

# OPPORTUNITY FOR ALL

Thanks to the hard work and resilience of the American people, the economy and our Nation are moving forward. More than eight million private sector jobs have been created over the last four years, the unemployment rate is at its lowest level in over five years, and health care costs are growing at the lowest rate on record. For the first time since the 1990s, the manufacturing sector is creating jobs and we produce more of our own oil at home than we buy from the rest of the world. And for the first time since the turn of the century, CEOs around the world have declared that the United States is the number one place to invest.

Our economy is moving forward and businesses are creating jobs, but our top priority must be accelerating that growth while expanding opportunity for all Americans. For the last several years, manufactured crises in Washington have hindered, rather than helped, economic growth and opportunity. But earlier this year, Democrats and Republicans came together to produce a 2014 budget that invests in key areas

of innovation, education, and infrastructure—investments that will help grow our economy, create jobs, and strengthen the middle class.

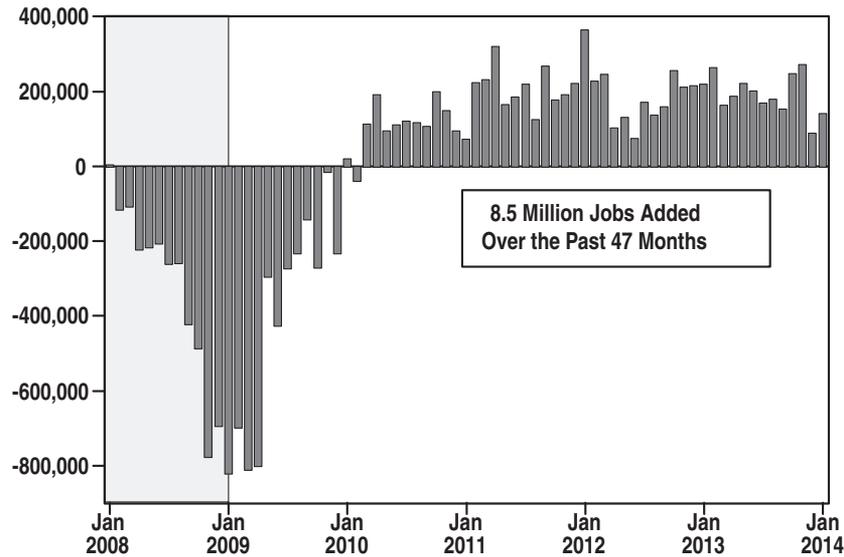
The President's 2015 Budget shows how we can build on that progress. By rewarding hard work with fair wages, equipping all children with a high-quality education to prepare them for a good job in the future, making sure a secure retirement is within reach, and ensuring health care is affordable and reliable, we can expand opportunity for all Americans. By fixing our broken immigration system, investing in our infrastructure, simplifying the tax code for businesses, and reforming our skills and job training programs, we can create jobs and achieve stronger and more inclusive economic growth. By cutting wasteful tax breaks for the wealthiest Americans and making common sense reforms to Government programs, we can manage our Government more efficiently and effectively, and continue to cut the deficit in a balanced way.

## BUILDING ON ECONOMIC PROGRESS

The economy is moving forward as we continue to recover from losses sustained during the Great Recession. The economy has added private sector jobs for 47 consecutive months, for a total of 8.5 million jobs. In 2013 alone, private sector employment increased by 2.4 million jobs. Despite variances in month-to-month figures, the year-over-year changes indicate that the recovery has been durable even in the face of headwinds that have emerged in recent years from the Eurozone crisis and from self-inflicted wounds at home, such as last year's sequestration, Government shutdown, and uncertainty surrounding the debt limit.

There are encouraging signs emerging across industries. Domestic oil production is exceeding imports for the first time since 1995 and is at its highest level since 1989. Increases in domestic oil and petroleum production have helped to cut U.S. net imports of crude oil and petroleum products in half relative to the 2005 peak, reduce trade imbalances, and boost manufacturing. Manufacturing production has grown since the end of the recession at its fastest pace in over a decade, adding 622,000 jobs over the past 47 months. Since Chrysler and General Motors emerged from bankruptcy in mid-2009, the auto

### Seasonally-Adjusted Private Sector Monthly Job Gain/Loss



Source: Bureau of Labor Statistics.

industry has added 423,900 jobs, the industry's strongest growth since the 1990s. The housing

sector is coming back, with housing prices, new home sales, and building permits up in 2013.

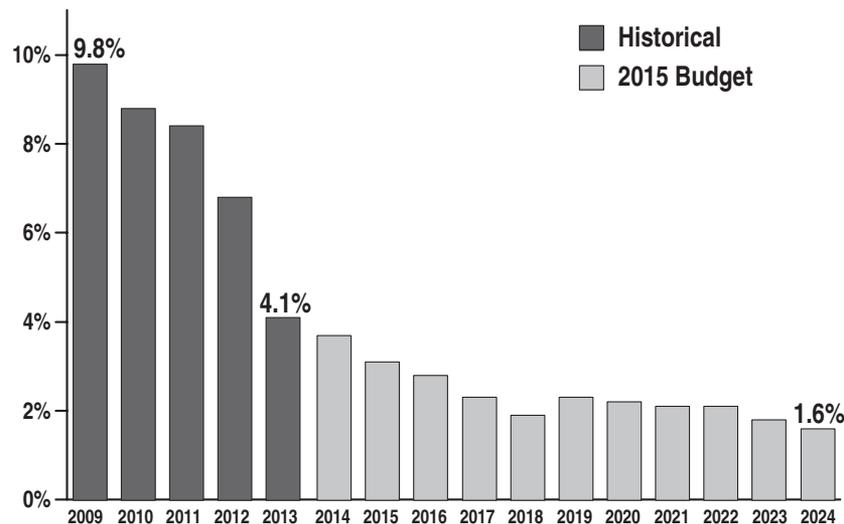
### PROGRESS ON OUR FISCAL HEALTH

Under the President's leadership, the deficit has been cut in half as a share of the economy, representing the largest four-year deficit reduction since the demobilization from World War II. This progress is largely the result of increased economic growth, cuts to discretionary spending in the

Budget Control Act (BCA), and the restoration of tax rates on the highest earners to 1990s levels in the American Taxpayer Relief Act.

The policies in the Budget will strengthen the recovery by making investments for the long

### Annual Deficits as a Percent of GDP



term, while continuing to bring our deficits down and putting debt on a declining path as a share of the economy. Under the Budget, deficits will continue to fall, declining to below two percent of Gross Domestic Product (GDP) by 2023, with the debt stabilized by 2015 and declining after that.

Over the long run, the largest single factor driving projected deficits remains rising health care costs. In the last few years, health care spending growth has fallen to the lowest levels since the Government started tracking these data in the 1960s. Data from the Centers for Medicare and Medicaid Services and the Bureau of Economic Analysis show that, from 2010 to 2012, health care spending grew at an annual rate of just 1.1 percent in real inflation-adjusted per capita terms, a small fraction of the 4.0 percent average annual rate over the first part of the last decade.

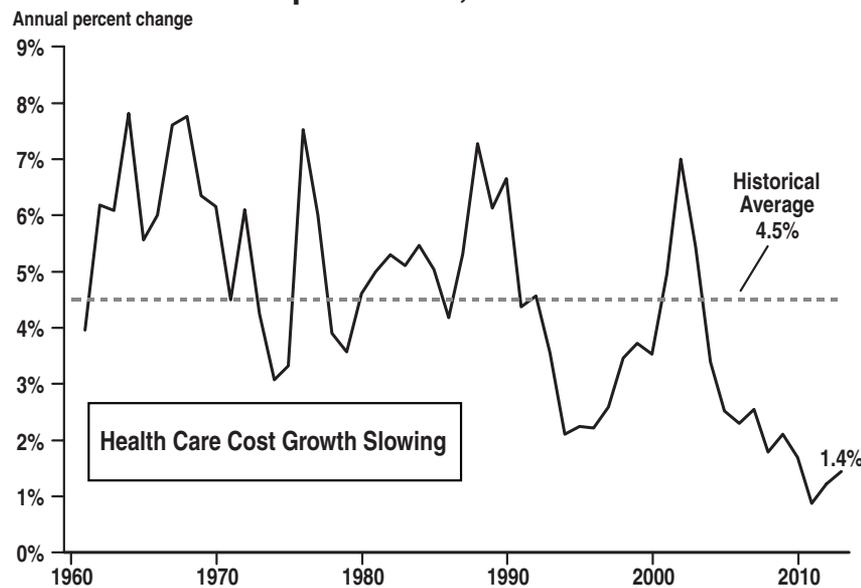
While some portion of the slowdown is attributable to the business cycle, evidence suggests that a substantial fraction is probably structural, meaning that it reflects factors more likely to per-

sist once the economy fully recovers.<sup>1</sup> One notable structural factor contributing to the slowdown is the Affordable Care Act (ACA), which is lowering costs and improving quality by reducing excessive Medicare payments to private insurers and providers, deploying new payment models that encourage more efficient, higher-quality care, and creating strong incentives for hospitals to reduce readmission rates.

This slowdown is already yielding substantial fiscal dividends. Compared with the 2011 Mid-Session Review, aggregate projected Federal health care spending between 2014 and 2020 has decreased by more than \$1 trillion based on current budget estimates. If sustained, the slowdown in health care costs will also help boost employment and bolster wage growth as the job market strengthens, and will translate into higher wages and living standards over the long run. If even one-third of the recent slowdown con-

<sup>1</sup> This is the conclusion reached by multiple groups of outside researchers. For further discussion, see Council of Economic Advisers, "Trends in Health Care Cost Growth and the Role of the Affordable Care Act," November 2013, [http://www.whitehouse.gov/sites/default/files/docs/healthcostreport\\_final\\_noembargo\\_v2.pdf](http://www.whitehouse.gov/sites/default/files/docs/healthcostreport_final_noembargo_v2.pdf).

### Growth in Real Per Capita National Health Expenditures, 1960-2013



Note: Data for 2013 (1.4%) is a projection.

