



Federally Driven Policy Opportunities July 2010

This document provides additional details on federally driven policy opportunities across a range of public policy issue areas. Each of the following sections offers an overview of specific issues, including recent federal level activity and policy opportunities that result. This document is meant to be a high level overview and as such, supporting resource links are provided for further research on the issues and opportunities.

Economic Development in Rural America

As the nation begins to show signs of emerging from a deep and painful recession, rural communities across the country are looking for development strategies that will create jobs, businesses, and community wealth. Federal policies and programs designed to jumpstart economic engines may provide rural communities with new opportunities.

What's Going on in DC?

The Obama administration has not shied away from indicating its sense that metropolitan regions will be the places that pull the country out of the current recession and define post-recovery opportunities. This new regional framework seeks to address transportation, energy, environment, labor, and education policy by having cities and suburban jurisdictions coordinate their planning and investments.

- The 2010 budget allocates \$150 million to the Sustainable Communities Initiative, which provide incentive grants for metro region jurisdictions to come together to integrate their transportation, housing, and land-use planning. The Department of Housing and Urban Development and the Department of Transportation, plus the Environmental Protection Agency, have entered into a "Partnership for Sustainable Communities," which aims to embrace better quality and energy-efficient housing, access to adequate public transit, good jobs, quality schools, safe streets and environmental protections.
- HUD's 2010 budget allocates \$250 million to a new Choice Neighborhoods Initiative, targeted to distressed and isolated high-poverty neighborhoods. This initiative promises flexible funding for redeveloping public and other federally subsidized housing projects and privately owned housing.
- The Administration expects to link Choice Neighborhoods with its Promise Neighborhoods Initiative, which saturates distressed communities with investments that dramatically improve schools and early childhood supports. Its goal: to bring the strategies of the Harlem Children's Zone into communities nationwide.
- The economic recovery legislation gives the Department of Transportation \$1.5 billion to fund projects of regional or national significance, and \$8 billion for high speed rail lines that will connect metropolitan regions to one another.
- For the 2011 budget, The Obama administration has asked Congress to approve \$1 billion for the new National Housing Trust Fund, and is asking for an additional \$85 million to finance 10,000 housing vouchers. A consolidated \$350 million rental housing initiative preserves 300,000 otherwise threatened assisted housing units. Community Development Block Grants would be funded at close to \$4 billion.
- The administration seeks \$400 million in its 2011 budget to fight the twin scourges of obesity and joblessness in poor communities through a Healthy Food Financing Initiative. Fresh, more nutritious foods would be delivered to inner-city "food deserts" by helping new farmers markets take root and constructing new supermarkets.

Policy Action Opportunity

- Rural advocates, particularly those representing the interests of rural communities in close proximity to urban areas, must participate in regional conversations that build on the many urban strategies coming out of the administration.
- Rural advocates must also question how the kinds of programs being made available to urban regions could be made available, and to work, in rural areas that are not in proximity to urban areas.

- The Obama administration's funding agenda tracks the more inevitable creation of mega regions in the United States. Rural communities must be part of those strategies.

Resources:

U.S. Department of Housing and Urban Development

http://portal.hud.gov/portal/page/portal/HUD/program_offices/sustainable_housing_communities/grant_program

U.S. Environmental Protection Agency

<http://www.epa.gov/smartgrowth/partnership/>

U.S. Department of Housing and Urban Development

<http://www.hud.gov/offices/pih/programs/ph/cn/>

U.S. Department of Education

<http://www2.ed.gov/programs/promiseneighborhoods/index.html>

U.S. Department of Transportation

<http://www.dot.gov/recovery/100daysreport.htm>

The President's Budget for Fiscal Year 2011

http://www.whitehouse.gov/omb/factsheet_department_housing/

The President's Budget for Fiscal Year 2011

<http://www.whitehouse.gov/omb/budget/fy2011/assets/housing.pdf>

U.S. Department of Treasury

<http://treas.gov/offices/economic-policy/4%20%2010%20BABS%20Savings%20Report%20FINAL.pdf>

