

# THE BUDGET MESSAGE OF THE PRESIDENT

TO THE CONGRESS OF THE UNITED STATES:

As I look back on the past seven years, I am inspired by America's progress—and I am more determined than ever to keep our country moving forward. When I took office, our Nation was in the midst of the worst recession since the Great Depression. The economy was shedding 800,000 jobs a month. The auto industry was on the brink of collapse and our manufacturing sector was in decline. Many families were struggling to pay their bills and make ends meet. Millions more saw their savings evaporate, even as retirement neared.

But thanks to the grit and determination of the American people, we rescued our economy from the depths of the recession, revitalized our auto industry, and laid down new rules to safeguard our economy from recklessness on Wall Street. We made the largest investment in clean energy in our history, and made health care reform a reality. And today, our economy is the strongest, most durable on Earth.

Our businesses have created more than 14 million jobs over 70 months, the longest streak of job growth on record. We have cut our unemployment rate in half. Our manufacturing sector has added nearly 900,000 jobs in the last six years—and our auto industry just had its best year of sales ever. We are less reliant on foreign oil than at any point in the previous four decades. Nearly 18 million people have gained health coverage under the Affordable Care Act (ACA), cutting the uninsured rate to a record low. Our children are graduating from high school at the highest rate ever. And we managed to accomplish all of this while dramatically cutting our deficits by almost three-quarters and setting our Nation on a more sustainable fiscal path. Together, we have brought America back.

Yet while it is important to take stock of our progress, this Budget is not about looking back at the road we have traveled. It is about looking forward. It is about making sure our economy works for everybody, not just those at the top. It is about choosing investments that not only make us stronger today, but also reflect the kind of country we aspire to be—the kind of country we want to pass on to our children and grandchildren. It is about answering the big questions that will define America and the world in the 21<sup>st</sup> Century.

My Budget makes critical investments while adhering to the bipartisan budget agreement I signed into law last fall, and it lifts sequestration in future years so that we continue to invest in our economic future and our national security. It also drives down deficits and maintains our fiscal progress through smart savings from health care, immigration, and tax reforms. And, it focuses on meeting our greatest challenges not only for the year ahead, but for decades to come.

First, by accelerating the pace of American innovation, we can create jobs and build the economy of the future while tackling our greatest challenges, including addressing climate change and finding new treatments—and cures—for devastating diseases.

The challenge of climate change will define the contours of this century more dramatically than any other. Last year was the hottest on record, surpassing the record set just a year before. Climate change is already causing damage, including longer, more severe droughts and dangerous floods, disruptions to our food and water supply, and threats to our health, our economy, and our security.

We have made great strides to foster a robust clean energy industry and move our economy away from energy sources that fuel climate change. In communities across the Nation, wind power is now cheaper than dirtier, conventional power, and solar power is saving Americans tens of millions of dollars a year on their energy bills. The solar industry employs more workers than the coal industry—in jobs that pay better than average.

Despite these advances, we can and must do more. Rather than shrinking from the challenge, America must foster the spirit of innovation to create jobs, build a climate-smart economy of the future, and protect the only planet we have. To speed our transition to an affordable, reliable, clean energy system, my Budget funds Mission Innovation, our landmark commitment to double clean energy research and development funding. It also calls for a 21<sup>st</sup> Century Clean Transportation initiative that would help to put hundreds of thousands of Americans to work modernizing our infrastructure to ease congestion and make it easier for businesses to bring goods to market through new technologies such as autonomous vehicles and high-speed rail, funded through a fee paid by oil companies. It proposes to modernize our business tax system to promote innovation and job creation. It invests in strategies to make our communities more resilient to floods, wildfires, and other effects of climate change. And, it protects and modernizes our water supply and preserves our natural landscapes. These investments, coupled with those in other cutting-edge technology sectors ranging from manufacturing to space exploration, will drive new jobs, new industries, and a new understanding of the world around us.

Just as a commitment to innovation can accelerate our efforts to protect our planet and create a sustainable economy, it can also drive critical medical breakthroughs. The Budget supports a new “moonshot” to finally cure cancer, an effort that will be led by the Vice President and will channel resources, technology, and our collective knowledge to save lives and end this deadly disease. It also supports the Precision Medicine Initiative to accelerate the development of customized treatments that take into account a patient’s genes, environment, and lifestyle, as well as the BRAIN Initiative, which will dramatically increase our understanding of how the brain works.

