administration recommends extending the current authorization through March 2011, during which time it will work with the Congress to reform surface transportation programs and put the system on a viable financing path. Careful consideration is needed to design a Federal surface transportation program that leads to higher-performing investments, increases people's transportation options, and makes our economy more productive. Further, the Federal program must generate the best investments to reduce congestion and improve safety. To do so, the Administration seeks to integrate economic analysis and performance measurement in transportation planning so that taxpayer dollars are better targeted and spent.

**Establish a New Federal Transit Safety Program.** Unlike other mode of transportation, closed-system rail transit services (generally, metro area subways and light rail systems) are not overseen by Federal safety regulators, but rather are subject to review by a patchwork of State safety organizations. Recent deadly accidents—including tragedies in Washington D.C., Boston, and San Francisco—underscore the need for common nationwide safety standards and for Federal enforcement of these standards. The Budget includes \$30 million for a new transit safety oversight program within the Federal Transit Administration (FTA). This will enable

FTA to implement a comprehensive safety oversight strategy, as proposed in legislation.

**Modernize the Air Traffic Control System.**

The Budget provides \$1.14 billion, more than a 30-percent increase from 2010, for the Next Generation Air Transportation System, the Federal Aviation Administration's long-term effort to improve the efficiency, safety, and capacity of the aviation system. The 2011 Budget will help move from a national ground-based radar surveillance system to a more accurate satellite-based surveillance system; aid in the development of more efficient routes through the airspace; and fund improvements in aviation weather information.

**Sustain Multi-Year Support for High-Speed Rail.**

Building on the historic \$8 billion down payment provided through the Recovery Act, the President's Budget includes \$1 billion for high-speed rail, which supports the President's five-year, \$5 billion pledge from the 2010 Budget. High-speed rail promises to give the traveling public a practical alternative to flying or driving, particularly where there is congestion in the skies and on the roads. With trains efficiently connecting city and business centers, travelers would enjoy a new level of convenience not available in most parts of the country today. The Administration is dedicated to working with States and project sponsors to identify high-speed rail projects that will provide the greatest transportation, social, and environmental benefits, while maximizing the return on taxpayer dollars.

**Invest in America's Water Resources Infrastructure.**

It is critical that sound investments be made in the Nation's water resources infrastructure to assure the safe and reliable operation and maintenance of key facilities of the Army Corps of Engineers and Bureau of Reclamation. The Administration will allocate funds to those ongoing commercial navigation and flood and storm damage reduction projects with the highest economic and environmental returns while achieving public safety objectives for communities. Resources are also focused on the restoration of significant ecosystems and initiatives that would allow

greater conservation of water in the West. The Budget also emphasizes a new direction for water infrastructure projects by updating the 25-year-old procedures for planning future Federal water resources infrastructure projects to incorporate modern planning procedures and methods, assure adequate consideration of ecosystem values, and promote non-structural solutions. In addition, the Corps of Engineers is updating its estimates of the benefits and costs of its ongoing construction projects to help assure that funding decisions are based on the most current information available on the return to the Nation of these investments. The Administration also intends to develop a set of water resources reforms for the Corps of Engineers for consideration as part of the next Water Resource Development Act legislation.

***Educating a Workforce for the Jobs of the 21st Century***

From unlocking the cures of tomorrow to creating clean energy industries, from growing our economy and creating jobs to securing our Nation in the years to come, there is one constant in addressing these challenges: they all depend on having a highly-educated workforce. More than ever before, success in the global economy and among the nations of the world is rooted in providing a world-class education to all our children. It is a fundamental element of the new foundation we must lay for our economy.

The Administration made a significant down payment in our schools and schoolchildren through the Recovery Act by including the largest one-time investment in education in our Nation's history. The Recovery Act saved and created hundreds of thousands of education-related jobs during a time of acute State budget shortfalls. It also included a \$4 billion Race to the Top fund, a competitive source of education funding and one of the largest investments in reforming our Nation's schools in history. At the same time, the Recovery Act made significant investments in expanding early childhood programs, addressed college affordability by expanding Pell Grants and the American Opportunity Tax Credit,

and enhanced job training and referrals for the millions of workers coming through the doors of the Nation's one-stop career centers. Building on these commitments, the Budget proposes to:

**Reform Elementary and Secondary School Funding by Setting High Standards, Encouraging Innovation, and Rewarding Success.**