U.S. Department of Health & Human Services

<http://www.hhs.gov/news/press/2010pres/02/20100219a.html>

Promoting Access to Broadband in Rural America

The internet is increasingly important to participation in many of the most basic economic, social, cultural and political activities of modern life. Without access to fast internet connections—commonly referred to as broadband—many Americans are unable to share in the educational, health, economic development, social, cultural, and political opportunities that the internet now offers. This problem is especially acute in rural America, where a 2009 study found that less than half of residents have broadband at home. Rural communities face challenges related to access, deployment, and affordability resulting from their geographical dispersion which increases costs and makes providing broadband service less profitable to private providers. High installation costs and lower profit potential often result in decisions to deny or delay deployment. When broadband service is deployed, it can be unaffordable to residents. Failure to increase broadband usage is likely to have significant negative economic, social, cultural and political consequences for rural America.

What's Going on in DC?

At the direction of the U.S. Congress, the Federal Communications Commission (FCC) undertook a year-long process of crafting a National Broadband Plan. Released in March 2010, the plan reflects input from tens of thousands of public and private stakeholders from across the country. It sets forth among its central goals extending broadband to all Americans; ensuring that cost is not a barrier to usage; allowing consumers to take control of their personal information; and preserving the ability of consumers to connect to whomever and whatever legal products and services they wish. The regulatory path to achieving these goals was cast into doubt shortly after the plan was released.

In early April, a federal appeals court ruled in *Comcast v. FCC* that the FCC lacked authority to prohibit internet service providers from limiting consumer access to certain (legal) internet sites. The court's opinion stated that the FCC lacked statutory authority to regulate broadband services as it wished under current law. In response, the FCC now proposes that internet communications be reclassified from an "information service" to a "telecommunications service" under the Federal Communications Act. The FCC argues that a limited and focused reclassification would restore the regulatory power it possessed prior to the *Comcast* decision and pave the way for implementation of the National Broadband Plan.

Policy Action Opportunity

- Advocates believe that access to affordable broadband—and the right to access all legal information in an unfiltered way—is crucial to the future of rural America. Thus, action should focus on informing both the FCC and Congress about the importance of implementing the access, affordability and privacy provisions of the National Broadband Plan and of reclassifying internet communications as a telecommunications service.

Resources:

National Broadband Plan

<http://www.broadband.gov/>

FCC Statement Explaining the Reclassification Proposal

<http://www.broadband.gov/the-third-way-narrowly-tailored-broadband-framework-chairman-julius-genachowski.html>

National Rural Assembly Working Group on Broadband

<http://www.ruralassembly.org/working-groups/broadband>

Conservation Programs and Income Generation

Rural communities can protect environmental heritage and also play a lead role in innovating new economic benefits. Conservation programs and regional ecotourism can contribute to rural renewal and encourage sustainable practices. Current government policies assist farmers with environmental planning and best land management practices. Going forward rural communities will need to engage in further debates regarding natural resources and challenges such as climate change. These issues require new integrated approaches to natural resource development, especially in regions with high levels of poverty.

What's Going on in DC?

President Obama has undertaken a number of important steps to reinvigorate and strengthen federal attention to conservation issues. In March 2009, he signed the Omnibus Public Land Management Act of 2009, the most dramatic expansion of federal conservation efforts in a generation. Obama termed this the foundation for additional future public lands protections. In 2010, Obama launched "America's Great Outdoors Initiative," a nationwide conversation to develop a new strategy to protect America's resources. Also in 2010, the President's Fiscal 2011 Budget included \$1.2 billion through the USDA for the Environmental Quality Incentives Program that supports farmers that protect natural resources and \$700 million to develop recreation and employment opportunities on public land, including fishing and hunting for local residents and tourists.

Policy Action Opportunity

- Work with national and regional networks that represent a rural perspective on conservation, including follow-up efforts to the 2009 Public Land legislation.
- Participate in the "America's Great Outdoors Initiative."
- More generally, advocate for increased funding for technical assistance and grants that assist rural communities to protect and restore natural resources on both public and private lands.

