

Opportunity for All: Investing in American Innovation

A Roadmap for Growth, Opportunity, and Fiscal Responsibility: The President's Budget provides a roadmap for accelerating economic growth, expanding opportunity for all Americans, and ensuring fiscal responsibility. It invests in infrastructure, job training, preschool, and pro-work tax cuts, while reducing deficits through health, tax, and immigration reform.

Builds on Bipartisan Progress: The Budget adheres to the 2015 spending levels agreed to in the Bipartisan Budget Act and shows the choices the President would make at those levels. But it also shows how to build on this progress to realize the nation's full potential with a fully paid for \$56 billion Opportunity, Growth, and Security Initiative, split evenly between defense and non-defense priorities.

WHAT THE PRESIDENT'S BUDGET DELIVERS:

- **Stronger Growth and Job Creation:**
 - Advanced manufacturing – Invests in American innovation and strengthens our manufacturing base, including a national network of 45 manufacturing institutes.
 - Research and innovation – Supports ground-breaking research to fight disease, protect the environment, and develop new technologies, and makes permanent the R&D Tax Credit.
 - Pro-growth infrastructure – Lays out an ambitious, four-year \$302 billion surface transportation reauthorization proposal paid for with transition revenue from pro-growth business tax reform.
 - Government reform – Promotes government management that delivers improved services that are more effective, efficient, and supportive of economic growth.
- **Opportunity for All:**
 - Tax cuts for working Americans – Doubles the maximum value of the childless worker EITC to build on the EITC's success in encouraging people to enter the workforce and reducing poverty; improves tax benefits that help middle-class and working families pay for child care and college and save for retirement.
 - Preschool for all – Invests in the President's vision of making access to high-quality preschool available to every four-year-old child.
 - Job-driven training – Invests in new efforts to drive greater performance and innovation in workforce training to equip workers with skills that match the needs of employers.
- **Fiscal Responsibility:**
 - Continues historic progress in slowing health care cost growth – Builds on the savings and reforms in the Affordable Care Act with additional measures to strengthen Medicare and Medicaid, slow health care cost growth, and improve the quality of care.
 - Pro-growth tax reform – Curbs inefficient and unfair tax breaks that benefit the wealthiest, and ensures that everyone is paying their fair share.
 - Immigration reform – Supports comprehensive reform of our broken immigration system, which independent economists say will grow our economy and shrink our deficits.
 - Further reduces the deficit and debt – By paying for new investments and tackling our true fiscal challenges, reduces deficits to 1.6 percent of GDP by 2024, and stabilizes debt as a share of the economy by 2015 and puts it on a declining path after that.

Creating jobs that pay good wages is the best way to grow our economy and the middle class. To compete in the 21st Century economy and make America a magnet for job creation and opportunity, we need to invest in American innovation, strengthening our manufacturing base and keeping our nation at the forefront of technological advancement. And to ensure our energy security and address global climate change, we must continue to focus on domestic energy production, the development of clean energy alternatives, and the promotion of energy efficiency. The Budget therefore includes investments in advanced manufacturing, research and development (R&D), and clean energy and energy efficiency technologies.

Making America a Magnet for Jobs. The President is committed to making America a magnet for jobs and manufacturing so that we can create new opportunities for American workers.

- *Transforming Communities into World-Leading Centers of Advanced Manufacturing.* To support investment and accelerate innovation in U.S. manufacturing, the President has called for the creation of a national network of manufacturing innovation institutes across the country. Leveraging the strengths of a particular region, each institute will bring together companies, universities and community colleges, and Government to co-invest in the development of world-leading manufacturing technologies and capabilities that U.S.-based manufacturers can apply in production. Through a combination of base discretionary funds and the Opportunity, Growth, and Security Initiative, and building on the four institutes already launched and the five additional institutes expected to be launched in 2014, the Budget supports the President's goal announced last summer of creating 45 new manufacturing innovation institutes over 10 years.
- *Expanding SelectUSA to Attract Investment to Our Shores.* In 2011, the President launched SelectUSA at the Department of Commerce, creating the first Federal effort to actively attract business investment in the United States. Building on the \$7 million provided in the Consolidated Appropriations Act, the Budget supports the President's proposal to significantly expand and enhance SelectUSA, using a whole of Government approach.
- *Providing Incentives for Manufacturing and Insourcing.* Recent productivity growth has made the U.S. more competitive in attracting businesses to invest and create jobs by reducing the relative cost of doing business compared to other countries. But further progress is possible. That's why the Budget creates a tax incentive to bring offshore jobs and investments back into the U.S., and reduces tax benefits in current law for expenses incurred to move U.S. jobs offshore. In addition, because the loss of a major employer can devastate a community, and incentives could encourage investments that help such communities recover more quickly, the Budget provides a tax credit for these communities to spur re-investment and economic revitalization.

