THE WHITE HOUSE ★ WASHINGTON DC

FEBRUARY, 12 2013

THE PRESIDENT'S PLAN FOR A STRONG MIDDLE CLASS & A STRONG AMERICA





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The President's Plan for A Strong Middle Class & A Strong America

A thriving middle class has always been America's engine of economic growth. Reigniting that engine is the defining challenge of our time.

The President's plan builds on the progress we've made during his first term and strengthens the middle class by making America a magnet for jobs and manufacturing, equipping every American with the skills they need to do those jobs, and ensuring that hard work leads to a decent living. These investments in manufacturing, clean energy, infrastructure, and education will grow our economy from the middle class out—not from the top down—and, when combined with the President's plan for balanced deficit reduction, none of these proposals will add a dime to the deficit.

❖ Making America a Magnet for Jobs ❖

The President's plan begins with attracting more jobs to our shores. Together, we can prove that America is the best place to do business by training our workers for high-tech manufacturing jobs and rebuilding our infrastructure so our businesses have the tools they need to compete in the global economy. By investing in clean energy, we can continue to create good American jobs, reduce our reliance on foreign oil, and reduce the cost of energy for families and businesses. And we can cut red tape to create jobs rebuilding our housing sector and help responsible homeowners save $3,000 a year by refinancing at today's low rates.

❖ Equipping Americans with the Skills they Need ❖

Education and job training are critical to strengthening the middle class and preparing our kids to compete in the global economy. The President's plan provides high-quality preschool for every child and teaches high school graduates the real world skills they need to find a job today. For those graduates pursuing higher education, the President's plan cuts the cost of college for families by rewarding quality schools that make higher education affordable. And while we fix our broken immigration system so everyone plays by the same rules, we also need to attract the best workers and entrepreneurs to help create jobs and grow our economy.

❖ Ensuring Hard Work Leads to a Decent Living ❖

Our economy is strongest when we expand opportunity and reward the hard work of every American. The President's plan rewards work by raising the minimum wage in stages to $9 an hour for 15 million Americans so an honest day's work pays more. For communities hardest hit by the recession, the President's plan forges partnerships with businesses to rebuild neighborhoods and provide job training that puts people back to work. And to strengthen families, the President's plan secures equal pay for equal work and encourages fatherhood.

❖ Cutting the Deficit in a Balanced Way ❖

In addition to making investments that we pay for responsibly to grow the middle class, the President believes we need to cut the deficit in a balanced way so we don't pass on crushing debt to future generations. The President is determined to cut wasteful spending, strengthen entitlements, and ask the wealthy to do their fair share in order to finish the job of $4 trillion in balanced reduction. We can also make our tax code more simple, fair, and competitive by eliminating tax loopholes for the wealthy and big corporations. But deficit reduction alone is not a plan for economic growth and we can't just cut our way to prosperity. Making smart investments in our people that we pay for responsibly is the only proven way to both cut our deficits and create a thriving middle class.

While we won't solve every challenge we face, there are steps we can take right now to grow the economy and where there is common ground the American people expect Congress to act. That is why the President has called on Congress to rally around building a strong middle class and a strong America.

MAKING AMERICA A MAGNET FOR JOBS

- **Bringing good manufacturing jobs back to America:** The President is committed to ensuring that America makes things the rest of the world buys. After decades of shedding jobs, American manufacturers have added approximately 500,000 jobs over the past three years. To build on that progress, the President has a comprehensive plan to revitalize our manufacturing sector which includes:

    - Partnering with businesses and communities to invest in American-made technologies and American workers through a network of Manufacturing Innovation Institutes: The President has proposed a one-time $1 billion investment to create a network of 15 manufacturing institutes across the country, and urges Congress to act on this proposal. But to make progress right away and build off the success of a pilot institute in Youngstown, Ohio, the President is announcing that he will act by executive authority to launch three new manufacturing innovation institutes this year. The President will launch these institutes through a co-investment of existing resources between federal agencies led by the Departments of Defense and Energy, along with new commitments from the private sector. Each institute will be a partnership between business, universities and community colleges, and government to develop and build manufacturing technologies and capabilities that will help U.S.-based manufacturers and workers compete and win.

