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A BLUEPRINT FOR AMERICAN JOBS

U.S. SENATOR CHRIS COONS

In the ten months since I began my service in the Senate, Congress has spent tragically little of that time confronting our nation's slow economic recovery. Every time a bill that would help create jobs came up — even ones that in previous years enjoyed widespread bipartisan support — it would be blocked. Too many opportunities to help middle-class Americans were sacrificed at the altar of partisan politics.

Those politics, which nearly shutdown our government in March and nearly caused our nation to default in July, must be put aside. We have a jobs crisis in America, and it is long past time Congress gets engaged in solving it.

Congress needs to pursue a new jobs agenda — one that will not only lead to the growth of skilled and sustainable American jobs for decades ahead but that will also put Americans back to work *now*. Instability in the job market is an urgent threat that we need to address immediately.

Job creation has been my top priority since being elected to the Senate last fall, which is why I have made the focus of my first ten months in the Senate doing whatever I can to help get our neighbors back to work. My first bill, the *Job Creation Through Innovation Act*, is designed to boost domestic manufacturing by investing in the innovative small businesses that have the potential to create the next generation of high-quality middle-class jobs.

I've sought the advice of hundreds of business owners and job-creators, most recently at a series of constituent roundtable discussions, which were designed to study the challenges they are facing and consider ideas for overcoming them. I strongly believe that the best new ideas for growing our economy are going to come from those on the front lines of that economy and look forward to continued discussions with Delaware's business community about creative, sensible ideas for job growth.

What follows here is my legislative strategy for powering our nation's economic recovery and getting more Americans back to work. It is a living document that will evolve over the coming months, but as Congress returns to Washington next week, they are the ideas and bills that will be the focus of my work — my blueprint for American jobs.



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1. INVEST IN CRITICAL INFRASTRUCTURE PROJECTS

Growing businesses naturally want to locate their facilities on sites already connected to a reliable power grid, with plentiful high-speed Internet bandwidth and with easy access to road, rail, and port or airport infrastructure. Our crumbling infrastructure has dragged the United States behind 22 other countries in the World Economic Forum's ranking of infrastructure quality, making it more difficult than ever to attract businesses on the scale we need to power our recovery. This is unacceptable. Investing in our infrastructure not only strengthens our long-term global competitiveness, but creates good jobs for Americans looking for work.

One of the most promising bipartisan bills proposed in the 112th Congress is the bipartisan **BUILD Act** (S. 652), which I have cosponsored. The BUILD Act would create an American Infrastructure Financing Authority (AIFA) – an innovative public-private partnership in the form of an independent infrastructure bank to provide loans and loan guarantees to jump-start public infrastructure projects. While initially receiving government funds, it will quickly become self-sustaining. Closely following the successful model of the U.S. Export-Import Bank, the AIFA would be independently operated with the goal of providing just enough initial investment to get large-scale infrastructure projects off the ground. The balance would be financed by the private sector. The BUILD Act has earned the endorsement of both the AFL-CIO and the U.S. Chamber of Commerce, making it a prime candidate for consideration this fall.

Congress should move quickly to pass the BUILD Act and, along with it, restore the successful **Build America Bonds** program. Build America Bonds were created under the Recovery Act in 2009 to help reduce the cost of borrowing for state and municipal bond issuers. Cities, counties, and states tapped into this program to help finance nearly 1,000 local infrastructure projects across the nation in a time when governments have struggled to raise funds. The projects helped reduce unemployment and attracting job-creating businesses. Sadly, the program expired at the end of 2010 when Congress failed to authorize an extension despite unemployment in the construction sector still significantly higher than the nationwide average. At the same time, infrastructure projects financed by the Recovery Act are coming in under budget due to the drop in construction costs. Financing the construction of roads, bridges, rails, ports, and airports is a sound investment and will have a significant, tangible effect on jobs right from the start.

2. REFORM OUR TAX CODE AND STABILIZE OUR NATION'S DEFICITS

Ours is not a tax system that encourages job growth, and confronted by dangerous annual deficits and a staggering national debt, it is more important than ever to get our priorities straight when it comes to how our nation spends taxpayer dollars.

Reforming the corporate and individual tax codes in such a way that simplifies them and lowers rates while raising revenue is critical to our economic recovery, and Congress should take action on it immediately, ideally by starting with the recommendations offered by the bipartisan Bowles-Simpson fiscal commission. Today, the top 400 individual earners pay an average tax rate of only 18 percent, while middle class working families pay more than 25 percent. We should simplify filings in a way that broadens the tax base and protects the middle class.