Resources:

The President's Budget for Fiscal Year 2011 and Your State
<http://www.whitehouse.gov/omb/budget>

National Rural Assembly Working Group on Emerging Issues
<http://www.ruralassembly.org/emerging-issues/>

Obama Launches America's Great Outdoors Conservation Initiative
<http://www.washingtonpost.com/wp-dyn/content/article/2010/04/15/AR2010041505766.html>

Statement by the President on Signing the Omnibus Public Land Management Act of 2009
http://www.whitehouse.gov/the_press_office/Statement-from-the-Presidents-signing-statements-on-HR-146-the-Omnibus-Public-Lands-Management-Act/

The President's Budget FY 2011: What's in it for Rural America?
http://www.rupri.org/Forms/Dabson_FY11Budget.pdf

Paying the Costs of Wind Power
<http://www.dailyyonder.com/paying-costs-wind-power/2010/07/19/2846>

Education and Support for Community Colleges

Rural unemployment is reaching significant levels due in part to lower educational achievement. Competing in a global economy will require higher educational achievement than ever before, certainly completion of at least some post-secondary education. Unfortunately, in rural counties roughly 20% of the population has a college degree, compared to about 30% in urban counties.

Community colleges are a tremendous asset for rural America given their reputation for accessibility, affordability and a wide range of relevant degree options. For rural communities to continue to thrive, a targeted focus on increasing access to community colleges is critical. The good news is that student enrollment at rural community colleges is growing twice as fast as at urban community colleges indicating a positive trend as graduates of rural community colleges tend to stay in their communities, thus bolstering the local economy.

What's Going on in DC?

The president's FY 2011 budget includes \$49.7 billion for the Department of Education's discretionary programs, an increase of \$3.5 billion over fiscal year 2010. The budget also includes \$173 billion in loans, grants, tax credits and work-study programs to help students go to college.

Under the proposed 2011 budget, the maximum Pell Grant increases by \$160 to \$5,710 and would automatically rise by the rate of inflation plus one percentage point annually over the next decade. It also includes the \$10.6 billion American Graduation Initiative that will improve and modernize community colleges, and graduate 5 million more students by 2020. An additional investment of \$3.5 billion is directed to the College Access and Completion Fund.

Provisions are included to ensure equitable geographic distribution of funds nationwide, including to rural communities.

The Pell Grant program is currently facing a \$5.7 billion shortage due to unexpected enrollment increases. Congress has failed to act to fill this gap amid the recent controversy over adding to the federal deficit.

Policy Action Opportunities

- Advocate for adequate levels of Pell Grant funding
- Seek available funding to strengthen communities around education- The proposed FY 2011 budget invests \$210 million in Promise Neighborhoods, an initiative that integrates school reform with strong family supports and effective community services across an entire neighborhood, so that youth successfully complete high school and continue on to college.
- Strengthen pipeline alignment between K-12 and community colleges- The proposed FY 2011 budget supports needed reforms of federal K-12 programs to promote college- and career readiness, enhance teacher and principal effectiveness, deliver a rigorous and complete education, improve educational options, and prepare our children for the jobs of the future.

Resources:

The President's Budget for Fiscal Year 2011 and Your State

<http://www.whitehouse.gov/omb/budget>

Setting up Success in Developmental Education: How State Policy can help Community Colleges Improve Student Outcomes

<http://www.achievingthedream.org>

Rural Students Clamor for New Pell Grants

<http://www.dailyonder.com>

American Association of Community Colleges – Federal Funding Updates

<http://www.aacc.nche.edu/advocacy>

Federal Student Aid

<http://studentaid.ed.gov/PORTALSWebApp/students/english/PellGrants.jsp>

Federal Grants

<http://www.grants.gov/>

U.S. Department of Education

<http://www2.ed.gov/news/pressreleases/2010/02/02012010.html>

Promise Neighborhoods

<http://www2.ed.gov/programs/promiseneighborhoods/index.html>

Implementing Federal Healthcare Reform Legislation: State Level Policy Opportunities

On March 23, 2010, President Obama signed into law the Affordable Care Act. The law, with subsequent amendments, puts into place comprehensive healthcare reforms that are intended to hold insurance companies more accountable, lower healthcare costs, guarantee more healthcare choices, and enhance the quality of healthcare for all Americans. The Act will not be implemented all at once. Portions of the law have already taken effect. Other changes will be implemented through 2014 and beyond.