    - End tax breaks for companies to ship jobs overseas and make the U.S. more competitive by reforming our tax code: To support our manufacturers and encourage companies to invest in the U.S., the President has proposed to reform our business tax code, lowering the corporate rate, with an even lower rate for manufacturers, expanding and making permanent the research and development tax credit, and putting in place an "offshoring tax" that would set a minimum tax on offshore earnings to encourage domestic investment and prevent a race to the bottom in corporate tax rates.

    - Bringing jobs back and encouraging investment in America: The President is calling on companies to do more to invest in America. To help our states and cities compete with foreign countries to attract business, the President will significantly expand the Department of Commerce's efforts to promote business investment. As a part of these efforts, the Administration will host a SelectUSA Investment Summit this year, matching businesses from around the world with local leaders to attract jobs and investment to our shores.

- **Slashing Reliance on Foreign Oil and increasing American energy security through clean energy:** For too long, our dependence on foreign oil has placed our national security and our economy at risk with volatile gas prices straining the budgets of middle class families. In the last four years, America has slashed our reliance on foreign oil and dramatically increased American production of renewable energy, making our country more energy secure than at any time in decades, while at the same time reducing carbon emissions, and creating jobs. While we won't solve this problem overnight, the President's all-of-the-above energy plan invests in homegrown energy sources— from natural gas to renewables—so that we can reduce our dependence on foreign oil, create good jobs here at home, cut the cost of energy for American families and businesses, and take significant action to address climate change.

- Build on success and continue to take sensible steps to confront climate change: Building on important progress achieved during the President's first term, including the doubling of energy from wind and solar and increasing fuel economy standards to 54.5 mpg by 2025, the United States must continue to take steps to reduce carbon pollution while also improving our ability to manage the climate impacts that are already being felt at home. The President has directed his cabinet to identify additional executive actions from across the administration to help reduce pollution, prepare our cities and nation for the worsening effects of climate change, and accelerate the transition to more sustainable sources of energy, which will be assessed if Congress does not take action.

- Doubling renewable electricity generation again by 2020: To once again double generation from wind, solar, and geothermal sources by 2020, the President has called on Congress to make the renewable energy Production Tax Credit permanent and refundable, as part of comprehensive corporate tax reform, providing incentives and certainty for investments in new clean energy.

- Help protect families from painful spikes in gas prices by establishing an Energy Security Trust: While the United States will continue to rely on responsibly produced oil and gas in the near term, President Obama is committed to a long-term policy that allows us to transition to cleaner alternatives, continuing to increase our energy security. The Energy Security Trust proposal, which is funded by revenue from oil and gas development on federal lands and offshore, has broad non-partisan support, including retired admirals and generals and leading CEOs. It is focused around one achievable goal: shifting our cars and trucks off oil. The trust will support research into a range of cost-effective technologies – like advanced vehicles that run on electricity, homegrown biofuels, and vehicles that run on domestically-produced natural gas.

- Saving people money by doubling American energy productivity by 2030, starting with a new Energy Efficiency Race to the Top for states: The President is laying out a bold but achievable goal to slash energy waste through increased efficiency. Modeled after a successful Administration approach in education reform, which was designed to promote forward-leaning policy adoption at the state-level, the President's Budget will include Race to the Top awards. These awards will support state governments that implement effective policies that increase energy efficiency and help decrease waste. Not only will increased efficiency save consumers money, the resulting reforms will drive investments that enhance manufacturing competitiveness, improve grid resiliency, and cut carbon pollution.

- **Rebuild and upgrade our infrastructure so our businesses have the tools they need to compete:** Since the President took office we have improved over 300,000 miles of U.S. roads, repaired or replaced over 22,000 bridges, and built or improved more than 6,000 miles of rail. But there's more to be done, which is why the President is calling for:

  - A "Fix it First" program to focus on our most urgent infrastructure repairs: Under this approach the President's proposal for $50 billion in frontloaded infrastructure investment includes $40 billion that would be targeted to the most urgent upgrades, like the 70,000 structurally deficient bridges across the country. In addition, the President is continuing to call for a long-term increase in surface transportation and rail funding financed by reductions in spending due to ending the wars, marking a major commitment to nation building here at home.

- Leveraging private sector investment to create jobs by upgrading critical business infrastructure through a Partnership to Rebuild America: The President is proposing policies aimed at increasing private sector investment that will create jobs upgrading critical business infrastructure, such as our transportation system, our power grid, and our oil and gas pipelines.