At the same time, large corporations are taking advantage of gaping corporate tax loopholes, some to the point where they are paying little or no taxes at all. We need to level the playing field and close the most heavily abused corporate tax loopholes. We can instead encourage growth by incentivizing the research and development of new products and technologies.

Tax credits that incentivize innovation and the growth of sustainable, middle-class American jobs should be protected and, in some cases, expanded. I have introduced legislation to enhance the **Research and Development Tax Credit** and make it permanent, and a new **Small Business Innovation Credit** should be enacted to allow research-driven small businesses to claim a refundable or tradable credit for their research and development expenses. A **Domestic Manufacturing Tax Credit** like the one included in my **Job Creation Through Innovation Act** (S. 825) would also help keep manufacturing jobs from being shipped overseas. Additionally, Congress should move quickly to



end wasteful subsidies to big oil companies and reinvest that money in deficit reduction and incentives for deploying clean energy technologies.

The **payroll tax holiday**, which lowered workers' contributions to Social Security in 2011 by two percent, should be extended. More than 155 million workers benefitted from the cut this year, providing America's middle class with \$112 billion in tax relief.

With an estimated \$1.2 trillion in U.S. capital sitting in foreign bank accounts, Congress should adopt a **repatriation tax holiday** to allow U.S.-based multinational companies to bring money they have sitting in foreign bank accounts back to the U.S. so they can invest it here at home. Repatriating these funds will provide an immediate cash infusion into some of the nation's most successful companies, encouraging them to grow by investing in their workforces. The tax revenue generated by the holiday should be channeled into the American Infrastructure Financing Authority — an infrastructure bank — to rebuild America and create jobs.

Tax reform is a critical component of a balanced approach to the deficit reduction necessary for stabilizing our national debt. Currently over \$14 trillion, the debt is a weight on our economy and a drag on growth. It increases each year through deficit after deficit, with a staggering shortfall in Fiscal Year 2010 of \$1.3 trillion. This is simply unsustainable.

As our debt grows beyond our control, our country will face:

- A larger set of interest payments each year, diverting money that could have been spent on infrastructure and education;
- A reliance on foreign savings to prop up our own consumption, making us dependent on foreign capital in addition to the dependence on foreign oil from which we already suffer; and
- A crowding-out of borrowing in corporate and municipal bonds.

As an initial step, Congress would be well served to pass the bipartisan McCain-Carper **Reduce Unnecessary Spending Act** (S. 102), which would empower the President to request funding rescissions from Congress for spending deemed to be wasteful. Over the long-term, a remedy for Congressional inaction on deficit reduction is **Save-As-You-Go (SAVEGO)**, a budgetary mechanism that would keep both sides at the table each year until certain savings benchmarks are achieved. Modeled after the successful "PAY-GO" system that helped us achieve balanced budgets in the 1990s, SAVEGO would engage a series of automatic entitlement cuts and revenue increases should budget negotiations break down. This would force both sides to make difficult but necessary compromises to achieve real deficit reduction on an annual basis.

Congress must be strategic in its annual budgeting and seek deficit reduction that combines targeted savings with critical investments in our economic competitiveness. Our savings must fit into a larger jobs agenda and ensure that those who have struggled most in this recession and remain out of work are not faced with the elimination or reduction of critical programs, like unemployment insurance, food assistance, and job training that serve them as they continue to seek work.

3. OFFER GREATER SUPPORT FOR AMERICA'S SMALL BUSINESSES

Partisan bickering this summer resulted in Congress missing several opportunities to invest in proven programs that help America's small businesses grow.

Congress should enact a long-term reauthorization of the **Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs**. The SBIR program sets aside a small part of the research and development budget from a number of federal agencies to be used as grants for small businesses, and STTR helps scientists and innovators at research institutions commercialize their discoveries through small business start-ups. Since their creation in 1982 and 1992, respectively, SBIR and STTR have invested more than \$28 billion in helping turn American small businesses into big businesses through innovation and commercialization of cutting-edge products. Congress should revisit the vote it took in May and finally pass a long-term extension of these beneficial programs.

Since 1965, the Department of Commerce's Economic Development Administration (EDA) has been helping create jobs and generate commercial activity in economically distressed areas. The EDA has a strong track record of helping



small businesses, and for every \$1 in EDA grant funding there are nearly \$7 in private investment attracted to the local community. Delaware alone has received more than \$5 million in EDA investment over the past two years, which has helped create or retain more than 1,000 jobs. Unfortunately, Congress failed to reauthorize the EDA this June, but it should revisit the issue and finally pass the **Economic Development Revitalization Act** (S. 782) to help invest in local growth.