Source: Centers for Medicare and Medicaid Services, National Health Expenditure Accounts; Bureau of Economic Analysis, National Income and Product Accounts; and CEA calculations.

tinues, health care spending a decade from now will be about \$1,200 per person lower than if the growth returned to its 2000-2007 trend—gains that workers will see in the form of higher wages and Federal and State governments will see in the form of lower costs.

The ACA will have a growing impact on reducing health care costs and improving quality in future years. The Budget builds on the savings and reforms in ACA with additional measures that will help ensure health care cost growth remains low and improve the quality of care.

## HELPING, NOT HURTING, OUR ECONOMY

Over the past few years, Washington has lurched from one manufactured crisis to another, including sequestration, a Government shutdown last fall, and repeated threats to put the Nation in default by failing to raise the debt limit. These actions have created uncertainty for families and businesses around the Nation, put at risk our commitments to seniors, our military men and women, and the most vulnerable among us, undermined the Government's ability to serve the public, weakened economic growth, and wasted billions of dollars. These self-inflicted economic wounds must stop.

The Congressional Budget Office estimated that the 2013 sequestration reduced real GDP

growth by about 0.6 percentage points in calendar year 2013 and cost 750,000 jobs. Private sector economists have estimated that the Government shutdown reduced the annualized growth rate of GDP in the fourth quarter of 2013 by 0.2 to 0.6 percentage points, and, during the shutdown, the Gallup Daily Economic Confidence Index fell to its lowest level since December 2011. A report by the Office of Management and Budget also highlighted other costs of the Government shutdown, including billions of dollars in lost productivity, reduced revenue for the Federal Government, and major disruption to Government services that the American people and the private sector economy rely on.<sup>2</sup>

<sup>2</sup> See: <http://www.whitehouse.gov/sites/default/files/omb/reports/impacts-and-costs-of-october-2013-federal-government-shutdown-report.pdf>.

## ENACTING BIPARTISAN BUDGET AND APPROPRIATIONS ACTS: IMPORTANT STEPS IN THE RIGHT DIRECTION

In the immediate aftermath of the shutdown, the President called on both parties to return to regular order in Washington. The enactment of the Bipartisan Budget Act of 2013 (BBA) and the Consolidated Appropriations Act of 2014 (CAA) represents compromise between Democrats and Republicans and a positive step toward returning Washington to regular order and ensuring that fiscal policy is helping our economy, not hurting it.

While neither side got everything they wanted, the BBA took an important first step toward replacing the damaging sequestration cuts with sensible long-term reforms, including a num-

ber of reforms proposed in the President's 2014 Budget. The CAA built on the BBA to provide funding for investments in key areas of innovation, education, and infrastructure—investments that will help grow our economy, create jobs, and strengthen the middle class. It also supported our national security by providing the Department of Defense (DOD) with needed relief from the untenable sequestration cuts that were undermining military readiness. This bipartisan legislation provided appropriations for every agency in the Federal Government, enabling them to more efficiently and effectively serve the American people and bringing greater certainty to businesses and communities across the Nation.

## THE PRESIDENT'S 2015 BUDGET

The BBA and the CAA were important first steps toward ending manufactured crises and replacing the damaging cuts caused by sequestration with long-term reforms. But they did not go far enough. In particular, while the BBA replaced half the discretionary sequestration cuts for 2014, it replaced just one-fifth of the scheduled cuts in discretionary funding for 2015. As a result, taking into account projected growth in programs such as veterans' medical care and other factors, the BBA non-defense discretionary funding levels for 2015 are several billion below the levels the Congress provided in 2014. They are also below 2007 funding levels adjusted for inflation, even though the need for pro-growth investments in infrastructure, education, and innovation has only increased due to the Great Recession and its aftermath.

Recognizing the importance of this bipartisan compromise, the President's Budget adheres to the spending levels agreed to in the BBA in 2015, and proposes difficult but necessary cuts and reforms to make room for investments in priority areas such as research, clean energy, early learning, and ending homelessness. But even with those tough cuts and reforms, the discretionary levels set by the BBA simply are not sufficient to ensure that the Nation is achieving its full potential in creating jobs, growing the economy, and promoting opportunity for all.

For that reason, the Budget also includes a separate, fully paid for \$56 billion Opportunity, Growth, and Security Initiative. The Opportunity, Growth, and Security Initiative, which is split evenly between defense and non-defense funding, shows how additional discretionary investments can spur economic progress and strengthen our national security. It will help restore our global edge in basic research, provide funding to support preschool across the United States, and train teachers to take advantage of broadband technology in the classroom. It will invest in our communities through emergency response activities, juvenile justice programs, and expansion of Promise Zones, and will fund a national network of manufacturing institutes that will spur economic development. It will put people back to work, restoring our national parks, renovating veterans' hospitals, and building resilient infrastructure that will help our communities prepare for the effects of climate change. It will support partnerships between community colleges and employers to train workers for jobs that are in demand, including a bold new expansion of apprenticeship programs. It will also help us put a stop to short-sighted cuts to Government operations that compromise efficiency and effectiveness and cost money over the long run, such as growing deferred maintenance backlogs, sharp cuts to Federal employee training, and erosions in customer service at agencies like the Internal Revenue Service (IRS).

### OPPORTUNITY, GROWTH, AND SECURITY INITIATIVE: SECURING OUR NATION'S FUTURE

The Budget's fully paid for Opportunity, Growth, and Security Initiative provides a roadmap for additional investments that will help secure our Nation's future.

#### NON-DEFENSE

The non-defense portion of the Initiative makes investments in six key areas. Below are examples of specific investments in each of these categories.

#### *Education*

- *Enhancing Early Childhood Education*—providing additional Preschool Development Grants to reach two-thirds of all States by 2015, laying a stronger foundation for Preschool for All;

providing access to high-quality early learning opportunities to a total of more than 100,000 children through Early Head Start-Child Care Partnerships; and supporting Head Start grantees in expanding their programs and investing in teacher quality, without reducing the number of children served.

- *Accelerating Improvements to K-12 Education*—providing 100,000 teachers in 500 districts with access to professional development to take greater advantage of the universal broadband provided through the ConnectED initiative; increasing investment in high school redesign to create additional innovative, career-focused high schools; and providing additional incentives, through Race to the Top, for States to bring the most successful K-12 reforms to the most disadvantaged schools to help close the achievement gap.
- *Making Other Investments*—to ensure that all students have access to a high-quality education, from preschool to college.

### ***Research and Innovation***

- *Re-establishing Global Leadership in Basic Research*—providing 650 additional new National Institutes of Health (NIH) grants; increasing funding for an NIH Defense Advanced Research Projects Agency (DARPA)-like initiative that will invest in breakthrough medical research; and increasing NIH's contribution to the multiagency BRAIN Initiative (Brain Research through Advancing Innovative Neurotechnologies) that is helping to revolutionize our understanding of the human brain; developing and scaling new manufacturing technologies; investing in a thousand additional National Science Foundation grants to expand knowledge across disciplines and accelerate innovation across industries; and building a new biosafety research laboratory.
- *Advancing Clean Energy Research and Development (R&D)*—investing in 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 fossil-fuel based electricity.
- *Launching a Race to the Top for Energy Efficiency and Grid Modernization*—incentivizing States to make progress toward the goal of doubling American energy productivity in 20 years and toward modernizing their electricity grids, resulting in more cost-effective demand response, distributed generation, and improved grid reliability and resilience.
- *Making Other Investments*—to maintain U.S. global leadership in basic research and help transition our economy to a clean energy future.

### ***Infrastructure and Jobs***

- *Expanding Advanced Manufacturing and Investing in Regional Economic Growth*—investing in a national competition to establish 45 manufacturing institutes, positioning the United States as a global leader in advanced manufacturing technology; launching a new public-private “Scale-Up” fund to help firms with innovative advanced manufacturing technologies take them to scale; and investing in regional economic growth and competitiveness through grants to communities.

- *Developing Climate Resilience*—investing in research and unlocking data and information to better understand the projected impacts of climate change and how to better prepare our communities and infrastructure; helping communities plan and prepare for the impacts of climate change and encouraging local measures to reduce future risk; and funding breakthrough technologies and resilient infrastructure that will make us more resilient in the face of a changing climate.
- *Launching the National Parks Centennial Initiative*—helping launch a Works Progress Administration (WPA)-like effort to put thousands of veterans, youth, and others to work upgrading the National Park System for its 100<sup>th</sup> anniversary in 2016, along with similar improvements to national forests, refuges, and other public lands.
- *Modernizing the National Airspace System*—supporting the Federal Aviation Administration’s NextGen initiative, a multi-year effort to improve the efficiency, safety, capacity, and environmental performance of the aviation system.
- *Supporting High Priority Medical Construction and Renovation Projects*—investing in the Department of Veterans Affairs (VA) construction and capital projects to improve veterans’ services and meet increased demand at VA, as well as new Indian Health Service health care facilities to improve the health of American Indians and Alaskan Natives.
- *Promoting Financial Stability and Protection*—protecting investors, consumers, and taxpayers by providing additional funding for investigating and prosecuting the full spectrum of financial fraud and for implementing financial reform.
- *Making Other Investments*—to help rebuild our Nation’s infrastructure, support small businesses in creating jobs, and spur economic development in communities around the United States.