- **Rebuilding our housing sector to grow our economy and put more construction workers back on the job:** Just a few years ago our nation faced a housing crisis unlike any we've ever known, hurting millions of responsible homeowners. Today, the housing market is finally healing: Home prices are rising at the fastest pace in six years, home purchases are up nearly 50%, and construction is expanding again. The President is putting forward a plan to accelerate this progress:

  - Help responsible homeowners save $3,000 a year by refinancing at today's low rates: For borrowers with loans insured by Fannie Mae or Freddie Mac, the President's legislative proposals would eliminate appraisal costs, provide full competition between lenders to make sure borrowers get the best deal, and eliminate closing costs for borrowers who use their savings to rebuild equity. For those without government-backed loans, the President's plan would offer them an opportunity to refinance.

  - Putting people to work repairing homes through Project Rebuild: There are hundreds of communities where the weight of foreclosed and vacant properties will continue to hold back growth absent additional intervention. Building on progress made to rehabilitate or demolish more than one hundred thousand damaged or vacant properties in hundreds of communities, the President is proposing $15 billion for Project Rebuild to help the hardest hit communities rebuild while creating new construction jobs.

- **Encouraging fair trade and leveling the playing field by opening new markets for American-made products:** The President remains committed to doubling American exports while ensuring our trading partners play by the rules. To boost exports, the President will launch talks on a comprehensive trade agreement with the European Union with the goal of promoting free and fair trade across the Atlantic to support millions of good-paying American jobs and will complete the Trans-Pacific Partnership. The President will aggressively enforce trade laws to protect American workers from unfair trade practices and, to support those efforts, the President will build on the work of his Interagency Trade Enforcement Center, launched last year.

- **Investing in the best ideas to lead the world in innovation:** The President is committed to investing in science and technology so that America produces the best and most innovative products in the world. Investing in innovation will let us do things like map the human brain, help find new answers in the fight against Alzheimer's and other diseases, devise new clean energy technologies, and promote new advanced manufacturing initiatives.

EQUIPPING AMERICANS WITH THE SKILLS THEY NEED

- **Providing high-quality preschool for every child:** For this country to succeed in the 21st century, America must have the most dynamic, educated workforce in the world, and that education has to start early in life. Every dollar invested in early learning and development programs saves about $7 down the road in higher earnings that yield more revenue, and lower government spending on social services and crime prevention. But today, most four-year-olds aren't in a high-quality public preschool

program, and only ten states and the District of Columbia require school districts to provide free, full-day kindergarten.

- Supporting all 50 states to provide access to preschool for all low- and moderate-income children: The President is proposing to work with Congress to provide all low- and moderate-income 4-year-old children with high-quality preschool, while also expanding these programs to reach hundreds of thousands of additional middle class children, and incentivizing full-day kindergarten policies, so that all children enter kindergarten prepared for academic success.

- **Building the skills that lead to high-quality, high-wage jobs:** The President is committed to giving our students the opportunity to build the skills they need for the high-growth, high-wage jobs of the 21st century. Equipping all our citizens with the cutting-edge skills that lead to a good job means:

  - Creating a Master Teacher Corps of exemplary educators in science, technology, engineering and mathematics (STEM): President Obama is calling on Congress to commit new resources to create a STEM Master Teacher Corps, enlisting 10,000 of America's best and brightest science and math teachers to improve STEM education across America's schools.

  - Modernizing America's high schools for real-world learning: The President is announcing a new competition to kick-start a redesign of high schools to emphasize real-world learning. The President's plan will invest in redesigning high school to focus on providing challenging, relevant experiences, and reward schools that develop new partnerships with colleges and employers, and that create classes that focus on technology, science, engineering, and other skills today's employers are demanding to fill jobs open now and in the future. In addition, the President is proposing to strengthen and reform our federal investment in career and technical education to better align programs with the needs of employers and with the demands of higher education.

  - Building on a strong commitment to a skilled workforce: The President is committed to a skilled workforce and college completion, and continues to support the $8 billion Community College to Career Fund he put forward in his Budget last year, greater simplicity for workers, and accountability that training programs are effective in teaching workers the skills they need to find good-paying jobs and new careers.