The Budget supports the Administration's new vision for the Elementary and Secondary Education Act (ESEA). The reauthorized law would encourage States to adopt higher, clearer standards that set the expectation that every student will graduate from high school ready for college and a career. The new law would support dramatic improvements in the quality of assessments to measure complex skills and help teachers identify and respond to students' strengths and needs. The reauthorization would also recognize and reward schools for helping students make important gains, even if they are not yet at grade-level, and offer new flexibility for successful States and districts to pursue new solutions to help all students meet high standards. At the same time, the law would require vigorous efforts to turn around persistently low-performing schools, applying comprehensive strategies that put children first. In support of these efforts, the Budget provides a \$3 billion increase in funding for K-12 education programs authorized in the ESEA and the Administration will request up to \$1 billion in additional funding if the Congress successfully completes a fundamental overhaul of the law. Together, these measures would represent the largest funding increase for ESEA programs ever requested.

**Expand the Race to the Top and Open the Competition to School Districts.**

The \$4 billion Race to the Top, created by the Recovery Act, began a competition among States to spur systemic and innovative reform across four areas: supporting high academic standards; improving teacher effectiveness and distributing effective teachers more equitably; using data to improve achievement; and turning around low-performing schools. Not all States will receive Race to the Top grants, but the competition itself has galvanized key stakeholders across the Nation to

reform State laws and to develop new plans for lifting student achievement. The Budget provides \$1.35 billion to continue the President's Race to the Top challenge and to expand the competition from States to school districts that are ready for comprehensive reform.

**Increase the Number of Effective Teachers and Principals.**

Great teachers are the key to a high-quality education. Increasing the number of great teachers, especially in disadvantaged schools, will require major new efforts to help all teachers improve their skills; recognize and reward excellence in the classroom; and help struggling teachers improve or, if need be, exit the classroom. Today, taxpayers invest nearly \$3 billion a year in a teacher quality block grant that heavily supports investments with little evidentiary support or impact on increasing learning. As part of the overhaul of ESEA, the Administration will require States taking formula funds to develop the preconditions for an effective human capital system, beginning with strong evaluation systems. At the same time, the Administration will invest \$950 million in a new competitive fund for States and districts that supports bold approaches to recruiting, developing, retaining, and rewarding more effective teachers and principals, particularly in the lowest-performing schools. The Administration is also investing \$405 million to support successful and innovative pathways into teaching and school leadership.

**Invest in Supports for Student Success, Including Promise Neighborhoods.**

Students need to be safe and healthy, and they need a complete education that extends beyond the traditional hours. As part of a \$1.8 billion investment in the Supporting Student Success initiative, the Budget funds comprehensive supports so that students are mentally and physically healthy and ready to learn. The Budget provides \$210 million for Promise Neighborhoods, modeled after the Harlem Children's Zone, that aim to improve college enrollment rates by combining vigorous school reform with strong family supports and effective community services across an entire neighborhood. The initiative also reforms the 21st Century Community Learning Centers

program to focus funding on models that redesign and extend the school day, week or year to provide additional time for students to engage in academic activities, additional time for enrichment activities, and time for educators to collaborate and improve instruction.

**Grow High-Performing Charter Schools and Other Innovative Public Schools.** Effective charter schools have achieved impressive results in closing achievement gaps. The Budget will invest \$490 million to grow these schools and other autonomous public schools that achieve results, develop new approaches, and give parents more choices. The Budget will support new options for students to transfer to high-performing public schools, support successful magnet schools, and require States and districts accepting these funds to create the conditions for effective schools to grow and ineffective schools to be restructured or shut down.

**Expand and Reform Early Childhood Education.** Quality early education is an investment that pays off for years by preparing the youngest children for a lifetime of learning. To this end, the Administration has provided the funds to nearly double the number of children served by Early Head Start and expand Head Start. The Budget continues the Recovery Act expansions in these programs while focusing their new funds in 2011 on improving program outcomes. And the Budget provides a historic \$1.6 billion increase in child care funding that can support not only an expansion in slots, but also an improvement in quality, safety, and outcomes. Finally, the Budget supports pending legislation that will establish a new Early Learning Challenge Fund administered by the Department of Education and the Department of Health and Human Services (HHS), to help States improve the quality of early childhood programs.