### ***Opportunity and Mobility***

- *Expanding Opportunity in Distressed Neighborhoods*—through a combination of base and Opportunity, Growth, and Security Initiative funding, supporting 40 additional Promise Neighborhoods and 10-14 Choice Neighborhoods to improve educational outcomes and revitalize distressed neighborhoods.
- *Supporting Apprenticeships and Job-Driven Training at Community Colleges*—awarding grants to partnerships of community colleges, employers, and others to launch training for in-demand jobs, and doubling the number of apprenticeships in America over the next five years.
- *Improving Training and Employment Services*—increasing State and local capacity, including through greater innovation and performance incentives; targeting additional resources to populations that face significant barriers to employment; and reaching a total of 50,000 households in public housing with Jobs-Plus job training and financial incentives, an 1-based approach that has been shown to boost annual incomes by \$1,300 on average. In addition, the defense portion of the Opportunity, Growth, and Security Initiative, discussed below, would provide funding for additional teens to participate in National Guard Youth ChalleNGe, an evidence-based residential training and mentoring program that has been shown to increase employment, education, and earnings for at-risk youth.
- *Encouraging States to Offer Paid Leave*—providing additional funding to help more States launch paid leave programs like those in California, New Jersey, and Rhode Island that have helped more than a million workers care for a new child or cope with a family member’s illness.

- *Making Other Investments*—to increase economic opportunity and assist vulnerable populations, including incentivizing schools funded through the Bureau of Indian Education to introduce reforms that improve student outcomes; and additional funding for the Legal Services Corporation, which assists millions of low-income Americans each year with essential civil legal services in areas such as housing and consumer protection.

### ***Public Health, Safety, and Security***

- *Supporting Homeland Security and Law Enforcement*—investing in a reformed, risk-based approach to increase preparedness, mitigation, and emergency response to disasters and other threats in communities across America.
- *Making Targeted Investments in State and Local Justice Assistance Grants and Strengthening Public Safety*—funding a new youth investment initiative that will incentivize State efforts to increase the availability of alternatives to incarceration, reenroll youth back into school after confinement, and reduce ethnic and racial disparities in the juvenile justice system; and providing resources for bringing newly completed or acquired Federal prisons on-line.
- *Providing for the Public Health*—accelerating development of a universal flu vaccine.
- *Investing in Global Security*—funding foreign assistance programs that have a proven track record of fostering economic growth, reducing poverty, and improving health.
- *Leveraging Funds for Global Health*—making additional matching funding available for the Global Fund to Fight AIDS, Tuberculosis, and Malaria to encourage other donors to increase their pledges.
- *Making Other Investments*—in programs that are important to maintaining public health and safety at the local, State, Federal, and global levels.

### ***More Efficient and Effective Government***

- *Advancing Cross-Government Customer Service Initiatives*—combined with base discretionary funding, supporting IRS customer service improvements that will increase toll-free telephone service response rates from about 60 percent to about 80 percent; and funding SSA improvements to reduce wait times and enhance services for the public.
- *Helping Businesses Cut Through Red Tape*—supporting the National Inventory of Historic Properties to help expedite Federal permitting and get infrastructure projects off the ground; and making improvements to *Business.gov* and *Exports.gov*.
- *Investing in Federal Employee Training*—restoring cuts to Federal employee training to help train, retain, and recruit a skilled and effective Federal workforce, targeting investments in employee training to common, but high-impact areas such as customer service or information technology.
- *Making Other Investments*—to ensure that the Federal Government can meet its core responsibilities to the American public, now and in the future.

**DEFENSE**

The defense portion of the Opportunity, Growth, and Security Initiative makes investments in four key areas.

***Key Weapons Systems Modernization***

Consistent with the reductions in discretionary spending required by the BCA and the BBA, DOD has reduced or slowed down planned purchases of a variety of weapons systems and equipment over the last three years. The Opportunity, Growth, and Security Initiative would allow DOD to accelerate the schedules for developing and buying new or upgraded systems in order to ensure that the United States maintains technological superiority over potential adversaries. For example, the Opportunity, Growth, and Security Initiative provides enhanced resources for procurement of manned and unmanned aircraft, helicopters, ground vehicles, and communication systems. It also expands the R&D efforts that underpin all defense modernization programs.

***Readiness Restoration***

In 2013, significant reductions in funding degraded readiness throughout the Joint Force by requiring sharp cuts to training, maintenance, and support. For example, the Air Force had to ground 33 squadrons and reduce an additional seven squadrons to basic “takeoff and land” training for several months. Although the base budget provides the resources needed to continue gradually restoring readiness and balance, the Opportunity, Growth, and Security Initiative provides the resources to expedite progress by supporting increased activity at depot maintenance facilities around the Nation, greater training support, and increases in funding for fuel, spare parts, and transportation costs.

***Nuclear R&D and Infrastructure***

The Opportunity, Growth, and Security Initiative provides additional funding to support the infrastructure and human capital that underpin long-term, effective sustainment of the nuclear weapons stockpile and supporting enterprise. For example, the Opportunity, Growth, and Security Initiative allows the National Nuclear Security Administration to begin important facilities construction and deferred maintenance projects and to undertake several R&D projects to keep nuclear weapons safe, reliable, and effective.

***DOD Facilities Improvement***

Sequestration required significant funding cuts for DOD facilities, forcing the Department to defer some sustainment, restoration, and modernization (SRM) costs, as well as some military construction projects. The base budget provides the funds necessary to keep DOD bases, housing, and other facilities safe, secure, and operational, but not enough to avoid long-term deterioration. The Opportunity, Growth, and Security Initiative provides additional resources for SRM and construction at hundreds of DOD installations that will generate jobs and reduce future costs to replace buildings, roads, runways, and other facilities.

Importantly, the Budget also shows that this initiative is fully paid for, and easily affordable if the Congress is willing to enact a few common-sense spending and tax changes. Building on the model established in the BBA, the Budget outlines a specific set of mandatory spending reforms and tax loophole closers that would fully offset the cost of the Opportunity, Growth, and Security Initiative:

- **\$28 billion in savings from common-sense spending reforms, including:**

- *Reforming Federal crop insurance by reducing subsidies for overly generous coverage* (\$14 billion). While the newly enacted Farm Bill made progress on curbing direct subsidy payments, it failed to adopt bipartisan reforms to the increasingly expensive Federal crop insurance program. The Budget proposes to reduce Federal subsidies for disproportionately subsidized plans that benefit wealthy corporate farmers and to reduce overpayments to private crop insurance companies.
- *Reallocating spectrum to promote economic growth* (\$5 billion). The Budget proposes to introduce new mechanisms to promote more efficient allocation of spectrum to high priority uses.
- *Reforming the Transportation Security Administration (TSA) passenger fees to reflect the cost of aviation security* (\$5 billion). While the Congress took steps toward better matching TSA fees with costs in the BBA, the Budget proposes to further reform these user fees to more closely reflect the costs of passenger screening and other aviation security services.
- *Preventing Unemployment Insurance and Disability Insurance overlap* (\$3 billion). The Budget proposes to prevent individuals from collecting Unemployment and

Disability Insurance benefits for the same period of time.

- **\$28 billion in savings from reducing tax benefits for multi-million dollar retirement accounts.** Tax-preferred savings accounts were intended to help middle class families save for retirement. However, under current rules, some wealthy individuals are able to accumulate millions of dollars in these accounts, substantially more than is needed to ensure a secure retirement. The Congress could pay for the remaining half of the Opportunity, Growth, and Security Initiative by enacting the President's proposal to prevent additional tax-preferred saving by individuals who have already accumulated tax-preferred retirement savings sufficient to finance an annual income of over \$200,000 per year in retirement—more than \$3 million per person.

When considering both base funding and Opportunity, Growth, and Security Initiative resources, the Budget provides a comprehensive and detailed plan for making investments that will drive the Nation forward. Without taking action, funding levels for 2016 and beyond will continue to preclude the investments needed to protect our Nation or enable our economy to achieve its full potential, since the BBA did not provide even partial sequestration relief after 2015. The Budget proposes to restore discretionary spending to a path that would continue to support economic growth, opportunity, and safety and security; these investments will also be paid for with a combination of reforms to mandatory spending programs and targeted tax loophole closers included in the Budget. Even so, under the Budget proposals, discretionary spending will fall to its lowest level as a share of the economy in more than 50 years.

## MANAGING GOVERNMENT TO DRIVE FURTHER GROWTH AND OPPORTUNITY

At the same time, the Budget takes key steps to enhance the Administration's efforts to deliver a Government that is more effective, efficient, and supportive of economic growth. The Budget includes initiatives to deliver better, faster, and smarter services to citizens and businesses. The Budget advances the Administration's effort to modernize the infrastructure permitting process, cutting through red tape, allowing more construction workers on the job faster, and achieving better

outcomes for our communities and environment. The Budget also expands the use of shared services between Federal agencies and strategic sourcing to leverage the buying power of the Government, bringing greater value and efficiency for taxpayer dollars. Further, the Budget continues to open Government data and research for public and private sector use to spur innovation and job creation. These and other key management initiatives are detailed in Chapter 2 of the Budget.

## INVESTING IN JOBS, ECONOMIC GROWTH AND OPPORTUNITY

Creating jobs that pay good wages is the best way to grow our economy and the middle class. To compete in the 21<sup>st</sup> 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 the Nation at the forefront of technological advancement. 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, 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 Nation. Leveraging the strengths of a particular region, each institute will bring together companies, universities, 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, tripling the number originally proposed in the President's 2012 and 2013 State of the Union addresses.

*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 resources provided in the CAA, the Budget supports the President's proposal to significantly expand and enhance SelectUSA.

**Investing in R&D.** 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 21<sup>st</sup> 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 environmental 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 overall, 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 relative to the 2014 enacted levels, with over \$5 billion in additional funding in the Opportunity, Growth, and Security Initiative to drive progress in key R&D priorities.

*Advanced Manufacturing and Clean Energy Technologies.* The Budget will support the development and scaling of new advanced manufacturing technologies, such as increasing research in the National Institute of Standards and Technology's labs and accelerating the transfer of new technologies from Federal labs to industry. The Budget will also increase funding for clean energy technology investment at the Department of Energy's Office of Energy Efficiency and Renewable Energy and Advanced Research Projects Agency—Energy, building on the Administration's success in reducing our dependence on fossil fuels, promoting energy efficiency, and doubling U.S. renewable electricity generation. Through the Opportunity, Growth, and Security Initiative, the Budget will support a new Energy Efficiency and Grid Modernization Race to the Top, which will incentivize States to modernize their electricity grids and to make progress toward the goal of doubling American energy productivity in 20 years.