Additionally, small and fledgling companies that cannot currently take advantage of the Research and Development Tax Credit because they do not generate enough profit should be eligible for a refundable version of the tax credit – the **Small Business Innovation Credit** found in the **Job Creation Through Innovation Act**.

The **National Institute of Standards and Technology's Hollings Manufacturing Extension Partnership** (MEP) has a strong track record of helping U.S. manufacturers grow and create jobs. The program has been so important that more than a dozen Delaware business leaders described MEP as important to their future success during my meetings with them this summer. That's why it must be protected from efforts in the House to slash funding for the program.

Decades of compounded bureaucracy have created a business climate in need of significant **regulatory reform**. Congress should support President Obama's plan to save businesses \$10 billion over the next five years through targeted reforms, and should look for additional areas where streamlining regulations and simplifying reporting requirements can lead to savings without hurting consumer protections or the environment.

4. DEVELOP AND PROTECT THE NEXT GENERATION OF AMERICAN TECHNOLOGY AND INGENUITY

Our nation has the greatest wealth of talent in the world, and we need to protect the ideas and innovations that have long-fueled American entrepreneurship. Keeping that talent here – indeed, protecting innovators and their hard work – must be one of our highest priorities. There are three bills currently pending before Congress that would strengthen our intellectual property protection and patent processing.

The **America Invents Act** (S. 23), of which I am a cosponsor, which would improve the U.S. Patent and Trademark Office's (PTO) ability to review and approve new patent applications, passed the Senate in March. The House of Representatives has since passed a different version, which needs to be reconciled with the one approved by the Senate before it can be sent to the President and signed into law. Both houses of Congress should work together quickly to agree on a unified version and enact this critical legislation that will assist those innovators eager to patent their ideas and launch new the new businesses that will turn those ideas into exportable products.

Written to safeguard inventors and artists, the **PROTECT IP Act** (S. 968) would impose stricter penalties on those who commit intellectual property violations. With strong bipartisan support, the PROTECT IP Act should be swiftly approved by both chambers. Congress should also pass the **Economic Espionage Penalty Enhancement Act** (S. 678) to increase prison terms for those who knowingly steal, duplicate, or pass along unauthorized economic information to a foreign government or business, as well as the **Combating Military Counterfeits Act of 2011** (S. 1228), which would create new criminal provisions for those who traffic in counterfeit goods sold to the United States military. I am a cosponsor of all three of these bills.

It is critical to our long-term competitiveness that we protect our innovations, especially as global investment in alternative energy has taken off, with more than 200% growth since 2005. This trend will clearly continue, and right now, our competitors are showing signs of outpacing us in research and discovery as well as development and commercialization of future technologies in several important areas. If we fail to match our competitors in alternative energy, we will certainly face serious consequences, not only for the health and long-term viability of our economy but also for national security and the environment.

There is a \$2.3 trillion global clean energy market that will is certain to create new businesses and jobs, but the U.S. is lagging far behind in clean energy production because of low private sector investments in research, the long amount of time it takes to commercialize clean energy technologies, and the head start foreign competitors have in the sector.

The federal government has always supported energy production, traditionally in the form of fossil fuels. According to the U.S. Energy Information Agency, we imported over 347 million barrels of crude oil in April 2011 alone, and with oil prices rising we are spending more and more each month on fossil fuels from overseas. It is time that we transition



this support away from dirty sources of energy to new, cleaner technologies, such as wind, solar, and advanced biofuels. One way we can begin doing so right away is for Congress to pass the **Incentivizing Offshore Wind Power Act** (S. 1397), of which I am a cosponsor and which would provide the offshore wind industry with enhanced stability by extending investment tax credits for the first 3,000 MW of offshore wind facilities placed into service – an estimated 600 wind turbines. Such tax credits are vital for this new clean energy technology because there is a much longer lead time for permitting and construction of offshore wind turbines, compared to those installed on land. Another important step is for Congress to pass **ethanol subsidy reform** and reinvest the savings in incentives for the development of advanced biofuels.

There is much Congress and the administration could do to promote a range of clean energy technologies, from the broad deployment of electric vehicles and infrastructure to grid-scale renewable energy. Without charging stations available for consumer use, the industry will struggle to get off the ground. The bipartisan **Promoting Electric Vehicles Act** (S. 948) would launch model deployment communities across the country and create a competitive grant program for businesses to electrify their vehicle fleets. Congress should pass this legislation and create conditions for businesses to produce this next generation of vehicles in the United States, make them affordable to consumers, and aid in their deployment. We must also invest in research and development for new battery technologies that will power these electric vehicles longer and farther to meet the needs of American travelers.