**Increase Pell Grants and Put Them on a Firm Financial Footing.** Pell Grants have helped millions of Americans afford college, yet in recent decades, growth in their value has fallen far behind the growth in college costs. The Recovery Act and 2009 appropriations bill increased

the maximum Pell Grant by more than \$600 for a total award of \$5,350, and the maximum award will increase to \$5,550 in 2010. The Budget proposes to make that increase permanent and put them on a path to grow faster than inflation every year. The Budget also addresses a second concern: Pell Grants currently function much like an entitlement, yet they are funded through an annual appropriations process that can fall behind actual demand for the grants. The Budget proposes to make Pell Grant funding mandatory so that adequate Pell Grant funding is available every year.

**Expand Financial Aid for Students and Reduce the Burden of Student Loans.** The Budget supports legislation that has passed the House of Representatives and is pending in the Senate that would reform student lending to eliminate tens of billions of dollars in wasteful subsidies to financial institutions, and instead provide loans directly to students more efficiently and reliably by hiring private and non-profit companies through competitive contracts. This measure would then use the savings to make historic investments in increasing college access and success (as well as in early childhood education). In addition to expanded Pell Grants and a simplified student aid system, the legislation includes a new American Graduation Initiative that will strengthen and support America's community colleges, focus on college completion, and help graduate 5 million more students by 2020. Moreover, the Budget proposes an effort to assist overburdened student loan borrowers by reducing monthly payments and shortening the repayment period so that these borrowers will pay only 10 percent of their discretionary income in loan repayments and can have their remaining debt forgiven after 20 years.

**Reform the Job-Training System to Encourage Innovation and Empower Workers.** Our job-training system is critical to giving all workers the opportunity to succeed in a changing economy, yet too often workers looking for good training cannot find it. As a complement to reauthorization of the Workforce Investment Act (WIA), the Budget increases total funding for

major funding streams, including a \$101 million increase targeted to youth. But because reform is essential and the current system's fragmentation must end, the Budget also sets aside \$261 million in the Department of Labor and \$60 million in the Department of Education for innovation funds. They will support competitive grants for the most promising, research-based strategies, including regional approaches and sectoral partnerships for adults and the combination of summer or year-round employment with education for youths. The Departments will cooperate in the administration of the innovation grants as a part of a Workforce Innovation Partnership that will create new incentives for States to break down silos, streamline service delivery, and eliminate duplication. The Partnership will be supported by new cross-program waivers, which will be accompanied by new tools for measuring program performance and sharing information with both policymakers and customers. Finally, the Budget targets high-growth sectors of the economy and workers often left behind through \$85 million for green job training and \$40 million for transitional jobs programs.

**Restructure Narrow and Constrained Education Programs Into Broad and Flexible Competitions that Fund What Works.**

The Department of Education funds dozens of programs that narrowly limit what States, districts, and schools can do with funds. Some of these programs have little evidence of success, while others are demonstrably failing to improve student achievement. The President's Budget eliminates six discretionary programs and consolidates 38 K-12 programs into 11 new programs that emphasize using competition to allocate funds, giving communities more choices around activities, and using rigorous evidence to fund what works. The Administration will make sure that, under these competitions, there is equitable geographic distribution of funds nationwide, including to rural communities. Building on the Recovery Act, the Administration proposes \$500 million to expand the Investing in Innovation Fund, which will expand proven models—and fund and evaluate promising ones—for achieving student success. Finally, the Budget dedicates

funds for the rigorous evaluation of education programs so that we can scale up what works and eliminate what does not.

***Creating the Clean Energy Economy of Tomorrow***

From the consumer who sees the costs of filling his gas tank or heating her home go up, to the scientists who track how climate change is affecting our planet, we all know that we cannot afford to maintain our reliance on oil and other fossil fuels to power our economy. Failure to act jeopardizes our Nation's security, our economy, and our future. That is why in the Recovery Act, the Administration invested more than \$90 billion in clean energy technologies to begin the transformation of the economy. Building on this, the President worked with foreign leaders at the Copenhagen climate change talks in December 2009, where for the first time in history, all of the leaders of the world's major economies came together to accept their responsibility to take action to confront the threat of climate change. The international negotiations made a strong step towards the commitments and the transparency necessary to work together to solve this global challenge.