*Health Care R&D.* The Budget, including the Opportunity, Growth, and Security Initiative, will support biomedical research at NIH, providing about 9,500 new NIH

grants that will help us better understand the fundamental causes and mechanisms of disease. The Budget will help us in the fight against Alzheimer's disease, cancer and other diseases that affect millions of Americans. The Budget will support the BRAIN initiative, which will help revolutionize our understanding of how the human brain processes, stores and retrieves information. The Budget will also allow for the development of a new health research program modeled after the DARPA program designed to fund innovative projects and accelerate the discovery of life-saving treatments and cures.

*Agriculture R&D.* The Budget includes funding for the Agriculture and Food Research Initiative competitive research program, supporting research in areas important to American agriculture: bioenergy, food security, water, obesity prevention, and food safety. The Budget also includes funding to support three multidisciplinary institutes dedicated to crop science and pollinator health, advanced biobased manufacturing and anti-microbial research. The Opportunity, Growth, and Security Initiative includes additional funding to support competitive research and the construction of a new biosafety research laboratory in Athens, Georgia.

*Supporting Applied 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 research. But the R&E Tax Credit is less effective than it could be in spurring additional research 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 basic and the simplified

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, the Budget invests in clean energy, improving energy security, and enhancing preparedness and resilience to climate change. 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.

*Promoting Safe and Responsible Production and Use of Natural Gas and Cleaner Energy from Fossil Fuels.* Our domestic natural gas resources are reducing energy costs across the economy—from manufacturers investing in new facilities to lower heating costs for families throughout the United States. The Budget invests in research to ensure safe and responsible natural gas production. The Budget invests in innovative approaches to cleaner fossil fuels, including advanced high-efficiency combustion engines and carbon capture and storage technologies from both natural gas and coal. The Budget also supports technical assistance to States and local communities to help ensure shale gas is developed in a safe, responsible way that helps build diverse and resilient regional economies that can withstand boom-and-bust cycles and can be leaders in building and deploying clean energy technologies. In addition, it helps States and localities improve the integration and utilization of natural gas in manufacturing and transportation.

*Making Energy Go Further Across the Economy.* Cutting the amount of energy we waste in our cars and trucks, in our homes and buildings, and in our factories will make a stronger, more resilient, and more competitive economy. That is why the President set a goal of cutting in half the energy wasted by America's homes and businesses with action aimed at doubling the economic output per unit of energy consumed in the United States

by 2030, relative to 2010 levels. The Budget takes a number of steps to help reach this goal, including: supporting the development of additional efficiency standards for appliances and buildings, expanding the Better Buildings Challenge to encourage greater energy efficiency in industrial and commercial buildings, improving energy efficiency in Federal buildings, improving energy data access for consumers and for Federal facilities through the "Green Button" initiative—under which utilities are establishing a standardized system allowing electricity customers to securely download their energy usage information—and supporting and encouraging the adoption of State and local policies to cut energy waste.

*Investing in Energy Security.* Over the President's first term, the United States cut oil imports by more than 3.6 million barrels per day, more than under any other President. In 2012, America's net oil imports fell to the lowest level in 20 years. To ensure that we continue on a path toward greater energy security, the Budget establishes an Energy Security Trust to help fund efforts to shift our cars and trucks off oil. This \$2 billion investment over 10 years will support R&D in a range of cost-effective technologies—like advanced vehicles that run on electricity, homegrown biofuels, renewable hydrogen, and domestically produced natural gas—and will be drawn from revenues generated from Federal oil and gas development. The Budget proposes an extension of tax credits to support cellulosic biofuels and new tax incentives for medium- and heavy-duty trucks that run on alternative fuels like natural gas, and for the fuel infrastructure needed to deploy them. The Budget also includes reforms to promote responsible oil and gas development on Federal lands, including increasing funding at the Department of the Interior's Bureau of Land Management to support better permitting processes for oil and gas, renewable energy, and infrastructure, including the transition

to an electronic, streamlined system for oil and gas permits.

*Meeting the Challenge of Climate Change.* The President's Climate Action Plan, which was released last year, builds upon the Administration's commitment to help address climate change by cutting carbon pollution in the United States in the range of 17 percent below 2005 levels by 2020. The Budget continues the Administration's significant progress toward reaching that goal by increasing available renewable energy, seeking achievable reductions in emissions through carbon pollution standards, and improving the energy efficiency of vehicles and major appliances. The Budget also supports efforts by Federal agencies to assist in local preparedness for climate change impacts, manage Federal lands to improve resilience, fund activities to create climate-resilient infrastructure, and develop better information, data, and tools to be used by decision-makers. The Budget strengthens U.S. global leadership on climate issues, encouraging international efforts to reduce carbon pollution and build global climate resiliency.

*Making permanent and expanding the Production Tax Credit.* In order to provide a strong, consistent incentive to encourage investments in renewable energy technologies like wind and solar, the Budget would, as part of business tax reform, make permanent the tax credit for the production of renewable electricity and reform it by making it refundable.

*Addressing Growing Costs and Damage From Wildfires.* The Budget proposes a significant reform to address wildfire suppression costs that have cannibalized forest health and rehabilitation programs and other priorities at the Department of Agriculture's Forest Service and the Department of the Interior. By creating a dedicated source of funding outside of the discretionary budget caps for wildland fire suppression, the Budget provides funding certainty in future years for firefighting costs, frees up resources to invest in areas that will promote long-term forest health and preservation, and maintains fiscal responsibility by addressing wildfire disaster needs through agreed-upon funding mechanisms.

## BUILDING A 21<sup>ST</sup> CENTURY INFRASTRUCTURE

Building a durable and reliable infrastructure will create good American jobs that cannot be outsourced and will provide businesses with the transportation and communication networks our economy needs. The Budget includes significant investments to repair our existing infrastructure and build the infrastructure of tomorrow.

**Eliminating Loopholes in Our Business Tax Code and Rebuilding Our Infrastructure.** Last summer, in an effort to spur congressional action that would help our economy, the President offered a proposal to pay for investments in infrastructure by closing loopholes and reforming our business tax code. The Budget includes this proposal, which would use one-time transition revenue resulting from business tax reform to fill the Highway Trust Fund funding shortfall and make critical new infra-

structure investments as part of a four-year transportation reauthorization proposal. Meanwhile, reforming the tax code for businesses will also promote long-run growth, job creation, and competitiveness by cutting tax rates, simplifying the tax code, and eliminating inefficient provisions that distort companies' investment decisions.

*Transportation Reauthorization.* To spur economic growth and allow States and localities to initiate sound multi-year investments, the Budget includes a four-year, \$302 billion surface transportation reauthorization proposal. By reinvesting the transition revenue from pro-growth business tax reform, the President's plan will ensure the health of the Highway Trust Fund for another four years and invest in a range of activities to spur and sustain long-term growth. The

President's plan to rebuild America will increase "fix-it-first" investment to repair and modernize our highways and bridges, while also modernizing our infrastructure by making new investments in transit, intercity passenger rail, and competitive programs. The President's plan will also provide Americans with affordable transportation options by increasing investment to expand new transit projects and maintain existing systems, link regional economies by funding the development of high-performance rail and strengthening Metropolitan Planning Organizations, and support American exports by improving movement within the Nation's freight networks. To help spur innovation and economic mobility, the reauthorization proposal will permanently authorize the competitive TIGER grant program to support projects that bring job opportunities to communities across the United States. The proposal will also advance the President's Climate Action Plan by building more resilient infrastructure and reducing transportation emissions by responding to the greater demand and travel growth in public transit.

*Reforming Our Business Tax Code.* The President believes that reforming our business tax code can help create jobs and spur investment, while ensuring a fairer and more equitable tax system that eliminates the loopholes that reward companies for moving profits overseas and allow them to avoid paying their fair share. In February 2012, the President provided a framework for how business tax reform could achieve these goals. The Budget builds on that framework with specific proposals to simplify and strengthen tax incentives for research and clean energy, to begin closing loopholes and eliminating special interest subsidies, and to begin reforming the international tax system. The Budget proposals would both prevent U.S. companies from shifting profits overseas and prevent foreign companies operating in the United States from avoiding the taxes they owe.

The President favors adopting these measures as part of long run revenue neutral business tax reform that would also cut the corporate tax rate to 28 percent—with a rate of no more than 25 percent for manufacturing—cut taxes for small businesses, and comprehensively reform tax subsidies and the international tax system. For this reason, the Budget does not count the net savings from the business tax proposals described above toward its deficit reduction targets, instead reserving them to help pay for business reform. However, the transition to a reformed business tax system will generate one-time, temporary revenue, for example from addressing the \$1-2 trillion of untaxed foreign earnings that U.S. companies have accumulated overseas. The Budget proposes to use the one-time savings generated from transitioning to the new business tax system to fill the Highway Trust Fund shortfall and pay for the four-year transportation reauthorization proposal included in the Budget.

**Boosting Private Investment Through a Rebuild America Partnership.** To help further drive infrastructure investment, the Budget includes proposals aimed at enhancing the role of private capital in U.S. infrastructure investment as a vital additive to the traditional roles of Federal, State, and local governments.

*Creating a National Infrastructure Bank.* The President continues to call for the creation of an independent, wholly-owned Government entity to support increased investment in our Nation's infrastructure. A National Infrastructure Bank or similar financing entity with bipartisan support in the Congress will have the ability to leverage private and public capital to support infrastructure projects of national and regional significance. In addition, such an entity will be able to invest through loans and loan guarantees in a broad range of infrastructure, including transportation, energy, and water projects.

*Enacting America Fast Forward Bonds and Other Tax Incentives for Infrastructure Investment.* The Budget again calls for the creation of an America Fast Forward (AFF) Bonds program based on the successful example of the Build America Bonds program. AFF Bonds will attract new sources of capital for infrastructure investment—including from public pension funds and foreign investors that do not receive a tax benefit from traditional tax exempt debt. In addition, the Budget proposes changes to the Foreign Investment in Real Property Tax Act aimed at enhancing the attractiveness of investment in U.S. infrastructure and real estate to a broader universe of private investors.