What's Going on in DC?

Since passage of the healthcare legislation, the federal government has been working to disseminate important information about the implementation of the law to agencies, states, businesses, individuals and other relevant parties. It is also working to provide appropriate support for the short- and long-term process of implementation through the creation of online repositories of information. These resources are designed to help states navigate the aspects of the health reform law that are likely to have the biggest effect on states – the Medicaid expansion, the establishment of health insurance exchanges, insurance regulations, and delivery system initiatives, along with important governance, coordination, funding and timing issues for states.

Policy Action Opportunities

The immediate next steps of health reform fall with the states. The following are some provisions of the legislation that are of particular importance to states:

- \$5 billion is appropriated toward the creation of a temporary national high risk pool for people with pre-existing conditions. States can qualify for funding to operate their own high risk pool or can opt to have the federal government carry out the program.
- States are required to create American Health Benefit Exchanges and Small Business Health Options Program Exchanges administered by a governmental agency or non-profit organization through which individuals or businesses (up to 100 employees) can purchase qualified coverage. States may form regional Exchanges or allow more than one exchange to operate in a state as long as each Exchange serves a distinct geographic area. Funding is available to states to establish Exchanges within one year of enactment and until January 1, 2015.
- States are given options and financial incentives to expand home- and community-based services through a Medicaid state plan.
- The law establishes the Community-based Collaborative Care Network Program to support consortiums of health care providers to coordinate and integrate healthcare services for low-income uninsured and underinsured populations. (Funds are appropriated for five years beginning in fiscal year 2011.)
- \$11 billion in new funding is appropriated to community health centers, the National Health Service Corps, school-based health centers and nurse-managed health clinics.
- The newly created Center for Medicare and Medicaid Innovation is directed to consider rural telehealth expansions. Funding has been appropriated to that end.
- The law offers state grants to providers in medically underserved areas and to train and recruit providers to serve in rural areas. (Funds are appropriated for 6 years beginning in fiscal year 2010.)

- States are required to maintain current income eligibility levels for children in Medicaid and the Children’s Health Insurance Programs (CHIP) until 2019 and extend funding for CHIP through 2015. Beginning in 2015, states will receive a 23% increase in the CHIP match rate up to a cap of 100%.
- States must establish an office of health insurance consumer assistance or an ombudsman program to serve as an advocate for people with private coverage in the individual and small group markets. [Federal grants available beginning fiscal year 2010]

Resources

Healthcare.gov

www.healthcare.gov

Kaiser Family Foundation – Summary of Healthcare Legislation

<http://www.kff.org/healthreform/upload/8061.pdf>

Brookings Institution – Engelberg Center for Health Care Reform

<http://www.brookings.edu/health.aspx>

National Governors Association – Health Reform Implementation Resource Center

<http://www.nga.org/portal/site/nga/menuitem.751b186f65e10b568a278110501010a0/?vgnextoid=7f8844ce25208210VgnVCM1000005e00100aRCRD&vgnnextchannel=92ebc7df618a2010VgnVCM1000001a01010aRCRD>

Congressional Budget Office

<http://www.cbo.gov/publications/collections/health.cfm>

National Governors Association – “Potential Funding Opportunities for States”

<http://www.nga.org/Files/pdf/2010HEALTHREFORMFUNDING.PDF>

Increased Access to Healthcare

With the passage of the Affordable Care Act in 2010, which focuses on increased access to healthcare, leaders across the country are facing the challenge of ensuring that the infrastructure is in place to support the increase in demand. The shape that new federal legislation will take and how it will impact the most vulnerable populations, is largely dependant on state-level response to these challenges.

What's Going on in DC?

The new law contains several specific provisions to meet critical healthcare workforce needs and improve the healthcare infrastructure of rural areas. Confronting the more than twofold difference in the concentration of doctors between rural and urban areas, the legislation contains loan repayment and other incentive programs to encourage medical providers to enter primary care and work in areas with professional health shortages or that are medically underserved.