Second, we must work to deliver a fair shot at opportunity for all, both because this reflects American values and because, in the 21<sup>st</sup> Century global economy, our competitiveness depends on tapping the full potential of every American. Even as we have rebounded from the worst economic crisis of our lifetimes, too many families struggle to reach the middle class and stay there, and too many kids face obstacles on the path to success.

Real opportunity begins with education. My Budget supports the ambitious goal that all children should have access to high-quality preschool, including kids from low-income families who too often enter kindergarten already behind. It also supports States and cities as they implement a new education law that will place all students on a path to graduate prepared for college and successful careers. The bipartisan Every Student Succeeds Act sets high standards for our schools and students, ensures that States are held accountable for the success of all students, including those in the lowest performing schools, spurs innovation in education, helps schools recruit and support great teachers, and encourages States to reduce unnecessary testing. And because jobs in science, technology, engineering, and mathematics are projected to grow faster than other jobs in the years

ahead, the Budget makes critical investments in math and science. Through a new Computer Science for All initiative, the Budget will expand the teaching and learning of these important concepts across America's schools, better preparing our Nation's students for today's innovation economy.

Higher education is the clearest path to the middle class. By 2020, two-thirds of jobs will require some education beyond high school. For our students and for our economy, we must make a quality college education affordable for every American. To support that goal, the Budget strengthens Pell Grants to help families pay for college by increasing the scholarships available to students who take enough courses to stay on track for on-time graduation, allowing students making progress toward their degrees to get support for summer classes, and providing scholarships to help incarcerated Americans turn their lives around, get jobs, and support their families. It also offers two years of free community college to every responsible student and strengthens the American Opportunity Tax Credit.

In addition to preparing students for careers, we must help workers gain the skills they need to fill jobs in growing industries. My Budget builds on the progress we have made to improve the Nation's job training programs through implementation of the bipartisan Workforce Innovation and Opportunity Act. It funds innovative strategies to train more workers and young people for 21<sup>st</sup> Century jobs. And it doubles down on apprenticeships—a proven pathway to the middle class—and supports a robust set of protections for the health, safety, wages, working conditions, and retirement security of working Americans.

Even as we invest in better skills and education for our workforce, we must respond to dramatic changes in our economy and our workforce: more automation; increased global competition; corporations less rooted in their communities; frequent job changes throughout a worker's career; and a growing gap between the wealthiest and everyone else. These trends squeeze workers, even when they have jobs, even when the economy is growing. They make it harder to start a career, a family, a business, or retirement.

To address these changes and give Americans more economic security, we need to update several key benefit structures to make sure that workers can balance work and family, save for retirement, and get back on their feet if they lose a job. The Budget supports these priorities by funding high-quality child care, encouraging State paid leave policies, extending employer-based retirement plans to part-time workers, putting us on a path to more portable benefit models, and providing a new tax credit for two-earner families. It also modernizes the unemployment insurance system, so that more unemployed workers receive the unemployment benefits they need and an opportunity to retrain for their next job. And, if that new job does not pay as much initially, it offers a system of wage insurance to encourage workers to rejoin the workforce and help them pay their bills. The Budget includes tax cuts for middle-class and working families that will make paychecks go further in meeting the costs of child care, education, and saving for retirement. It builds upon the demonstrated success of the Earned Income Tax Credit by expanding it for workers without children and non-custodial parents.

Providing opportunity to all Americans means tackling poverty. Too many Americans live in communities with under-performing schools and few jobs. We know from groundbreaking new research that growing up in these communities can put lifelong limits on a child's opportunities. Over the past few years, we have made progress in supporting families that were falling behind. For example, working family tax credits keep more than 9 million people—including 5 million children—out of poverty each year, and the ACA provides access to quality, affordable health care to millions. Nevertheless, we need to do more to ensure that a child's zip code does not determine his or her

destiny. Improving the opportunity and economic security of poor children and families is both a moral and an economic imperative.