**Cutting Red Tape in the Infrastructure Permitting Process.** In order to accelerate economic growth and improve the competitiveness of the American economy, the Administration is taking action to modernize and improve the efficiency of the Federal permitting process for major infrastructure projects. In August 2011, the President issued a Memorandum to add more transparency, accountability, and certainty into the permitting and review process. Since then, agencies have worked to expedite the permitting and review of 50 major projects, and have completed the review of 30 projects including bridges, railways, ports and waterways, roads, and renewable energy projects. In support of this effort, and as part of the President's Management Agenda, the Budget includes funding for a new Interagency Infrastructure Permitting Improvement Center housed at the Department of Transportation, which will lead the Administration's reform efforts across nearly 20 Federal agencies and bureaus. The Budget also supports an expanded, publicly available Permitting Dashboard that tracks project schedules and metrics for major infrastructure projects, further improving the transparency and accountability of the permitting process.

**Launching National Parks Centennial Initiative.** To mark the 100<sup>th</sup> year anniversary of the founding of the National Park Service in 2016, the Budget will fund a targeted effort to put youth, returning veterans, and other Americans to work restoring some of our greatest historical, cultural, and natural treasures. The Centennial Initiative, building on the President's America's Great Outdoors Initiative, would be one of the largest parks improvement efforts in the history of the National Parks System, helping to upgrade roadways, water mains, bridges, paths, and visitor services across the entire system, including some of the Nation's most famous sites, from Yosemite National Park to the Blue Ridge Parkway to Katmai National Park.

**Conserving Lands for Current and Future Generations.** The Budget builds on receipts collected under the Land and Water Conservation Fund (LWCF) Act by proposing \$900 million annually to invest in conserving lands for future generations, supporting livable communities and creating jobs through a growing outdoor recreation industry. Since the passage of the LWCF Act almost 50 years ago, the need for this funding has increased due to population growth and land lost to agricultural, commercial, industrial, and residential development.

**Making Permanent the Enhanced Tax Deduction for Conservation Easements.** Combined with targeted reforms, making permanent the enhanced tax deductions for conservation easements will create certainty for America's landowners who willingly seek to ensure land and water conservation gains for future generations. It will also help stimulate the economy by ensuring working lands stay working, and guarantee recreational as well as hunting and fishing opportunities. The enhanced deduction will also help achieve a key goal of the President's Climate Action Plan by locking in a strong tool to help conserve land and water resources.

## EQUIPPING EVERY AMERICAN WITH A HIGH-QUALITY EDUCATION AND THE SKILLS TO SUCCEED

Americans must be prepared with the skills and knowledge necessary to compete in the 21<sup>st</sup> Century economy. Expanding educational opportunities is critical to equipping all children with these skills and positioning them to succeed as adults. The Budget includes investments and initiatives to improve all levels of education, from early childhood through college, as well as significant new efforts to ensure our workforce has the skills needed by American businesses.

**Enhancing Access to High-Quality Early Childhood Education.** The Budget includes the Preschool for All initiative proposed by the President last year. This proposal calls for partnering with States to provide every low- and moderate-income four-year-old child access to high-quality preschool, while incentivizing States to expand those programs to reach additional children from middle class families and establish full-day kindergarten policies. These investments are fully financed by raising Federal tobacco taxes, which will also help to discourage youth smoking and save lives. In addition, building on funding provided in the CAA, the Budget invests discretionary funding in Preschool Development Grants, which, together with additional resources in the Opportunity, Growth, and Security Initiative, would reach two-thirds of States by 2015, laying a stronger foundation for Preschool for All. Additional funding in the Opportunity, Growth, and Security Initiative would also provide early learning opportunities to a total of more than 100,000 children through Early Head Start-Child Care Partnerships and support Head Start grantees in expanding program duration and investing in teacher quality. In addition, the Budget invests \$15 billion in mandatory funds over the next 10 years to extend and expand evidence-based, voluntary home visiting programs, which enable nurses, social workers, and other professionals to connect families to services and educational supports that improve a child's health, development, and ability to learn.

**Redesigning High Schools.** The President has called for a comprehensive effort to rethink

the high school experience, challenging schools to scale up innovative models that personalize teaching and learning for students, so that they receive the rigorous and relevant education needed to graduate and transition into postsecondary learning and adulthood. The Budget provides \$150 million for a new program to redesign high schools to focus on providing students challenging, relevant learning experiences, and rewarding high schools that develop new partnerships with colleges and employers to help develop the skills students need for jobs now and in the future. This will build on \$100 million provided through the Youth CareerConnect grant competition at the Department of Labor (DOL) to expand these models.

**Connecting Schools and Training Teachers for the Digital Age.** The President has called on the Federal Communications Commission (FCC) to take steps to connect 99 percent of American students to the digital age through next-generation broadband and wireless in their schools and libraries. The FCC is making a major down-payment on this goal—connecting more than 20 million students in 15,000 schools over the next two years—without adding a dime to the deficit. The Budget proposes \$200 million for the ConnectEDucators program to ensure that students receive the full benefit of this connectivity by providing professional development and high-quality digital instructional resources to teachers to help them make effective use of these new resources. The Opportunity, Growth, and Security Initiative would add an additional \$300 million to this initiative to provide a total of 100,000 teachers in 500 school districts across the Nation access to professional development.

**Preparing Students for STEM Careers.** Our Nation's competitiveness depends on our ability to improve and expand science, technology, engineering, and mathematics (STEM) learning in the United States. The Budget proposes a fresh Government-wide reorganization of STEM education programs designed to enable more strategic investment in STEM education and more critical

evaluation of outcomes, leveraging Government resources more effectively to meet national goals. This proposal reduces fragmentation of STEM education programs across Government, and focuses efforts around the five key areas identified by the Federal STEM Education 5-Year Strategic Plan: P-12 instruction; undergraduate education; graduate education; broadening participation in STEM to women and minorities traditionally underrepresented in these fields; and education activities that typically take place outside of the classroom.

**Making College More Affordable.** The President has placed a high priority on making college affordable and helping Americans obtain a meaningful college degree. Beginning in 2009, the Administration has increased the maximum Pell Grant for working and middle class families by \$1,000, to \$5,730 in school year 2014-15, and created the American Opportunity Tax Credit, which helps more than 10 million students and families each year pay for college. Last summer, the President directed the Department of Education to develop and publish a new college ratings system that will identify colleges that provide the best value to students and encourage all colleges to improve. The Budget supports the development and refinement of the ratings system by investing in data initiatives or other necessary projects. The Budget also provides new College Opportunity and Graduation Bonuses to reward colleges for improving educational outcomes for low- and moderate-income students. The Budget includes an expansion of “Pay As You Earn” (PAYE) repayment options to all student borrowers, and reforms the PAYE terms to ensure that the program is well-targeted and provides a safeguard against raising tuition at high-cost institutions.

**Improving Training and Employment Services.** Helping workers acquire the skills they need to pursue in-demand jobs and careers is critical to growing our economy, ensuring that everyone who works hard is rewarded, and building a stronger middle class. The Budget’s approach to skills and training is guided by the principle that all Federal investments should be

designed to equip the Nation’s workers and job seekers with skills matching the needs of employers looking to hire them into good jobs. The Budget proposes significant new investments at DOL to drive greater performance and innovation, through the Workforce Innovation Fund and Incentive Grants that reward States that succeed in serving workers with the greatest barriers to employment. Additional resources to support this effort, as well as to increase State and local capacity and provide targeted assistance to high-need populations, are made available through the Opportunity, Growth, and Security Initiative.

**Investing in Job-Driven Training at Community Colleges and Apprenticeships.** Through the Opportunity, Growth, and Security Initiative, the Budget invests in a Community College Job-Driven Training Fund at DOL. This Fund will offer competitive grants to partnerships of community colleges, employers, and others to launch new training programs that will prepare Americans for in-demand jobs and careers. The Fund will also support expanding apprenticeship opportunities. On-the-job apprenticeship training programs provide a robust path to middle-income jobs in many countries. The funds provided through the Opportunity, Growth, and Security Initiative will support doubling the number of apprenticeships in America over the next five years.

**Helping Build the Skills of the Long-Term Unemployed.** Although the unemployment rate has come down from its peak during the Great Recession, too many of our unemployed have been without a job for an extended period of time, which can lead to a deterioration in skills and strain families and communities. Finding jobs for the long-term unemployed is an important national priority, because we are stronger when America fields a full team. The Budget provides resources for new public-private partnerships to help the long-term unemployed transition back into good jobs that can support their families. To help more recently displaced workers, the Budget proposes a New Career Pathways program that will reach as many as one million workers a year with a set of core services, combining the best elements of two existing programs—

Trade Adjustment Assistance for Workers and Workforce Investment Act Dislocated Workers.

**Investing in Health Professions Education to Improve Access to Health Care Providers and Services.** The Budget invests in the health care workforce to improve access to health care services, including support for 15,000 providers

in the National Health Service Corps that will serve areas across the United States experiencing a shortage of medical providers. In addition, the Budget creates new graduate medical education residency slots in primary care and other high-need specialties. Most of these new residents will be trained in community based settings, including rural and underserved areas.

## EXPANDING OPPORTUNITY FOR MIDDLE CLASS SECURITY

Our economy is moving forward and businesses are creating jobs. But to build real, lasting economic security we need to create more opportunities for all working and middle class Americans to get ahead. The Budget includes a series of proposals to help ensure that if you work hard and play by the rules, you can find a good job, feel secure about your community, and support a family.

**Raising the Minimum Wage to \$10.10.** Over the past 30 years, modest minimum wage increases have not kept pace with the higher costs of basic necessities for working families. No one who works full time should have to raise his or her family in poverty. The Administration supports raising the minimum wage so that hard-working Americans can earn wages that allow them to support their families and make ends meet. The President knows this is important for workers, and good for the economy. That is why the President is calling on the Congress to raise the Federal minimum wage in stages to \$10.10 per hour and index it to inflation thereafter, while also raising the minimum wage for tipped workers for the first time in over 20 years. The President is leading by example by signing an Executive Order to raise the minimum wage to \$10.10 for individuals working under new and replacement Federal service, construction, and concession contracts.