As we work to slow climate change internationally, we also must continue our efforts to build a clean energy economy here at home. Doing so has the potential to create millions of new jobs, which cannot be shipped overseas, in the new industries of the future. Around the globe, countries and companies see the job-creating potential of clean energy and are moving aggressively to lead the way. Our challenge is to be at the head of that pack. If we lead the way in developing clean energy, we will grow our economy, create new jobs, and leave a stronger and more secure country to our children. To bring about this transformation, the Administration will:

**Undertake a Comprehensive Approach to Transform Our Energy Supply and Slow Global Warming.** The Administration will work to enact and implement a comprehensive

market-based policy that will reduce greenhouse gas emissions in the range of 17 percent in 2020 and more than 80 percent by 2050. Businesses will have the flexibility to seek out the most profitable and least costly ways of achieving greenhouse gas emission reductions, from making investments in energy efficiency and low-carbon or zero-carbon fuels to offsetting their emissions through agricultural activities that remove carbon dioxide from the atmosphere, and developing export markets for American clean energy technologies through investments in emission offset activities abroad. The policy will address the needs of vulnerable families, communities, and businesses to facilitate the transition to a clean energy economy. To prepare for the reduction in emissions, the Government will invest in climate registries to account for greenhouse gas emissions; implement regulations that improve energy efficiency, lower energy bills, and reduce emissions; plan for the effects of a changing climate in the stewardship of our natural resources; and undertake the research and development of next-generation energy technologies that will promote our energy and climate security.

**Develop the Market for Clean Energy Technologies.** The Budget substantially expands support for construction of new nuclear power plants by increasing the Department of Energy loan guarantees authority for such projects by \$36 billion, to a total of \$54.5 billion, and provides credit subsidy funding of \$500 million to support \$3 to \$5 billion of loan guarantees for energy efficiency and renewable energy projects. The loan guarantee program will encourage new nuclear facilities and a range of renewable energy projects that reduce greenhouse gases and pollutants, while simultaneously creating jobs and contributing to long-term economic growth. The Budget also supports research, development, and demonstration activities to accelerate deployment and commercialization of nuclear power, carbon capture and storage, renewable energy, and energy efficiency technologies. To reduce greenhouse gas emissions in developing countries, the United States will help them adopt clean energy technologies and low-carbon development strategies.

**Spur Investment in Domestic, Clean Energy Manufacturing.** The Section 48(c) Advanced Energy Manufacturing Tax Credit was created by the Recovery Act to spur private investment in facilities that manufacture advanced energy technologies in fields like renewable energy, energy storage, advanced energy transmission, energy conservation, and greenhouse gas emissions abatement. The program provides a 30 percent tax credit to qualified investments in new, expanded, or re-equipped advanced energy manufacturing projects, allocating a total of \$2.3 billion to clean energy manufacturers. The Budget expands this successful program, providing an additional \$5 billion to provide this tax credit to many more advanced energy manufacturing projects. This will help spur private investment in clean energy manufacturing and create jobs, helping to lay the groundwork for American leadership in the new clean energy economy.

**Advance the Development of Carbon Capture and Storage Technologies.** The Budget supports a balanced research and development portfolio of carbon capture and storage technologies. The \$545 million in funding provided in the 2011 Budget for fossil energy climate change technology will help reduce greenhouse gas emissions by focusing resources to develop carbon capture technologies with broad applications to advanced power systems, existing power plants, and industrial sources.

**Eliminate Funding for Inefficient Fossil Fuel Subsidies.** As we work to create a clean energy economy, it is counterproductive to spend taxpayer dollars on incentives that run counter to this national priority. To further this goal, the Budget eliminates tax preferences and funding for programs that provide inefficient fossil fuel subsidies that impede investment in clean energy sources and undermine efforts to deal with the threat of climate change. We are eliminating 12 tax breaks for oil, gas, and coal companies, closing loopholes to raise nearly \$39 billion over the next decade.

**Boost Development of Clean Energy on Federal and Tribal Land.** Already, public lands and offshore resources managed by the Federal Government constitute about one-third of the domestic supply of fossil fuel resources. The Administration will promote the development of clean, renewable energy on Federal lands. To that end, the Budget adds \$14 million—on top of \$50 million in 2010 increases—to build agency capacity to review and permit renewable energy projects on Federal lands. This includes conducting the environmental evaluations and technical studies needed to spur development of renewable energy projects, assessing available alternative resources, and mitigating the impacts of development. In addition, the Administration is assisting Indian Tribes in overcoming the unique hurdles in developing renewable resources on Native American lands. Up to 15 percent of our potential wind energy resources are on Native American land, and the potential for solar energy is even higher.

**Invest in the Understanding of Climate Change and Its Impacts.** While climate policies are developed and investments in clean energy technologies are made, investments to understand the impacts of climate change are also crucial. Coastal areas, floodplains, and water systems will all be affected by the changing climate, and it is vital that we understand the potential effects of climate change so businesses, farmers, ranchers, and the entire Nation can prepare for them now. That is why the Budget invests \$2.6 billion to deepen our understanding of climate change and its impact. The United States also will take prompt, substantial action to help the least developed and most vulnerable countries adapt and build resilience to the impacts of climate change.