The law also builds on the Recovery Act's support for the rural medical workforce by expanding graduate medical education positions in rural teaching hospitals and by supporting training for doctors and nurses in rural healthcare. It also requires the Medicare Payment Advisory Commission to review payment adequacy for rural health care providers serving the Medicare program. In the area of infrastructure support, the law contains specific protections for rural areas that maintain payments for hospitals that are the sole sources of coverage in their community, extends demonstration programs that analyze reimbursement practices at rural hospitals, and builds on the Recovery Act by directing the newly created Center for Medicare and Medicaid Innovation to consider rural telehealth expansions.

Policy Action Opportunities

While the legislation is federal, the impact of reform on individual states will vary based on their economic situation, current health insurance coverage, and health care expenditures, among other factors. The majority of the federal legislation focuses on issues of access. This is forcing tough questions about whether an already struggling healthcare system can support 32 million additional patients. Furthermore, high-quality healthcare is seldom consistently distributed across populations, and vulnerable groups – based on race, ethnicity, or geography– are more likely to be negatively affected by disparities in healthcare. In order to meet the increase in demand, states must seize opportunities to bolster the following:

- *Workforce Development:* The healthcare workforce crisis is particularly apparent in rural America, where many citizens are forced to travel great distances for quality care. A targeted focus on training more doctors, nurses and other healthcare professionals is key, keeping in mind that quality care can be provided by nurses and physicians assistants and not only by a doctor. Coupled with the need to train additional workers is the need for a strategy to attract and retain them, particularly in rural areas. Partnerships must be formed within and among community colleges, four-year institutions and other educational institutions with the capacity to train healthcare professionals. Incentives for attraction and retention should be explored.
- *Healthcare Technology:* Meeting the demand for healthcare that comes with increased access must be a two-pronged approach of targeted workforce development and increased use of technology. Advances in “telehealth” and “web medicine” are allowing a greater number of citizens, especially in rural areas, to have access to critical medical care.

Accessing medical care in the comfort of one's home reduces individual and overall costs and promotes preventative care. Furthermore, technology can connect rural residents with specialists and other-high-quality care through their community health center or hospital. Technology has the potential to bring high-quality healthcare to more isolated and sometimes vulnerable populations more efficiently and cost-effectively.

Resources:

Association of Schools of Public Health policy brief - "Confronting the Public Health Workforce Crisis"

<http://www.asph.org/UserFiles/WorkforceShortage2010Final.pdf>

Executive Office of the President, Council of Economic Advisers – "Strengthening the Rural Economy"

<http://www.whitehouse.gov/administration/eop/cea/factsheets-reports/strengthening-the-rural-economy/executive-summary>

Kaiser Family Foundation – Summary of Healthcare Legislation

<http://www.kff.org/healthreform/upload/8061.pdf>

Tax Credits for Renewable Energy

Rural communities contain unique topographical and geological assets that can deliver advanced biofuels and capture wind, solar, and biomass energy. The current goal of the Obama administration is to decrease dependence on foreign oil by producing and refining more bio-fuels and drawing 25% of electricity from renewable sources by 2025. Even though legislative action around cap and trade bill policies are currently off the table, pressures related to climate change will keep alternative energy production a priority. Additional policies are needed to develop production systems and technologies that will ensure environmental improvement and fair access to markets.

What's Going on in DC?

President Obama's FY 2011 budget proposes support through the USDA for biorefineries to utilize advanced biomass crops, research designed to create cellulosic and advanced biofuels, and assistance to transition fossil fuel-dependent electric utilities to renewable energy.

The American Recovery and Reinvestment Act (ARRA) includes \$800 million for biofuels research and biomass production facilities and extends tax credits for biomass electricity.

The ARRA authorized an additional \$1.6 billion for Clean Renewable Energy Bonds (CREBs) to finance renewable energy production facilities. The CREBs provide tax credits to bond holders and production tax credits for businesses creating renewable energy.

Policy Action Opportunity

- Support energy production tax credits for all renewable energy sources that are scaled to communities and small to medium-sized businesses.
- Create a "Rural Community Energy Independence Act," that builds the systems and markets that allow the growth of energy production activities in rural regions.