**Extending Unemployment Insurance for 1.7 Million Americans Looking for Work.** As a starting point in achieving economic opportunity and mobility, the Congress should act to extend unemployment insurance for the 1.7 million Americans who have lost this vital economic lifeline. At more than 35 percent, the per-

centage of unemployed workers who are long-term unemployed is much higher than the last time emergency unemployment benefits expired. Economists have estimated that extending unemployment insurance would provide significant returns, leading to 240,000 more jobs.

**Partnering with Communities to Expand Opportunity.** The Budget supports the Administration's Promise Zone initiative, which supports partnerships between the Federal Government, local communities, and businesses to create jobs, increase economic security, expand educational opportunities, increase access to quality, affordable housing, and improve public safety. Communities are chosen through a competitive process and put forward a plan on how they will partner with local business and community leaders to make investments that reward hard work and expand opportunity. In exchange, the Federal Government partners with these communities to help them secure the resources and flexibility they need to achieve their goals.

The President announced the first five Promise Zone communities earlier this year and will create an additional 15 Promise Zones in the year ahead. The Budget includes Promise Zone tax incentives to stimulate growth and investments in targeted communities, such as tax credits for hiring workers and incentives for capital investment within the Zone. Through a combination of the base budget and the additional resources provided in the Opportunity, Growth, and Security Initiative, the Budget will support the President's vision for Promise Zones by funding 40 new Promise Neighborhoods and 10-14 new Choice Neighborhoods.

**Ensuring Workers Receive the Pay and Overtime They Earned.** The Budget increases support for DOL's Wage and Hour Division to increase enforcement of the laws that ensure workers receive appropriate wages and overtime pay, as well as the right to take job-protected leave for family and medical purposes. The Wage and Hour Division will be able to hire 300 new investigators across the United States to help in this effort, and will use risk-based approaches to target the industries and employers most likely to break the law.

**Ending Homelessness.** The President has set ambitious goals to end homelessness across the Nation, and we have made significant progress, including reducing the total number of homeless veterans by almost 18,000 since 2009. By investing in homeless assistance and supportive services programs at both the Department of Housing and Urban Development (HUD) and VA, the Budget keeps us on a path to end veterans' homelessness in 2015 and end chronic homelessness in 2016. In addition, the Budget makes investments in rental assistance, which plays an important role in helping extremely low-income families avoid homelessness by providing stable and affordable housing. The Budget funds renewed assistance for 4.5 million low-income families through HUD's core rental assistance program, including providing 40,000 new housing vouchers for low-income families, including 10,000 for homeless veterans.

**Expanding the EITC for Childless Workers.** Few things help families with children pull themselves up through hard work like the Earned Income Tax Credit (EITC). However, the maximum EITC available to childless workers (including non-custodial parents) is only \$500, and the credit is unavailable to workers under age 25, which means that it cannot shape work decisions during the crucial years at the beginning of a young person's career. The Budget will double the maximum credit (to \$1,000), make the credit available to workers at slightly higher income levels (e.g., a full-time minimum wage worker at the current minimum wage), and lower the age limit from 25 to 21, as a way to support

and reward work. The proposal will also update the childless worker EITC upper age limit for increases in the Social Security Normal Retirement Age (raising it from 64 to 66). These changes will be paid for by closing tax loopholes that let some high-income professionals avoid income and payroll taxes.

**Helping Workers with Disabilities Remain in the Workforce.** In addition to the Administration's continued commitment to Vocational Rehabilitation programs, the Budget provides new authority and \$400 million in new resources for the Social Security Administration (SSA), in partnership with other Federal agencies, to test innovative strategies to help people with disabilities remain in the workforce. Early-intervention measures, such as supportive employment services for individuals with mental impairments, targeted incentives for employers to help workers with disabilities remain on the job, and incentives and opportunities for States to better coordinate services, have the potential to achieve long-term gains in the employment and the quality of life of people with disabilities, and the proposed demonstration authority will help build the evidence base for future program improvements. The cost of the demonstrations could be offset by a proposal to automate coordination of disability benefit payments between the Office of Personnel Management and SSA, reducing overpayments, and other program integrity measures. The proposed childless worker EITC expansion will also benefit over one million workers with disabilities, encouraging and supporting them in maintaining employment.

**Improving Retirement Security.** Workers must have a place to invest their hard-earned savings that provides an appropriate balance of risk and return, and many private sector providers do not offer retirement savings options tailored to smaller balance savers. The retirement system should help these potential savers and encourage them to begin building their retirement security. The Budget builds on the President's announcement in the State of the Union to create a new simple, safe, and affordable "starter" retirement savings account—the MyRA—that will be

available through employers and help millions of Americans save for retirement. The Budget also continues to propose automatic enrollment

in Individual Retirement Accounts (IRAs)—or “auto-IRAs”—for employees without access to a workplace savings plan.

## ENSURING OUR NATION’S SAFETY AND SECURITY

Economic growth and opportunity can only be achieved if America is safe, secure, and resilient, both at home and abroad. At home, the Budget supports efforts to help make communities safer by reducing gun violence and supporting emergency preparedness, and makes reforms to our criminal justice system to reduce recidivism and achieve better outcomes. Beyond our borders, the Budget provides resources to sustain ready, modern, and capable defense forces and support the effective operation and protection of our diplomats, both of which are critical to providing for the Nation’s security and sustaining our global leadership role. These resources advance our strategic rebalancing toward the Asia-Pacific region, support key investments in Power Africa, and provide other resources critical to improving Global Health Security and combating global climate change. The Budget strengthens executive branch oversight of signals intelligence activities and positions the United States to address threats from terrorism and cyber attacks, enhances the protection of U.S. diplomatic facilities and personnel overseas, meets our peacekeeping commitments for the world’s most challenging crises, funds humanitarian and diplomatic efforts in Syria, and supports transition and reform throughout the Middle East and North Africa. The Budget also ensures that even after we have ended two wars, we continue to meet our obligations to our servicemembers and veterans who have given so much to our Nation.

**Making Communities Safer by Reducing Gun Violence.** The Budget supports the President’s “Now is the Time” initiative, a set of concrete policies to help reduce gun violence in our schools and communities in the wake of the Sandy Hook Elementary School tragedy. The Budget supports additional background checks, continued focus on inspections of federally-licensed firearms dealers, improved tracing and ballistics analysis, and efforts to keep guns out of

the hands of dangerous criminals and other prohibited persons. To support those on the frontlines across the United States, the Budget provides training for State and local law enforcement to prevent and respond to active shooters and prevent mass casualties. The Budget also enhances our ability to identify mental health issues early and ensures individuals get referred to treatment before dangerous situations develop. To increase the safety of schools nationwide, the Budget will continue support for the Comprehensive School Safety Program, and other initiatives to enhance our schools’ physical security and create safer and more nurturing school climates that help prevent violence.

**Reforming the Criminal Justice System with the “Smart on Crime” Initiative.** Last summer, the Attorney General introduced the Smart on Crime initiative, which is designed to promote fundamental reforms to the criminal justice system that will improve public safety, save money, and ensure the fair enforcement of Federal laws. The Budget supports the initiative’s strategy of containing incarceration costs over the long-term by reducing recidivism rates and encouraging Federal prosecutors to seek sentences in certain low-level drug cases that maintain the highest degree of public safety and consider the long-term incarceration costs to the taxpayer.

**Maintaining High Safety Standards in the Transportation Sector.** As energy production in the United States continues to rapidly increase, the Budget seeks to maintain high safety standards. The Budget addresses risks through new investments in data-driven safety interventions, research and testing, additional safety personnel, emergency response training, community outreach, and other strategies. In addition, the Budget proposes a Pipeline Safety Reform initia-

tive to both enhance and reform the Federal standards that help protect the Nation's safety.

**Advancing National Security Priorities.**

The Budget advances the Administration's national security objectives and provides the resources and capabilities to protect our security and interests around the world. The Budget reflects a focused effort to address our highest defense priorities—bringing the war in Afghanistan to a responsible end, working to disrupt and disable terrorist networks, combatting new threats like cyber attacks, and being ready to respond to provocations whenever and wherever necessary—within a constrained fiscal environment. Moreover, it addresses critical national security requirements, while protecting privacy and civil liberties and providing responsible management of taxpayer resources.

*Investing in Long-Term Partnerships in Afghanistan.* The Budget continues to support U.S. security, diplomatic, and development goals in Afghanistan while scaling down military operations and assistance. The Budget includes resources to maintain a strong, long-term partnership in the country by supporting military training and assistance as well as economic development, health, education, governance, security, and other civilian assistance programs necessary to reinforce development progress and promote stability.

*Rebalancing American Engagement Toward the Asia-Pacific Region.* The United States and its interests are inextricably linked with Asia's economies and security. The Budget makes strategic, coordinated, and Government-wide investments in a wide range of tools across the Asia-Pacific region, which will help create American jobs, empower American businesses, and maintain the security and stability necessary for economic growth. The Budget provides resources to help deepen U.S. trade and investment in the region, strengthen regional cooperation, and enhance regional and country-spe-

cific capabilities to address security, development, and economic challenges.

*Powering Africa.* The Administration is bringing to bear a wide range of U.S. Government tools and expertise to support investment in Africa's energy sector. The Budget supports infrastructure projects through the Millennium Challenge Corporation and our contribution to the African Development Bank, leverages private sector investment through the Export-Import Bank and Overseas Private Investment Corporation, and provides critical technical assistance to African partners through the Department of State, the U.S. Agency for International Development, and U.S. Trade and Development Agency. Both the investments in the power sector themselves and the resulting economic growth will expand the markets for U.S. goods in sub-Saharan Africa.