### ***Providing More Health Security and Bringing Down Its Cost***

One of the biggest drains on the future growth of our economy is skyrocketing health care costs. For families who have health insurance, years of premiums that far and away out-paced income

gains have taken their toll on family budgets. For businesses, rising health care costs hurt their competitiveness. For the Federal Government, there is no greater threat to our long-term fiscal future than the current rate of health care cost growth. That is why the President laid out a strategy in the 2010 Budget to reform health care in a fiscally responsible way and has worked closely with the Congress to bring about this long overdue change. At this writing, we are closer to health insurance reform than ever before. The bill before Congress will empower Americans who are insured with cost and quality information about doctors and hospitals and give them the stability and security they deserve by ending many discriminatory and capricious insurance industry practices; expand coverage to more than 30 million Americans who lack insurance, improving health and in some cases saving lives; cut waste and reform how medicine is practiced so that we get better quality care; and do this all without adding a dime to the deficit and while reducing the rate of health care cost growth over time. To lay the groundwork for these reforms and to improve the health of the Nation, the Budget will:

**Build on Health Information Technology (IT) Adoption Momentum.** Digitizing the health care sector is a critical part of creating a health care system that is more effective and efficient. The Budget includes \$110 million for continuing efforts to strengthen health IT policy, coordination, and research activities. Combined with the Recovery Act's Federal grant and incentive programs designed to assist providers with adoption and meaningful use of electronic health records, these efforts will improve the quality of health care while protecting privacy and security of personal health information.

**Increase Investment in Patient-Centered Health Research.** To get the best care, doctors and patients need to know what works and what doesn't. The Budget includes \$286 million for research that compares the effectiveness of different medical options, building on the expansion of this research begun under the Recovery Act. Disseminating the results of this research is

expected to lead to higher quality, evidence-based medicine, arming patients and physicians with the best available information to allow them to choose the medical option that will work the best for them.

**Bolster Prevention and Wellness Activities.** The Budget bolsters core prevention activities by expanding community health activities, strengthening the public health workforce, and enhancing surveillance and health statistics to improve detection and monitoring of chronic disease and health outcomes. The Budget funds a new effort in as many as 10 of the largest cities in the United States to reduce the rates of morbidity and disability due to chronic disease through effective policy and environmental change strategies. The Budget also supports a new health prevention workforce to improve capacity of State and local health departments, as well as investments to improve the health and wellness of the Federal workforce.

**Expand Affordable High-Quality Primary and Preventive Care.** The Budget includes \$2.5 billion for health centers to provide affordable high-quality primary and preventive care to underserved populations, including the uninsured. This will allow health centers to continue to provide care to the 2 million patients added through Recovery Act funding and support approximately 25 new health center sites. The Budget also includes funding to expand the integration of behavioral health with primary health care, enhancing the availability and quality of addiction care.

**Combat Childhood Obesity.** Nearly one-third of children in America are now overweight or obese, and our Nation now spends \$150 billion a year treating obesity-related diseases, or nearly 10 percent of all medical spending. To improve children's access to healthy meals and help to reduce childhood obesity rates, the Budget proposes investing an additional \$1 billion per year as part of the reauthorization of the school meals program and other child nutrition programs. The Administration also will take steps to bring

grocery stores and other healthy food retailers to "food desert" communities.

**Fund Innovative Efforts to Improve Services for Seniors and People with Disabilities.** The Budget includes new Medicare and Medicaid demonstration projects that evaluate reforms to provide higher quality care at lower costs, improve beneficiary education and understanding of benefits offered, and better align provider payments with costs and outcomes. Special emphasis will be placed on demonstrations that improve care coordination for beneficiaries with chronic conditions, that better integrate Medicare and Medicaid benefits, and that provide higher value for dollars spent. The Budget will also support the Year of Community Living Initiative to promote collaboration between HHS and HUD to expand access to housing and community supports to enable people with disabilities to live in the community, as opposed to in institutional settings.