The federal government is the largest single consumer of energy resources, both in terms of liquid fuels and electric power. Congress and the administration should lead by example to promote the adoption of alternative energy technologies across the country, especially through the Department of Defense. A vehicle to do so is the **Reducing Federal Energy Dollars Act** (S. 963), which I cosponsored and was introduced in May. Passing this bill would both compel the federal government to reduce its own carbon footprint and set a strong example for the private sector and consumers. By doing so, we can expand clean energy markets, strengthen our national security, improve the environment and, in the process, also contribute to deficit reduction through energy cost savings.

Other tangible steps Congress can take in the near-term include passing legislation to create a “**Clean Energy Deployment Administration**,” which makes new financing tools available to launch alternative energy projects here in the United States. Congress should take up and pass the **Implementation of National Consensus Appliance Agreements Act** (S. 398), also known as the INCAA energy efficiency standards for appliances. This goes hand in hand with the **Energy Savings and Industrial Competitiveness Act** (S. 1000), which would expand a host of efficiency measures and help provide energy cost savings to low-income families. At the same time, it would help create new business – and new jobs – for companies that manufacture energy-efficient housing components. Congress should continue to fund vital innovation programs like the **Advanced Research Project for Energy (ARPA-E)**, and it should also provide targeted incentives to accelerate clean energy technology development for renewables, infrastructure, and clean technology manufacturing.

5. STRENGTHEN AMERICA’S GLOBAL TRADE POSTURE

We need to do more to assist businesses of all sizes to export their products overseas. Our trade agreements must do more than just open new markets – they must lower tariffs on American products and create a level playing field for American workers, while increasing the economic ties between the United States and our trading partners. There are steps Congress can take right now to provide resources and guidance to businesses – especially small businesses – looking to increase their exports and expand into new markets.

The **Trade Enforcement Act of 2009** was introduced in the last Congress to protect the interests of American manufacturers and innovators in international trade. The legislation establishes a trade enforcement division within the office of the U.S. Trade Representative (USTR), with a dedicated branch for small business. It also creates the position of Chief Manufacturing Negotiator to represent the interests of the manufacturing industry within USTR. USTR must also issue reports identifying trade enforcement priorities, the impacts of tariff and nontariff barriers on U.S. trade, and steps taken to achieve U.S. trade goals. Another branch of the bill focuses on investment in and protection of intellectual property rights (IPR) by establishing IPR coordinators in key government agencies, increasing programs’ funding and staff, delineating trade enforcement activities to combat counterfeiting and piracy, and requiring USTR



to develop a comprehensive strategy for trade and IPR enforcement.

Dedicating more resources to protect IPR will help Delaware manufacturers who cite instances of foreign entities producing counterfeit goods by stealing trade secrets, copyrights, and trademarks that lure consumers away from the legitimate products. This not only undermines and cheats U.S. manufacturers out of money spent on innovation, research, testing, and design but also threatens to diminish the brand's reputation if a counterfeit product is clearly subpar. As one quarter of Delaware manufacturing jobs depend on exports, it is important to uphold the reputation, quality, and ownership of the state's manufactured goods abroad to protect jobs at home. The Chief Manufacturing Negotiator will also help ensure that future USTR trade policies bear in mind the needs of Delaware manufacturers and protect manufacturing jobs from being shipped overseas.

By eliminating certain barriers and tariffs, the **U.S.-Korea Free Trade Agreement (KORUS)** is expected to increase U.S. GDP by almost \$12 billion and increase exports by \$11 billion annually. This impact will be felt directly in Delaware, as exports support nearly one quarter of the state's manufacturing jobs and Delaware averages \$106 million in exports annually to South Korea. Most of Delaware's exporters are small and medium-sized firms with fewer than 500 employees, and increased access to international markets will create a surge in exports and help these companies expand to create more jobs in state. Specifically, KORUS will open new markets for key Delaware exports: the state's \$42 million in machinery, \$17 million in computers and electronics, and \$13 million in chemical exports annually to South Korea will all receive a competitive boost when no longer required to face tariffs as high as thirteen percent. Delaware's agriculture sector will also see an increase in exports as elimination of duties on nearly two-thirds of U.S. agricultural exports will give Delaware farmers improved access to the Korean market, which is highly protected.