Resources:

The President's Budget for Fiscal Year 2011 and Your State

<http://www.whitehouse.gov/omb/budget>

National Rural Assembly - Stewardship of Natural Resources

<http://www.ruralassembly.org/principles/stewardship-natural-resources/>

U.S. Department of Energy Tax Breaks

<http://www.energy.gov/additionaltaxbreaks.htm>

DSIRE – State and Federal incentives and policies that promote renewable energy production

<http://www.dsireusa.org>

Promoting Private Investment in Rural America: Federal Tax and Finance Policy

Increasing private investment in rural communities is crucial to their future prosperity. Rural America too often suffers from net outflows of resources and assets to urban areas and a consequent overdependence on public transfer payments. With the aging of the Baby Boom generation, rural communities face potentially enormous losses of resources to heirs living elsewhere. At the same time, however, rural communities can benefit from the emergence of new growth opportunities in the American economy, including those linked to sustainable energy and others that depend on access to broadband services.

With the right development strategies and supportive policies, rural America can add new value to the national economy while increasing community wealth. Important to realizing this vision will be new and increased mechanisms for promoting the retention and attraction of private investment flows in ways that “stick,” i.e. avoid large outflows of the profits to investors who live elsewhere.

There are a myriad of ways in which federal tax and finance policies play in directly or indirectly increasing investment in rural communities.

What’s Going on in DC?

President Obama made a variety of pledges and has undertaken initiatives that will increase private investment flows to rural America:

- *Recovery Act*: tax credits, bonds, loan guarantees and grants that promote alternative forms of energy.
- *New Market Tax Credits*: Enacted in 2000, this program has allocated \$26 billion in tax credits to investors in businesses and non-profits that invest in low-income communities. In February 2010, the Obama administration proposed a \$5 billion budget for FY11 and changes to program rules that increase investors’ interest.
- *Obama Campaign Pledges*: The Obama campaign pledged to enact a 20% tax credit for up to \$50,000 invested in small owner-operated businesses as well as an unspecified tax credit for new farmers.
- *Community Forest Bonds*: A new financing mechanism to preserve working forests through the issuance of tax-exempt revenue bonds. Passed in various forms in both houses of the U.S. Congress, this idea has never made it through the conference committee process. A bill was most recently introduced in 2009 as the Community Forestry Conservation Act.

Policy Action Opportunities

Each existing federal program that offers direct or indirect support for private investment and for entrepreneurial activity is a potential target for expansion. Considering only the opportunities previously mentioned:

- Inform U.S. legislators and the Obama administration of the need to better fund and make permanent the New Market Tax Credit Program. This program currently requires authorization annually.
- Advocate for the Obama administration to follow through on its pledges to introduce specific proposals for tax credits for small business investment and for new farmers.

- Inform U.S. legislators and the Obama administration of the importance of new mechanisms to fund the conservation of forest resources.

Resources:

Wealth Creation in Rural Communities (publication series funded by the Ford Foundation)

<http://www.yellowwood.org/wealthcreation.aspx>

Formulating a Sustainable Economic Development Process for Rural America: Second Interim Report

<http://www.yellowwood.org/Formulating%20a%20Sustainable%20Economic%20Development%20Process%202nd%20Interim%20Report.pdf>

The Role of Equity Capital in Rural Communities (part of “Wealth Creation” series)

<http://www.yellowwood.org/The%20Role%20of%20Equity%20Capital%20in%20Rural%20Communities.pdf>

New Markets Tax Credit Program – General Overview

http://www.mondaq.com/unitedstates/article.asp?article_id=104426 (general overview)

New Markets Tax Credit Program – Obama Administration

<http://www.webcpa.com/news/Treasury-Expand-New-Markets-Tax-Credit-53329-1.html>

<http://www.treas.gov/press/releases/reports/nmtc%20fact%20sheet.pdf>

Community Forestry Bonds

<http://www.landtrustalliance.org/policy/taxincentives/other-federal-tax-incentives/forest-bonds>