**Fight Waste and Abuse in Medicare, Medicaid, and the Children's Health Insurance Program (CHIP).** Reducing fraud, waste, and abuse is an important part of restraining spending growth and providing quality service delivery to beneficiaries. In November 2009, the President signed an Executive Order to reduce improper payments by boosting transparency, holding agencies accountable, and creating incentives for compliance. This Budget puts forward a robust set of proposals to strengthen Medicare, Medicaid, and CHIP program integrity efforts, including proposals aimed at preventing fraud and abuse before they occur, detecting it as early as possible when it does occur, and vigorously enforcing all penalties and recourses available when fraud is identified. It proposes \$250 million in additional resources that, among other things, will help expand the Health Care Fraud Prevention and Enforcement Action Team (HEAT) initiative, a joint effort by the Departments of Health and Human Services and Justice. As a result, the Administration will be better able to minimize inappropriate payments, close loopholes, and provide greater value for beneficiaries and taxpayers.

**Improve the Access to, and Quality of, Health Care in Rural Areas.** The Budget includes \$79 million for an initiative to strengthen regional and local partnerships among rural health care providers, increase the number of health care providers in rural areas, and improve the performance and financial stability of rural hospitals.

**Increase the Number of Primary Health Care Providers.** The Budget invests \$169 million in the National Health Service Corps (NHSC) to place providers in 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 for having a portion of their student loans paid off. In 2011, the requested increase will add nearly 400 NHSC clinicians to the more than 8,100 that will be providing essential primary and preventive care services in health care facilities across the country.

**Expand and Focus HIV/AIDS Treatment, Care, and Prevention Activities.** The Budget expands access to HIV/AIDS prevention and treatment activities consistent with the President's pledge to develop a National HIV/AIDS Strategy that will focus on reducing HIV incidence, increasing access to care and optimizing health outcomes, and reducing HIV-related health disparities. The Budget focuses HIV testing among high-risk groups, and increases resources for the Ryan White program to support the care and treatment needs for persons living with HIV/AIDS who are unable to afford health care and related support services. The Budget aims to reduce HIV-related health disparities by expanding HIV/AIDS medical services within populations disproportionately affected by the epidemic. The Budget also enhances funding for collaboration and integration activities to improve overall health outcomes for those with HIV/AIDS and co-infections with tuberculosis, hepatitis, or sexually transmitted diseases.

**Continue Efforts to Increase Access to Health Care for American Indians and Alaska Natives (AI/ANs).** The Budget includes \$4.4 billion for the Indian Health Service (IHS) to expand investments initiated in 2010. Increases for IHS will strengthen existing Federal, tribal, and urban programs that serve 1.9 million AI/ANs at approximately 600 facilities nationwide, and will expand access to Contract Health Services to cover health care services provided outside of the Indian health system when services are not available at IHS-funded facilities. The Budget will also fund staff and operating costs at new and expanded facilities to increase access to health care services and enhance the Indian health system. The efforts supported in the Budget to expand health services in Indian communities also include an analysis of how IHS can improve distribution of resources throughout the Indian health system.

### ***Keeping America Safe and Maintaining Our Global Leadership***

Just as a strong economy bolsters our standing in the world and enhances our national security, strong global leadership helps protect the American people while allowing the United States to thrive in an interdependent, global economy. The economic and financial crises of the past year demonstrated how market problems in one nation can affect businesses the world over and how inextricably linked the world's economies are. That's why we needed other major economies to join with the United States in taking action to stimulate economic demand. And that's why the President worked with G-20 nations to agree to continue their cooperation as the global economy recovers in order to reduce the likelihood of a future crisis, and to build a "Framework for Strong, Sustainable and Balanced Growth."

Over the past year, the President has worked to repair our alliances and restore America's standing in the world. His effort has been driven by the fact that we face a range of global challenges that demand global action—from disrupting, dismantling, and defeating al Qaeda

to stopping the spread of nuclear weapons and strengthening global health. In the last year, the President has taken a number of steps to meet these challenges while restoring American leadership. He has built new partnerships, and used all elements of American power to increase the pressure on al Qaeda worldwide. He laid out a plan to responsibly end the war in Iraq. He put forward a new strategy—with additional resources—to succeed in Afghanistan, and rallied NATO allies and partners to join us in committing additional resources. He signed executive orders that required the closure of the detention facilities at Guantanamo Bay, established a special task force to review detainee policy, and closed all CIA detention facilities as well as required all interrogations to follow the procedures of the Army Field Manual. And the President put forward a global agenda to stop the spread of nuclear weapons, reduce nuclear stockpiles, and to secure all loose nuclear materials from terrorists within four years.