Investing in Research & Development. Scientific discovery, technological breakthroughs, and innovation are the primary engines for expanding the frontiers of human knowledge and are vital for responding to the challenges and opportunities of the 21st Century. We look to scientific innovation to promote sustainable economic growth and job creation, improve the health of all Americans, move us toward a clean energy future, address global climate change, manage competing demands on natural resources, and ensure the security of the Nation. Science and engineering research is a valuable source of new knowledge that has driven important developments in fields ranging from telecommunications to medicine, yielding high economic and social rates of return and creating entirely new industries with highly-skilled, high-wage jobs.

Continuing our commitment to world-class science and research, the Budget provides \$135 billion for R&D, while targeting resources to those areas most likely to directly contribute to the creation of transformational technologies that can create the businesses and jobs of the future. The base Budget increases R&D above 2014 enacted levels and provides further support for R&D and clean energy activities through an additional \$5 billion in the Opportunity, Growth, and Security Initiative to drive progress in several key areas.

- *Advanced Manufacturing.* In the area of manufacturing, the Budget will support the development and scaling of new advanced manufacturing technologies, including increasing research in the National Institute of Standards and Technology's labs, helping smaller manufacturers adopt new technologies to increase their competitiveness, and accelerating the transfer of new technologies from Federal labs to industry. The Budget provides the Department of Energy's Advanced Manufacturing Office \$305 million to develop and commercialize emerging energy-efficient and cross-cutting manufacturing technologies, including through Clean Energy Manufacturing Innovation Institutes, strengthening U.S. competitiveness and increasing industrial energy productivity. In addition, the Opportunity, Growth, and Security Initiative provides support to firms to scale-up new advanced manufacturing technologies into full-scale commercial production.
- *Health Care R&D.* In the area of health care, the Budget, including the Opportunity, Growth, and Security Initiative, will support biomedical research at the National Institutes of Health, providing about 9,500 new NIH grants that will help us better understand the fundamental causes and mechanisms of disease. It will help us in the fight against Alzheimer's disease, cancer and other diseases that affect millions of Americans. It will support NIH's contribution to the multi-agency BRAIN initiative, which will help revolutionize our understanding of how the human brain processes, stores and retrieves information. And it will allow for the development of a new health research program modeled after the Defense Advanced Research Projects Agency (DARPA) designed to fund innovative projects designed to accelerate the discovery of life-saving treatments and cures. The Opportunity, Growth, and Security Initiative would amplify these investments by providing funding for additional new NIH grants while also increasing funding for the NIH DARPA-like initiative and the BRAIN Initiative.
- *Agriculture R&D.* In the area of agriculture, the Budget includes funding for the Agriculture and Food Research Initiative competitive research program, supporting research in areas important to American agriculture, such as bioenergy, food security, water, obesity prevention, and food safety. The Budget also includes funding to support three multidisciplinary institutes, including ones dedicated to advanced bio-based manufacturing and anti-microbial research. The Opportunity, Growth, and Security Initiative includes additional funding to support competitive research and construction of a new biosafety research laboratory in Athens, GA.
- *Supporting Private-Sector R&D by Reforming and Making Permanent the Research and Experimentation Tax Credit.* The Research and Experimentation (R&E) Tax Credit is an important Federal incentive for private-sector R&D. But the R&E Tax Credit is less effective than it could be in spurring additional R&D because it is complicated and temporary. Currently, businesses must choose between using a complex, outdated formula that provides a 20 percent credit rate and a much simpler one that provides a 14 percent credit rate. The Budget would increase the rate of the simpler credit to 17 percent, which would make it more attractive and simplify tax filing for businesses. In addition, the Budget makes the R&E credit permanent to provide certainty and increase effectiveness.

Investing in Homegrown Clean Energy. In order to secure America’s energy future and cut carbon pollution to protect our children from the impacts of climate change, the Budget invests in clean energy, improving energy security, and enhancing preparedness and resilience to climate change. For example, increased funding is proposed for clean energy technology investment at the Department of Energy’s Office of Energy Efficiency and Renewable Energy and the Advanced Research Projects Agency – Energy, building on the Administration’s success in reducing our dependence on foreign oil, promoting energy efficiency, and doubling U.S. renewable electricity generation. The Opportunity, Growth, and Security Initiative would provide additional investment, focusing on applied research at the Department of Energy to accelerate the development and deployment of new energy efficiency and renewable energy technologies – such as higher-performing electric drive motors, batteries, and ultra-light materials and composites to enable electric vehicles to be as affordable and convenient as the gasoline powered vehicles we drive today; and technological advances to make renewable electricity as inexpensive and accessible as traditional sources of electricity. These investments are critical components of the President’s Climate Action Plan, bringing about a clean energy economy with new businesses, jobs, and opportunities for American workers.

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