*Enhancing the Protection of U.S. Diplomatic Facilities and Personnel Overseas.* The Budget provides \$4.6 billion for the Department of State security programs, including security staff, construction, and infrastructure upgrades. With a sustained level of investment in security upgrades, the Budget provides funding for the construction of new embassy and consulate compounds. These and other investments will ensure that the Administration continues to safeguard over 86,000 U.S. Government employees, from more than 30 agency components, in more secure overseas working environments. When combined with contributions from other agencies, the Budget provides \$2.2 billion for capital security construction, as recommended by the Benghazi Accountability Review Board.

*Addressing Cyber Threats.* Cyber attacks targeting the financial industry, critical infrastructure, and the Federal Government demonstrate that no sector, network, or system is immune to infiltration by those seek-

ing financial gain, perpetrating malicious and disruptive activity, or stealing commercial or Government secrets and property. Cyber threats are constantly evolving and require a coordinated, comprehensive, and resilient plan for protection and response. The Budget identifies and promotes cross-agency cybersecurity initiatives and priorities, including improving cybersecurity information sharing while protecting individual privacy and civil liberties and enhancing State and local capacity to respond to cyber incidents.

*Assisting Countries in Transition and Promoting Reforms in Middle East and North Africa.* Building on the Administration's significant and continuing response to the transformative events in the Middle East and North Africa region, the Budget includes \$1.5 billion to respond to the crisis in Syria, including providing humanitarian assistance, and continues to support transitions and reforms in the region. This funding builds on several initiatives the United States is supporting to respond to regional developments since the beginning of the Arab Spring, including fiscal stabilization support, technical assistance, trade, and asset recovery initiatives.

*Supporting Global Health by Investing in High Impact Interventions.* The Administration is investing in proven interventions to continue progress toward the goals of achieving an AIDS-free generation and an end to preventable child and maternal deaths. The Budget continues the President's pledge to provide \$1 for every \$2 pledged by other donors to the Global Fund to Fight AIDS, Tuberculosis, and Malaria by providing \$1.35 billion, which will increase our leverage and accelerate progress against these three diseases. The Opportunity, Growth, and Security Initiative includes an additional \$300 million for the Global Fund to encourage even more ambitious pledges from other donors. The Budget supports continued expansion of evidence-based HIV/AIDS prevention and treatment services through the Department of State's bilateral President's Emergency Plan for AIDS Relief program.

**Supporting the Nation's Servicemembers, Veterans, and Their Families.** The Nation has a solemn obligation to take care of its servicemembers and veterans. To deliver on this commitment, the Budget provides significant resources to support veterans' medical care, help military families, assist servicemembers transitioning to civilian life, reduce veterans' homelessness, and improve the disability claims processing system.

## REDUCING LONG-RUN DEFICITS AND PROMOTING SUSTAINABLE GROWTH

Budgets, particularly in times of divided Government, lay out what an Administration believes is the best path forward. Last year, President Obama detoured from that path by embedding in the Budget a potential compromise that had been the subject of discussions with the Congress the previous year. That approach was intended as a show of good faith to spark additional negotiations with congressional Republicans about our long-term debt and deficits, and to encourage all parties to come together to remove the damaging cuts caused by sequestration that have hurt our economy.

The compromise embedded in last year's Budget—which included policies like changing the measure of inflation used by the Federal Government to the chained Consumer Price Index ("Chained-CPI") that Republicans had asked for in previous fiscal negotiations—remains on the table. However, in light of congressional Republicans' unwillingness to negotiate on fundamental issues and agree to a balanced plan to deal with our long-term fiscal challenges, this year the Administration is returning to a more traditional Budget presentation that lays out the President's vision. This includes the proposals discussed above to invest in growth and opportu-

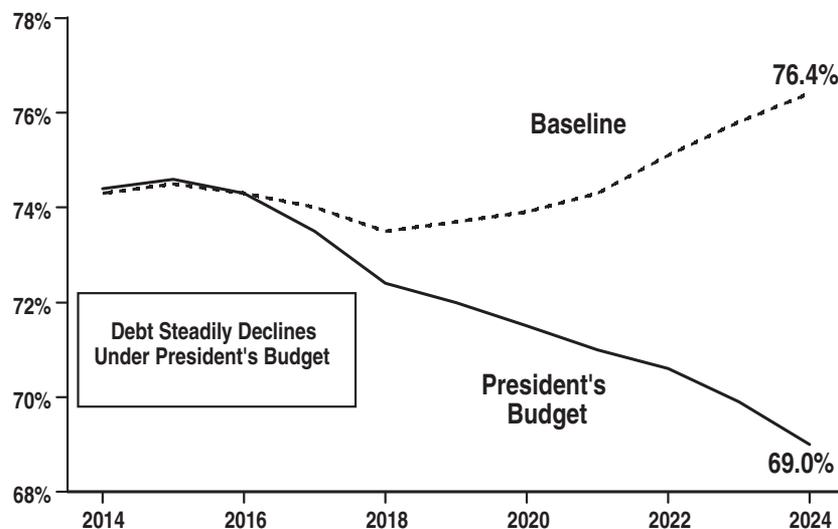
nity and pay for those investments by reforming spending programs and closing tax loopholes.

With respect to the Nation's long-term fiscal challenges, this year's Budget focuses squarely on the primary drivers of long-term deficits and proposes further health and tax reforms to control the rate of health care cost growth and generate the revenue required to meet our obligations and make needed investments as our society ages. The President's plan includes specific reforms to Medicare, Medicaid, and other Federal health programs that would reduce deficits by \$402 billion over the next 10 years while helping keep health care cost growth low and encouraging greater efficiencies and quality of care. The President's plan also includes tax reform measures that would make the tax code more efficient and fair, and would reduce the deficit by about \$650 billion over the next decade. In addition, the President

is also committed to bipartisan comprehensive immigration reform. The Congressional Budget Office has found that immigration reform along the lines the President has proposed would increase growth while reducing the deficit by about \$160 billion in the next decade, and by almost \$1 trillion over the next 20 years.

Building on the progress already made, the Budget's deficit reduction measures are more than enough to achieve the key fiscal goal of stabilizing the debt as a share of GDP. If the Budget's proposed policies are implemented, deficits will stabilize at less than 2 percent of GDP, and the Budget will be in primary surplus starting in 2018, meaning that revenues are covering programmatic costs. Meanwhile, debt would peak at 74.6 percent of GDP in 2015 and then decline each year after that, falling to 69.0 percent of GDP in 2024.

### Projected Debt Held by the Public as Percent of GDP



## IMPLEMENTING ACA AND MAKING ADDITIONAL HEALTH REFORMS

The Affordable Care Act (ACA) has taken historic and significant steps toward putting the Nation back on a sustainable fiscal course while laying the foundation for a higher-quality, more secure health care system. Through premium tax credit and cost sharing assistance to make cov-

erage affordable and increased Federal support to States expanding Medicaid coverage for low-income adults, ACA ensures that every American can access high-quality, affordable coverage, providing health insurance to millions of Americans who would otherwise be uninsured.

With the full implementation of ACA beginning this year, millions of people have enrolled in either private insurance through the Health Insurance Marketplace or for coverage through Medicaid and the Children's Health Insurance Program (CHIP). In addition, more than three million young adults already have gained coverage under the health care law by staying on their parents' plans until their 26<sup>th</sup> birthday.

While there is much more work to be done, we now live in an era where no family will be denied coverage because of a pre-existing condition like high blood pressure or asthma. No American will have to worry that losing a job means you cannot get health coverage. Small businesses may be able to get financial help to pay for new affordable coverage options for their employees.

The challenges in our health care system were decades in the making and will not be solved overnight, but every day more Americans are signing up for insurance and getting the peace of mind of knowing that they can get the care they need without losing everything they have worked and saved for. Americans across the Nation started this year with new health plans that give them the security of knowing that if they want to change jobs or start their own business, they will have access to affordable health insurance for their family.

**Supporting Implementation of the Affordable Care Act.** Efficiently and effectively implementing ACA is one of the Administration's highest priorities. The Budget fully funds the ongoing implementation of ACA, which is already providing coverage for millions of Americans that previously did not have access to affordable health care. The Budget continues to support implementation of ACA's health insurance coverage improvements through the operation of Health Insurance Marketplaces and the delivery of premium tax credits and cost sharing assistance to help make coverage affordable, drive down long-term health care costs, and improve care for millions of citizens.

**Implementing Additional Health Care Reforms.** In addition, the Budget strengthens

Medicare, Medicaid, and other Federal health programs through payment innovations and other reforms that encourage high-quality and efficient care and continue the progress of reducing cost growth. In total, these reforms would reduce deficits by \$402 billion in the next decade, and about \$1 trillion over the following decade.

*Encouraging High-Quality, Efficient Care among Medicare Providers.* The Budget continues a set of proposals that build on initiatives included in ACA to help extend Medicare's solvency while encouraging provider efficiencies and improved patient care. This includes proposals to encourage efficient post-acute care by adjusting payment updates for certain post-acute care providers and to incentivize the use of appropriate services through bundled payment and other approaches. The Budget also proposes to better align payments to rural providers with the cost of care and reduce Medicare bad debt payments in a way that more closely matches private sector standards. Additional proposals to promote efficiency in the Medicare program include: improving payment accuracy for Medicare Advantage; constraining Medicare cost growth; better aligning payments to teaching hospitals with patient care costs; modifying payment updates for certain clinical laboratory services; creating appropriate incentives for physicians' self-referral of specified services; addressing excess payments for Medicare Part B drugs to hospitals and physicians; and expanding the availability of Medicare data for performance improvement, fraud prevention, and other purposes. Also, the Budget builds on ACA initiatives that promote quality in the Medicare program by linking payment to the quality of care in additional provider settings. Together, these proposals would save approximately \$229 billion over 10 years.