Building on these efforts, the Budget invests in all elements of our national power: diplomacy, economic development and other foreign assistance, our Nation's armed forces, and intelligence. In addition, recognizing the extraordinary commitment and sacrifice of our men and women in uniform, the Administration continues its efforts to support servicemembers and their families and to provide our veterans with the support and resources that they deserve. Specifically, the Administration will:

**Support Missions in Afghanistan, Pakistan, and Iraq.** In the coming months, 30,000 additional troops will deploy to Afghanistan while U.S. combat forces continue drawing down in Iraq, consistent with the U.S. commitment for all U.S. troops to withdraw from Iraq by the end of 2011. As U.S. forces leave Iraq, the Administration will fund assistance to the Iraqi government and fund security and logistic support for U.S. civilians deployed around the country. To address the costs of increasing military and intelligence operations in Afghanistan and Pakistan while drawing down in Iraq, the Administration is requesting \$33.0 billion for the Department of Defense (DOD) in 2010

supplemental funding on top of the \$129.6 billion already provided, and a total of \$159.3 billion for DOD's 2011 overseas contingency operations activities. The Budget also requests \$4.5 billion in 2010 supplemental funding and \$11.6 billion in 2011 for Department of State activities in these countries. In particular, funding for Afghanistan and Pakistan increases assistance and civilian personnel, and provides additional resources for governance, reconstruction, and other development activities to counter extremists' influence. The Budget also increases security assistance for Pakistan and for the Afghan Security Forces. In an effort to be as transparent as possible about future costs, the Budget includes placeholder estimates of \$50 billion per year for 2012 and beyond. These estimates do not reflect any policy decisions about specific military or intelligence operations, but are only intended to indicate that some as yet unknown costs are anticipated.

**Strengthen Homeland Security.** As the failed attack on Christmas Day 2009 reminded us, al Qaeda and like-minded terrorists still seek to harm the American people. That is why the Budget continues important investments in our homeland defenses that are targeted to meet priority needs. The Budget, for example, increases funding for the Transportation Security Administration by 9 percent: to fund checkpoint and baggage screening equipment that will replace magnetometers with up to 1,000 new Advanced Imaging Technology screening systems for passengers; more accurate and efficient in-line baggage screening; additional international Federal Air Marshals; and more than 2,000 Transportation Security Officers to operate new screening equipment, employ enhanced screening techniques, and handle canine teams. The Administration also is requesting funds for 300 new Customs and Border Protection officers for passenger and cargo screening at ports of entry, additional new intelligence officers, and expanded pre-screening operations at foreign ports. Finally, the Budget will strengthen the early detection and reporting of terrorists and other threats and will continue the expansion of the Administration's efforts to target and remove criminal aliens.

**Stand by Our Nation's Troops and Their Families.** The strength of our troops relies on the stability of the families that support them, and the Budget supports these military families as our servicemembers answer our country's call to service. First, the Budget includes funding for a 1.4 percent basic pay raise that will keep military pay increases in line with those in the private sector. Second, the Budget also includes an average housing allowance increase of 4.2 percent, as well as a variety of monthly special skill-based payments, enlistment and reenlistment bonuses, and other benefits. Third, the Budget invests in Coast Guard-owned family housing to help alleviate housing shortages. Fourth, the Administration increases funding for family support programs by over 3 percent above the 2010 enacted level. This includes \$1.3 billion (an increase of \$87 million over the 2010 enacted level) to expand availability for affordable, high-quality child care services; \$1.9 billion (\$37 million over the 2010 enacted level) for expanded counseling and assistance services to help families meet the challenges brought on by repeated deployments and family separations; and \$84 million (an increase of \$12 million over the 2010 enacted level) for enhanced career and educational opportunities for military spouses through tuition assistance and Federal internship programs.

**Increase Funding for the Department of Defense.** Giving our military the material and support they need to accomplish their missions is the least we can do, given the sacrifices they make. The Administration requests \$548.9 billion, an increase of \$18.2 billion, or 3.4 percent, over the 2010 enacted level of \$530.8 billion. This will provide our troops with the most effective and modern equipment possible and the support they need.

**Prevent the Proliferation of Nuclear Weapons.** Following on the vision the President outlined this past year, the Budget funds significant steps that will help stop the spread of nuclear weapons and seek the goal of a world without them. The Administration requests \$2.7 billion—a 26-percent increase over the 2010 enacted level—for the Department of Energy's De-

fense Nuclear Nonproliferation program. Robust funding is also requested for nonproliferation efforts across the Government, and especially in the Intelligence Community and the Departments of Defense, State, Homeland Security, and Justice. These agencies will lead international efforts to secure all vulnerable nuclear material around the world in four years; deter and interdict the trafficking of nuclear material; and strengthen international nonproliferation treaties, regulatory controls, and safeguards. As the United States reduces the role of nuclear weapons in the national security strategy, this Budget fully funds efforts to maintain a safe, secure, and effective arsenal.