- **Holding colleges accountable for cost, value and quality:** Today, the federal government provides more than $150 billion each year in direct loan and grant aid for America's students. In an era of limited resources, we must allocate the federal investment in student aid wisely, in order to promote opportunity in higher education and ensure the best return on investment. The President will call on Congress to consider value, affordability, and student outcomes in making determinations about which colleges and universities receive access to federal student aid, either by incorporating measures of value and affordability into the existing accreditation system; or by establishing a new, alternative system of accreditation that would provide pathways for higher education models and colleges to receive federal student aid based on performance and results.

  - A new *College Scorecard* to provide clear information about college: Last year, President Obama called for the development of a new *College Scorecard* to give students and families clear information about college costs and quality as they make decisions about higher education. The Administration is unveiling this interactive tool so that every student and family can gain information on individual colleges and universities – and compare them to similar institutions – as they conduct their college search.

- **Fixing our broken immigration system so everyone plays by the same rules and we attract the best and brightest workers:** The President is committed to commonsense immigration reform that holds undocumented workers and the companies that hire them accountable, and gives our businesses the talent they need to compete globally. He is calling on Congress to pass legislation that will continue to strengthen our borders, crack down on companies that hire undocumented workers, establish a path to earned citizenship for undocumented immigrants, and streamline the legal immigration system for families, workers, and businesses, including attracting highly skilled entrepreneurs and engineers that will create jobs and grow our economy.

- **Ensuring our veterans have the care, benefits, education, and job opportunities they have earned:** Ending a war responsibly also means caring for those who fought it—investing in world-class care, including mental health care, for our wounded warriors; supporting our military families; and giving our veterans the care, benefits, and opportunities they have earned. The Administration remains committed to continuing the success of the President's and First Lady's efforts to encourage the hiring of veterans through tax credits and private sector partnerships, and to ensure the military's transition program creates "career-ready" vets.

ENSURING HARD WORK LEADS TO A DECENT LIVING

- **Reward hard work by raising the minimum wage to $9 an hour:** In the wealthiest nation on Earth, no one who works full-time should have to live in poverty, which is why the President is calling on Congress to raise the federal minimum wage for working Americans in stages so that it reaches $9 an hour in 2015, raise the tipped minimum wage, and index it for inflation. At the current rate of $7.25 an hour, a full-time minimum wage worker makes $14,500 a year. Even with the tax relief that every parent receives for a child, a family of four with one full-time worker earning the minimum wage is living below the poverty line.

    - Raising wages for over 15 million workers while lifting many out of poverty and strengthening our economy: Raising the minimum wage and making sure it keeps pace with the cost of living means a raise for 15 million workers, the vast majority of whom are adults, and indirect increases for millions more, lifting many out of poverty. Raising the minimum wage to $9 restores the inflation-adjusted value of the minimum wage back to where it was in 1981. A range of economic studies show that modestly raising the minimum wage increases earnings without reducing overall employment, and in fact employers may see a more stable workforce due to reduced turnover and a customer base with more money to spend. That's why leading economists like Lawrence Katz (Harvard), Richard Freeman (Harvard), Joseph Stiglitz (Columbia), and Laura Tyson (Berkeley), and businesses like Costco have called for raising the minimum wage —and said it would strengthen the economy.

- **Building new ladders of opportunity into the middle class:** The President is putting forward an agenda to build new ladders of opportunity into the middle class by proposing policies that work to give every child a shot at a great start to life with a nurturing family; that our young people grow up in strong communities; that there are clearer opportunities for good jobs for all Americans; and that we support financial security for working families.

    - Ensuring a wage you can live on and investing in education: The President's proposal to raise the federal minimum wage aims to promote the goal of ensuring economic security for every working family. The President is also proposing new investments in early learning so that every child has

the chance at a high-quality education starting at the youngest ages, and promoting educational pathways to help students find good-paying, high-skilled jobs.

- Partnering businesses with communities hit hard by the recession to help them rebuild and provide job training that puts people back to work through Promise Zones: The President is committed to helping 20 communities – urban and rural – across the country develop plans, take advantage of resources, and break down federal barriers so that they can create jobs, leverage private investment, increase economic activity, expand educational opportunities, increase quality affordable housing, and improve public safety. Within each of these new Promise Zones, the Administration will provide intensive technical assistance to use existing resources more effectively.