*Encouraging Beneficiaries to Seek High-Value Services.* The Budget includes structural changes that will encourage Medicare beneficiaries to seek high-value health care services. To help improve the financial sta-

bility of the Medicare program, the Budget reduces the Federal subsidy of Medicare costs for those beneficiaries who need that subsidy the least. The Budget includes several modifications for new beneficiaries starting in 2018, such as a modified Part B deductible and a modest copayment for certain home health episodes. Research indicates that beneficiaries with Medigap plans that provide first- or near-first dollar coverage have less incentive to consider the costs of health care services, thus raising Medicare costs and Part B premiums for all beneficiaries. The Budget applies a premium surcharge for new beneficiaries beginning in 2018 if they choose such Medigap coverage. In addition, the Budget modifies incentives in the Medicare prescription drug program to encourage utilization of generic drugs by low-income beneficiaries. Together, these proposals would save approximately \$68 billion over 10 years.

*Improving Quality and Lowering Drug Costs for Federal Health Programs.* The Budget includes proposals that lower drug costs, while improving quality and reducing waste in the Medicare Part D program. The Budget proposes to close the coverage gap for brand drugs in the Part D benefit by 2016, four years earlier than under current law, by increasing the discounts offered by the pharmaceutical industry. The Budget also proposes to align Medicare payments for drugs with Medicaid policies for low-income beneficiaries. In addition, the Budget would improve drug plans through bonuses for the highest quality Part D plans and by providing the Secretary of Health and Human Services the authority to suspend coverage and payment for questionable Part D prescriptions. Together, these proposals will save Medicare \$125 billion over 10 years. In addition, the Budget includes two proposals designed to increase access to generic drugs and biologics by stopping companies from entering into anti-competitive deals intended to block consumer access to safe and effective generics, by awarding brand biologic

manufacturers seven years of exclusivity, rather than 12 years under current law, and by prohibiting additional periods of exclusivity for brand biologics due to minor changes in product formulations. These two proposals will save the Federal Government \$15 billion over 10 years, including savings in Medicare and Medicaid.

*Lowering Medicaid Drug Costs for States and the Federal Government.* The Budget includes targeted policies to lower drug costs in Medicaid. First, the Budget improves the Medicaid drug rebate program by clarifying the definition of brand drugs, collecting an additional rebate for generic drugs whose prices grow faster than inflation, clarifying the inclusion of certain prenatal vitamins and fluorides in the rebate program, and taking actions to promote the integrity of the rebate program. The Budget also corrects a technical error to the ACA alternative rebate for new drug formulations, limits to 12 quarters the timeframe for which manufacturers can dispute drug rebate amounts, and excludes authorized generic drugs from average manufacturer price calculations for determining manufacturer rebate obligations for brand drugs. In addition, the Budget improves Medicaid drug pricing by calculating Medicaid Federal upper limits based only on generic drug prices. These proposals are projected to save the Federal Government \$9 billion over 10 years.

*Cutting Waste, Fraud, and Abuse in Medicare and Medicaid.* The Administration has made targeting waste, fraud, and abuse in Medicare, Medicaid, and the Children's Health Insurance Program a priority and is aggressively implementing new tools for fraud prevention included in ACA, including the fraud prevention system, a predictive analytic model similar to those used by private sector experts. In addition, the Budget proposes a series of policies to build on these efforts that will save nearly \$1.1 billion over the next 10 years. Specifically, the Budget proposes to implement new initiatives to

reduce improper payments in Medicare; require prior authorization for power mobility devices and advanced imaging, which could be expanded to other items and services at high risk of fraud and abuse; direct States to track high prescribers and utilizers of prescription drugs in Medicaid to identify aberrant billing and prescribing patterns; support efforts to investigate and prosecute allegations of abuse or neglect of Medicaid beneficiaries in additional health care settings and in the territories; and strengthen the Federal Government's ability to identify and act on fraud, waste, and abuse through Medicaid Integrity Program improvements. In addition, the Budget would alleviate State program integrity reporting requirements by consolidating redundant error rate measurement programs to create a streamlined audit program with meaningful outcomes, while maintaining the Federal and State government's ability to identify and address improper Medicaid payments.

*Making Targeted and Sensible Reforms to the Medicaid Program.* The Budget proposes to preserve the existing partnership between States and the Federal Government while making Medicaid more efficient and sustainable. Under current law, States have experienced challenges in preventing overpayments for durable medical equipment (DME). Starting in 2015, the Budget would limit Federal reimbursement for a State's

Medicaid spending on certain DME services to what Medicare would have paid in the same State for the same services. The Budget also better aligns Medicaid Disproportionate Share Hospital payments with expected levels of uncompensated care. These proposals are projected to save approximately \$6 billion over 10 years.

*Improving Care Delivery for Low-Income Medicare-Medicaid Beneficiaries.* The Budget proposes a budget-neutral pilot in a limited number of States to provide qualifying low-income adults under age 55 benefits under the Program for All-Inclusive Care for the Elderly (PACE). Under current law, PACE provides comprehensive long-term services to qualifying individuals age 55 and older. Pilots will test whether PACE programs can effectively serve a younger population without increasing costs. The Budget also proposes to implement a streamlined, single beneficiary appeals process for managed care plans that integrate Medicare and Medicaid payment and services and serve Medicare-Medicaid enrollees to address the sometimes conflicting requirements in each program. In addition, the Budget proposes to permanently authorize a demonstration that provides retroactive drug coverage for certain low-income Medicare beneficiaries through a single plan, establishing a single point of contact for beneficiaries seeking reimbursement for claims.

## MAKING THE TAX CODE MORE SIMPLE AND FAIR

By slowing health care cost growth, ACA and the Budget's additional health reforms will tackle one of the two key drivers of long run deficits. But over the coming decades, an aging population will also put increasing pressure on the budget. For example, by the end of the 10-year budget window in 2024, the ratio of retirees to workers will be almost 50 percent higher than it was at the beginning of the 2000s, when we last balanced the Federal budget, and it will increase further over the subsequent decade. Even with reforms to Medicare and other entitlements and tough

choices that will bring discretionary spending to historically low levels as a share of GDP, we will need additional revenue to maintain our commitments to seniors while also making the investments that are needed to grow our economy and expand opportunity.

The President believes that we can obtain that needed revenue by doing what leaders of both parties have called for—reforming our tax code to reduce inefficient, unfair tax breaks. Tax reform holds the potential to improve economic growth

by reducing complexity for individuals and small businesses, curbing inefficient tax subsidies that distort individual and business decision-making, and reducing the deficit. As a first step toward balanced deficit reduction and tax reform, the President proposes that the Congress immediately enact two measures that would raise \$650 billion in revenue by broadening the tax base and reducing tax benefits for those who need them the least—without increasing marginal tax rates.

**Reducing the Value of Itemized Deductions and Other Tax Preferences to 28 Percent for the Wealthiest Americans.**

Currently, a millionaire who contributes to charity or deducts a dollar of mortgage interest enjoys a deduction that is more than twice as generous as that for a middle class family. The Budget would limit the tax rate at which high income taxpayers can reduce their tax liability to a maximum of 28 percent, a limitation that would affect only the top three percent of families in 2014. This limit would apply to all itemized deductions, as well

as other tax benefits such as tax-exempt interest and tax exclusions for retirement contributions and employer sponsored health insurance. The proposed limitation would restore the deduction rate to the level it was at the end of the Reagan Administration.

**Observing the Buffett Rule.** The Budget also puts forward a specific proposal to comply with the Buffett Rule, requiring that wealthy millionaires pay no less than 30 percent of income—after charitable contributions—in taxes. This proposal will prevent high-income households from using tax preferences, including low tax rates on capital gains and dividends, to reduce their total tax bills to less than what many middle class families pay.

Beyond these measures, the President is committed to working with the Congress to further reform the tax code to make it fairer, promote economic growth and job creation, and improve competitiveness.

## FIXING OUR BROKEN IMMIGRATION SYSTEM

The President believes that we must fix our broken immigration system by continuing to strengthen our border security, cracking down on employers who hire undocumented workers, modernizing our legal immigration system, and providing a pathway to earned citizenship for hardworking men and women who pay a penalty and taxes, learn English, pass a background check, and go to the back of the line.

In addition to contributing to a safer and more just society, common sense immigration reform will also boost economic growth, reduce deficits, and strengthen Social Security. Common sense immigration reform will contribute to growth by strengthening the workforce by attracting and retaining the best and brightest students who we train at U.S. universities, increasing capital investment and overall productivity, and increasing the number of entrepreneurs starting companies in the United States. Moreover, by adding

younger workers to the labor force, reforming our broken legal immigration system will help balance an aging population and improve the economic and budget outlook as the baby boom generation retires.

The Congressional Budget Office has estimated that the immigration bill that passed with bipartisan support in the Senate last year would reduce the deficit by about \$160 billion in the first decade and by about \$850 billion over 20 years. Meanwhile, the Social Security Actuaries have found that the Senate bill would reduce the Social Security shortfall by \$300 billion over the first 10 years and would close eight percent of the 75-year Social Security shortfall.

The Administration supports the bipartisan Senate approach, and calls on the House of Representatives to act on comprehensive immigration reform this year.

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The Budget provides a roadmap for creating jobs, growing the economy, and expanding opportunity for all Americans.

The Budget invests in manufacturing, research, clean energy, infrastructure, education, and security, building a foundation for long-term economic growth. The Budget promotes economic opportunity and mobility by rewarding hard work with fair wages, putting a secure retirement within reach, and ensuring health care is affordable and reliable. The Budget includes enhanced efforts to deliver a 21<sup>st</sup> Century Government that is more effective, efficient, and supportive of economic growth. The Budget responsibly pays for new

investments, reduces the deficit as a share of the economy to below two percent by 2023, and puts debt as a share of the economy on a downward path after 2015. The Budget also addresses the Nation's long-term fiscal challenges by building on the savings and reforms in the Affordable Care Act, reforming other mandatory programs, and ending wasteful tax breaks that benefit the wealthiest.

It is a Budget that shows how we can build on the progress that has been made over the last five years and ensure that our Nation remains strong and prosperous, both now and in the future.