**Care for Wounded, Ill, and Injured Servicemembers.** Last year, DOD added 18 more Warrior-in-Transition Complexes at posts around the world as part of its efforts to care for the health of the men and women who serve. The Budget sustains ongoing efforts to provide high-quality medical care to servicemembers, their families, and retirees. This includes support for wounded warrior transition units and centers of excellence in vision, hearing, traumatic brain injury, and other areas to continuously improve the care provided to wounded, ill, and injured servicemembers.

**Increase Funding for the President's Global Health Initiative.** The Administration will build on its commitment to save millions of lives while strengthening the public health infrastructure that can help disease from crossing borders—including our own. The Budget includes increased funding to combat the HIV/AIDS crisis by focusing on increasing treatment and expanding access to prevention; ramping up maternal and child health programming to reduce mortality of mothers and children under five and decrease the prevalence of malnutrition; expanding investments in family planning activities, malaria, tuberculosis, and neglected tropical diseases; and strengthening local health systems to enhance capacity and long-run sustainability. Alongside our multilateral partners, the United States will continue to provide global leadership to fulfill our shared responsibility and our common promise to

improve the health of the world's poorest populations.

**Fight Global Hunger and Expand Food Security Efforts.** The Budget increases funding for agricultural development as part of a multi-year plan to lift a significant number of people out of poverty and reduce malnutrition for millions of children under five years old by 2015. The Budget provides assistance to countries that commit to address their internal food security needs and provides a significant contribution to a new multi-donor facility administered by the World Bank. The Budget also maintains strong support for food aid and other humanitarian assistance.

**Increase the Number of Peace Corps Volunteers.** The Administration funds the second year of the President's initiative to significantly increase the number of Peace Corps volunteers, and puts the Peace Corps on track to grow by 50 percent so it reaches 11,000 volunteers by 2016.

**Continue Advance Appropriations for Department of Veterans Affairs (VA) Medical Care.** The 2011 Budget requests \$50.6 billion in advance appropriations for the VA medical care program so that care for the Nation's veterans is not hindered by budget delays. This funding will enable the Department to have timely and predictable funding from year to year, ultimately making it easier for veterans to rely on accessible VA care.

**Enroll More than 500,000 Previously Ineligible Veterans into VA Health Care by 2013.** Last year, for the first time since January 2003, non-disabled veterans with moderate income were made eligible for VA health care. The President's Budget allows for the continued enrollment of more than 500,000 moderate-income veterans into the VA health care system by 2013 while maintaining high-quality and timely care for the lower-income and disabled veterans who also rely on VA.

**Boost Compensation to Military Disability Retirees.** For the first time, highly-disabled veterans who are medically retired from service will be eligible for concurrent receipt of disability benefits from the VA in addition to DOD retirement benefits. Previously, these benefits were offset. All medically retired servicemembers will be eligible for concurrent receipt of VA and DOD benefits by 2015.

**Respond to the Unique Needs of Today's Veterans.** Today's veterans have different needs due to their experiences in service, the composition of the armed forces, and the unique challenges that many face. Recognizing that, the Budget strengthens VA's ability to provide veterans the best possible care for Post-Traumatic Stress, Traumatic Brain Injury, and other mental health conditions by investing \$5.2 billion in specialized care, and increases collaboration between joint DOD and VA programs that target psychological health. To combat homelessness among veterans, the Budget expands collaborative partnerships with local governments, non-profit organizations, and the Departments of Housing and Urban Development, Justice, and Labor. And responding to the growing number of women veterans, the Budget provides funding for their unique needs, from an appropriate environment of care to specialized medical and counseling services.

**Improve Quality of Health Care Through Electronic Records for Our Troops and Veterans.** Too often, important patient information is unavailable to VA health care providers, yet that information was acquired by doctors and hospitals that may have treated the veteran while still in uniform. That is why the VA and DOD are jointly implementing the Virtual Lifetime Electronic Record, which will enable VA to maintain a complete health record for each veteran and to deliver care and benefits to veterans with increased efficiency and improved accuracy. The President's Budget also invests over \$200 million in automated processing to directly improve the accuracy and timeliness of veterans benefits, particularly disability compensation and the new Post-9/11 GI Bill benefit.