- Creating pathways to jobs for all Americans: A secure job is one of the cornerstones of economic opportunity. Investing in our nation's low-income youth, and connecting those who have experienced long-term unemployment to jobs, is critical to building long-term prosperity and ensuring that our economic recovery reaches all Americans. That's why the President put forward an ambitious plan in his Budget to support summer and year-round jobs for low-income youth and put the long-term unemployed and low-income adults back to work.

- Encouraging and strengthening families: The President is proposing to remove financial deterrents to marriage for low income couples, and to support and encourage fatherhood including working with the faith community and the private sector.

- **Securing equal pay for equal work:** Women make up nearly half of the U.S. workforce and two-thirds of our families rely on a mother's wages for a significant portion of their income. Yet on average women generally make 23 cents on the dollar less than men. The first bill the President signed into law, the Lilly Ledbetter Fair Pay Act, helps women who face discrimination recover their wages. He then created an inter-agency Equal Pay Task Force to crack down on equal pay law violations. The President is committed to closing the pay gap once and for all and is calling on Congress to finally pass the Paycheck Fairness Act this year.

- **Making our homes and neighborhoods safer:** The President understands that our economy is stronger when we can live our lives free from the threat of violence in homes, schools, offices, or on our streets.

  - Renewing the Violence Against Women Act (VAWA): Since the passage of the Violence Against Women Act in 1994, annual incidents of domestic violence have dropped by more than 60 percent. But violence remains a significant barrier in women's lives, with 1 in 5 women having been raped and 1 in 3 having been victimized by domestic violence in their lifetimes. The Centers for Disease Control estimates that domestic violence costs our nation $8 billion a year in lost productivity and health care costs alone, and other studies have suggested that the full economic impact is much higher. Domestic violence is responsible for the loss of 8 million paid days of work annually, the equivalent of 32,000 full time jobs. VAWA includes commonsense measures to protect victims of domestic violence and gives law enforcement the tools they need to investigate and prosecute sexual assault crimes. Today, the Senate passed the Violence Against Women Act with overwhelming bipartisan support. The President is calling on the House to move swiftly to do the same, because we can't afford to wait for the House to act any longer.

- Reducing gun violence: The President strongly believes that the Second Amendment guarantees an individual right to bear arms. But there are four commonsense steps we can take right now to better protect our children and our communities from gun violence and tragic mass shootings like those in Newtown, Aurora, Oak Creek, and Tucson. The President's plan includes: (1) closing background check loopholes to keep guns out of dangerous hands; (2) banning military-style assault weapons and high-capacity magazines, and taking other commonsense steps to reduce gun violence; (3) making schools safer; and (4) increasing access to mental health services.

CUTTING THE DEFICIT IN A BALANCED WAY

- **Building on progress reducing the deficit by more than $2.5 trillion in a balanced way:** Over the last four years, Democrats and Republicans have cut the deficit by more than $2.5 trillion through a mix of spending cuts and tax reform including $1.4 trillion in spending cuts to discretionary programs and over $600 billion in new revenue by raising income tax rates on millionaires and billionaires and making sure the wealthiest Americans begin to pay their fair share. When interest savings are included, this amounts to over $2.5 trillion of deficit reduction.

- **The President remains committed to reducing the deficit by $4 trillion as part of an overall plan for jobs and shared growth and tax and entitlement reform:** The $2.5 trillion in deficit reduction the President has signed into law means that we are more than halfway towards the goal of $4 trillion in deficit reduction that economists and elected officials from both parties believe is required to bring down the deficit as a share of the economy and put us on a fiscally sustainable path.The proposals the President put forward in the fiscal cliff negotiations – smart spending cuts, sensible reforms to Medicare and other entitlements, and tax reform that pays down the deficit by closing loopholes and deductions for the most fortunate – are still on the table:

  - Committed to tax and entitlement reform: The President's offer to Republicans in the deficit negotiations included $900 billion more in spending cuts and entitlement reforms and $600 billion in additional revenue, relative to the fiscal deal, to be achieved through tax reform that closed loopholes for the wealthy and reformed corporate taxes to strengthen America's competitiveness. Taking into account interest savings and measures to achieve job growth, enacting the President's full offer would reduce deficits by well over $1.5 trillion relative to the fiscal deal and would have achieved a total of $4 trillion in deficit reduction over 10 years and stabilized the debt as a share of the economy over the next 10 years.