The Budget funds innovative strategies to support this goal, including helping families move to safer neighborhoods with better schools and more jobs, revitalizing distressed communities to create more neighborhoods of opportunity, preventing families experiencing a financial crisis from becoming homeless, and ensuring that children have enough to eat when school is out for the summer. It also supports efforts to break the cycle of poverty and incarceration through criminal justice reform.

Finally, as we work to build a brighter future at home, we must also strengthen our national security and global leadership. The United States of America is the most powerful nation on Earth, blessed with the finest fighting force in the history of the world.

Still, this is a dangerous time. We face many threats, including the threat of terrorist attacks and violent extremism in many forms. My highest priority is keeping the American people safe and going after terrorist networks. That is why my Budget increases support for our comprehensive strategy to destroy the Islamic State of Iraq and the Levant (ISIL), in partnership with more than 60 other countries, by eliminating its leadership, cutting off its financing, disrupting its plots, stopping the flow of terrorist fighters, and stamping out its vicious ideology. If the Congress is serious about winning this war and wants to send a message to the troops and the world, it should specifically authorize the use of military force against ISIL.

The Budget also sustains and builds the strength of our unmatched military forces, making the investments and reforms that will maintain our Nation's superiority and ensure our advantage over any potential adversary. It also makes investments to ensure that our men and women in uniform, who sacrifice so much to defend our Nation and keep us safe, get the support they have earned to succeed and thrive when they return home.

Cybersecurity is one of our most important national security challenges. As our economy becomes increasingly digital, more sensitive information is vulnerable to malicious cyber activity. This challenge requires bold, aggressive action. My Budget significantly increases our investment in cybersecurity through a Cybersecurity National Action Plan. This Plan includes retiring outdated Federal information technology (IT) systems that were designed in a different age and increasingly are vulnerable to attack, reforming the way that the Federal Government manages and responds to cyber threats, and recruiting the best cyber talent. It will also help strengthen cybersecurity in the private sector and the digital ecosystem as a whole, enhancing cyber education and making sure companies and consumers have the tools they need to protect themselves. But many of our challenges in cybersecurity require bold, long-term commitments to change the way we operate in an increasingly digital world. That is why, to complement these steps, I am also creating a commission of experts to make recommendations for enhancing cybersecurity awareness and protections inside and outside of Government, protecting privacy, and empowering Americans to take better control of their digital security.

To ensure security at home, we must also demonstrate leadership around the world. Strong leadership means not only a wise application of military power, but also rallying other nations behind causes that are right. It means viewing our diplomacy and development efforts around the world as an essential instrument of our national security strategy, and mobilizing the private sector and other donors alongside our foreign assistance to help achieve our global development and climate priorities. The Budget supports this vision with funding for effective global health programs to fight HIV/AIDS,

malaria, and other illnesses; assistance for displaced persons and refugees, including from Syria; and expanding educational opportunities for girls, among many other critical development initiatives.

As we make these investments to meet our greatest challenges, we are also working to build a 21<sup>st</sup> Century Government that delivers for the American people. The Budget supports efforts to make the Federal Government more efficient and effective, through smarter IT delivery and procurement, improving digital services, eliminating outdated regulations, and recruiting and retaining the best talent. It also invests in a new approach to working in local communities, one that disrupts an outdated, top-down approach, and makes our efforts more responsive to the ideas and concerns of local citizens. The Budget supports the use of data and evidence to drive policymaking, so the Federal Government can do more of what works and stop doing what does not.

The Budget is a roadmap to a future that embodies America's values and aspirations: a future of opportunity and security for all of our families; a rising standard of living; and a sustainable, peaceful planet for our kids. This future is within our reach. But just as it took the collective efforts of the American people to rise from the recession and rebuild an even stronger economy, so will it take all of us working together to meet the challenges that lie ahead.

It will not be easy. But I have never been more optimistic about America's future than I am today. Over the past seven years, I have seen the strength, resilience, and commitment of the American people. I know that when we are united in the face of challenges, our Nation emerges stronger and better than before. I know that when we work together, there are no limits to what we can achieve. Together, we will move forward to innovate, to expand opportunity and security, and to make our Nation safer and stronger than ever before.

BARACK OBAMA

THE WHITE HOUSE,  
FEBRUARY 9, 2016.