Accompanying adoption of KORUS should be an extension of the **Trade Adjustment Assistance (TAA) Program**, which provides a path for employment growth and opportunity through aid to American workers who have lost their jobs as a result of foreign trade, and it seeks to provide these trade-affected workers with opportunities to obtain the skills, resources, and support they need to become reemployed.

Congress should also pass the bipartisan **Innovate America Act (S. 239)**, which includes, among a number of provisions aimed at supporting advanced research for manufacturing and promoting science and technology education, the creation of a manufacturing assistance program to help small businesses increase exports. The bill would also provide the Office of the U.S. Trade Representative with additional funding to enforce trade rules that protect American companies' fair access to global markets. We must work with our trading partners to ensure that American intellectual property rights are respected within their borders, which will safeguard the greatest assets of our innovators and entrepreneurs – that is, their ideas.

6. INVEST IN AN EDUCATED WORKFORCE

For unemployed Americans, education and training are often critical lifelines to returning to work. The bipartisan **On-the-Job Training Act (S. 1168)**, which is supported by the U.S. Conference of Mayors and National Association of Workforce Boards, would help local on-the-job training programs connect unemployed workers with jobs and expand the number of participating employers. Such programs have a proven track record of successful job placement and should be supported.

Strengthening job training efforts is also a key part of the **Hiring Heroes Act (S. 951)**, of which I am a cosponsor. After they fought for our freedom abroad, our veterans shouldn't then have to fight just to get a job here at home. According to the Bureau of Labor Statistics, the unemployment rate for all veterans in was 8.8%, and that of those serving since September 11, 2001, is 13.3%. For veterans under the age of 24, it is 21.1%. The Hiring Heroes Act would also establish grants for collaborative veterans training, mentoring and placement programs at non-profit organizations, and make it easier for veterans to translate skills and credentials earned in the military to their civilian equivalencies.

One of the messages I have heard consistently from business owners is that we are not doing enough to strengthen the education of our children. Our nation's long-term global economic competitiveness is dependent on the investments in education we make now. For the Greatest Generation and Baby Boomers, access to a good education was the ticket to achieving their dreams and finding quality jobs. Today, we should make the necessary preparations to enable the next generation to prepare themselves for an increasingly competitive workforce. This includes turning around failing



schools, supporting teachers, encouraging family engagement, helping low-income families save for college, and funding student opportunities for research in science and technology fields.

Important steps have already been taken, such as the successful passage of the **America COMPETES Reauthorization Act** (H.R. 5116) during the lame-duck session of the last Congress, which included support for community colleges. Another accomplishment was the Obama Administration's launch of the **Race to the Top Early Learning Challenge** grants in May, which will provide much-needed resources for early education programs. Study after study shows that participation in early learning programs has a significant effect on later educational achievement.

The successful Race to the Top program, included in the Recovery Act, rewarded states like Delaware and others that engaged in significant school reform and placed an emphasis on outcomes-based innovations for turning around failing schools and exposing more students to programs in math and science. Congress would do well to pass the **Race to the Top Act** (S. 844), which I cosponsored and which would make this state-based competitive grant program permanent and open it up to local education agencies as well.

In particular, science, technology, engineering, and mathematics – or “STEM” – fields are critical to preparing students for the kind of skilled manufacturing jobs we need to compete in the new global economy. We must continue making investments in STEM education from the earliest levels of schooling. I cosponsored the **Effective STEM Teaching and Learning Act** (S. 463), which would create competitive state-based grants to improve science and math education from preschool through high school. Congress should pass this bill as a down payment on America's continued high-tech competitiveness. At a time when American students are falling behind their counterparts from Asia and Europe on international standardized testing, Congress should be proactive in ensuring that science and math teachers have the resources they need to graduate students who are well-prepared to be tomorrow's innovators and entrepreneurs.

While much attention should go to improving early childhood education and reauthorizing the **Elementary and Secondary Education Act (ESEA)**, Congress must also take steps to improve access to adult education, particularly programs that emphasize job training or retraining and enable greater access to higher education. Though our high school graduation rate is rising, today more than a quarter of our students still drop out, and studies have demonstrated that those with only a high school diploma or less have a lower median income than those who attain even a two-year college degree. Congress should support efforts to increase educational achievement by passing the **Investing in Innovation in Education Act** (S. 895) and help school districts get parents more involved in their children's studies by enacting the **Family Engagement in Education Act** (S. 941).

Education is the key to unlocking quality jobs and higher incomes, and we need to graduate more of our students from high school and ensure they have the opportunity to pursue higher education. If we commit to making important education investments now and over the long-term, our students will be well prepared for jobs and will help attract businesses looking for a high quality, highly educated workforce.

