Opportunity for All: Building a 21st Century Infrastructure

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

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

WHAT THE PRESIDENT’S BUDGET DELIVERS:

- **Stronger Growth and Job Creation:**
  - Advanced manufacturing – Invests in American innovation and strengthens our manufacturing base, including a national network of 45 manufacturing institutes.
  - Research and innovation – Supports ground-breaking research to fight disease, protect the environment, and develop new technologies, and makes permanent the R&D Tax Credit.
  - Pro-growth infrastructure – Lays out an ambitious, four-year $302 billion surface transportation reauthorization proposal paid for with transition revenue from pro-growth business tax reform.
  - Government reform – Promotes government management that delivers improved services that are more effective, efficient, and supportive of economic growth.

- **Opportunity for All:**
  - Tax cuts for working Americans – Doubles the maximum value of the childless worker EITC to build on the EITC’s success in encouraging people to enter the workforce and reducing poverty; improves tax benefits that help middle-class and working families pay for child care and college and save for retirement.
  - Preschool for all – Invests in the President’s vision of making access to high-quality preschool available to every four-year-old child.
  - Job-driven training – Invests in new efforts to drive greater performance and innovation in workforce training to equip workers with skills that match the needs of employers.

- **Fiscal Responsibility:**
  - Continues historic progress in slowing health care cost growth – Builds on the savings and reforms in the Affordable Care Act with additional measures to strengthen Medicare and Medicaid, slow health care cost growth, and improve the quality of care.
  - Pro-growth tax reform – Curbs inefficient and unfair tax breaks that benefit the wealthiest, and ensures that everyone is paying their fair share.
  - Immigration reform – Supports comprehensive reform of our broken immigration system, which independent economists say will grow our economy and shrink our deficits.
  - Further reduces the deficit and debt – By paying for new investments and tackling our true fiscal challenges, reduces deficits to 1.6 percent of GDP by 2024, and stabilizes debt as a share of the economy by 2015 and puts it on a declining path after that.

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Building 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.

Simplifying the Business Tax Code and Rebuilding Our Infrastructure. Last summer, in order to spur Congressional action to grow the economy, the President offered a proposal to pay for investments in infrastructure by simplifying our business tax code. Under the President’s proposal, one-time transition revenue resulting from business tax reform will be used to fill the Highway Trust Fund funding shortfall and make critical new infrastructure investments as part of a $302 billion, four-year surface transportation reauthorization proposal. Meanwhile, simplifying the tax code for businesses will also promote long-run growth, job creation, and competitiveness by cutting tax rates, and eliminating inefficient provisions that distort companies’ investment decisions.

- Transportation Reauthorization. To spur economic growth and encourage States and localities to initiate sound multi-year investments, the Budget includes a $302 billion, four-year surface transportation reauthorization proposal. In addition to ensuring the health of the Highway Trust Fund for another four years, the President’s plan to rebuild America will increase “fix-it-first” investment to repair highways and bridges, while modernizing our infrastructure by making new investments in transit, intercity passenger rail, and competitive grant programs. The reauthorization proposal will provide Americans with affordable transportation options, link regions by funding the development of high-performance passenger rail, strengthen Metropolitan Planning Organizations to foster strong regional economies, and support American exports by improving our country’s freight networks. It will also help spur innovation and economic mobility by permanently authorizing the competitive TIGER grant program to support projects that improve the movement of people and goods while bringing job opportunities to communities across the country. In addition, the proposal will advance the President’s Climate Action Plan by building more resilient infrastructure and reducing carbon pollution by supporting public transit to meet growing demand and encouraging smarter regional planning.

- Simplifying Our Business Tax Code. The President believes that simplifying 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 reform the international tax system. The Budget proposals would both prevent U.S. companies from shifting profits overseas and prevent foreign companies operating in the U.S. 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 tax 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 and from
reforming accelerated depreciation. The Budget proposes to use the one-time savings generated from transitioning to the new business tax system to solve the Highway Trust Fund shortfall and help 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 Government entity to support increased investment in our nation’s infrastructure. A National Infrastructure Bank or similar financing entity with bipartisan support in 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 (BABs) 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, will be exempted from sequestration, and will be budget-neutral. In addition, the Budget proposes changes to the Foreign Investment in Real Property Tax Act (FIRPTA) aimed at enhancing the attractiveness of investment in U.S. infrastructure and real estate to a broader universe of private investors.

**Supporting FAA’s NextGen Initiative.** The Budget provides $1 billion for the Next Generation Air Transportation System (NextGen), the multi-year effort currently underway to improve the efficiency, safety, capacity, and environmental performance of the aviation system. The Budget includes $836 million in the base request for NextGen and an additional $186 million through the Opportunity, Growth, and Security Initiative. These funds will continue to support the transformation from a ground-based radar surveillance system to a more accurate satellite-based surveillance system; the development of 21st Century data communications capability between air traffic control and aircraft to improve efficiency; and the improvement of aviation weather information.

**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 Presidential 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 52 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 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, which tracks project schedules and metrics for all major infrastructure projects, further improving the transparency and accountability of the permitting process. The Opportunity, Growth, and Security
Initiative also includes additional funding to support the National Inventory of Historic Properties to help expedite Federal permitting and get infrastructure projects off the ground.

**Launching National Parks Centennial Initiative.** To mark the 100th year anniversary of the founding of the National Park Service in 2016, the Budget will fund a targeted effort to put thousands of youth, returning veterans, and other Americans back to work each year restoring some of our greatest historical, cultural, and natural treasures, including through additional funding provided by the Opportunity, Growth, and Security Initiative. 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 country’s most famous sites, from Yosemite National Park to the Blue Ridge Parkway to Katmai National Park.

**Supporting High Priority Veterans’ Affairs Construction and Renovation Projects.** The Budget includes funding to support major veterans’ hospital renovations to improve services and meet increased demand, including through additional funding provided by the Opportunity, Growth, and Security Initiative.

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