

Administration Support For Insourcing and Increasing Investment in the United States

Increasingly, businesses are making the decision to ‘insource’ production back to and expand operations within the United States. While the talent and hard work of America’s entrepreneurs, innovators, and workers will continue to be the main drivers of these encouraging trends, there is a critical role for government policies that support new investments. The Obama Administration is working to encourage this trend by taking measures – through tax, trade, financing, energy, and education policy – that allow American businesses to thrive.

1. Creating incentives for businesses to invest in hiring and expanding

Actions Taken To Date

- **Providing Tax Breaks to Help Business Grow and Invest:** Building off earlier measures, the President signed into law a provision for 100 percent depreciation last year – allowing businesses, both large and small, to immediately write off 100 percent of the costs of new investments in plants and equipment in the United States. This is among the 17 tax cuts the President has signed into law for small businesses, including measures that temporarily eliminated capital gains taxes on key small business investments and raised expensing limits for small firms.
- **Offering Incentives for the Manufacturing Industries of the Future:** The successful and oversubscribed Section 48C program provided an incentive for investment in machinery and equipment to manufacture the latest advanced energy technologies, ensuring that these cutting-edge technologies are not only invented here, but they are manufactured here.

Additional Measures Put Forward by the Administration:

- **Extending 100 Percent Expensing and Putting Forward New Tax Cuts to Encourage Hiring:** As part of the American Jobs Act, the President proposed to extend 100 percent depreciation into 2012. He also proposed a payroll tax cut for employers as well as a hiring credit for putting to work the long-term unemployed that provide incentives for adding new workers.
- **Expanding the Research and Experimentation Tax Credit:** The President has proposed to make permanent the Research and Experimentation Tax Credit, while expanding and simplifying the credit. The R&E credit encourages investment in the United States, as only research and experimentation performed in the U.S. is eligible.
- **Reforming the Corporate Tax Code:** The President has called on Congress to enact comprehensive tax reform that improves the competitive position of American businesses by lowering overall tax rates for companies, cutting out wasteful and unfair tax breaks, and reducing the deficit.

2. Securing access to markets for U.S. businesses seeking to expand globally, while creating a level playing field with our global competitors.

Actions Taken To Date:

- **Boosting Exports through the National Export Initiative:** Under the National Export Initiative, launched in January 2010, the President set the ambitious goal of doubling U.S. exports while supporting millions of new jobs over five years. Over the past twelve months, exports have been growing at an annualized rate of 16.3% when compared with 2009, a pace greater than the 15% required to double exports by the end of 2014.

- **Passing Trade Agreements that Help American Businesses Expand:** The Administration made significant improvements to pending trade agreements with Korea, Colombia and Panama and secured support for their passage. And it is now working closely with Korea, Colombia, and Panama to ensure the requirements laid out in the agreements are met and implemented as quickly as possible.
- **Removing Trade Barriers, Expanding Access to Markets, and Enforcing U.S. Exporters' Rights:** The Administration has made progress in expanding global trade opportunities for U.S. exporters by advancing pending free trade agreements, enforcing U.S. companies' rights under existing trade agreements, and strengthening trade relationships in major emerging markets.
- **Signing into Law The Most Significant Reform of our Patent System in more than Five Decades.** In September, the President signed into law the bipartisan America Invents Act, which represents the most significant reform of the Patent Act since 1952. It will give a boost to American companies and inventors who have suffered costly delays and unnecessary litigation, and let them focus instead on innovation and job creation.

Additional Measures Put Forward by the Administration:

- **Achieve the Broad Outlines of the Trans-Pacific Partnership Agreement:** In November, President Obama and the Leaders of the eight Trans-Pacific Partnership (TPP) countries announced achievement of the broad outlines of an ambitious, 21st-century regional trade agreement that will enhance trade and investment among the TPP countries and support the creation and retention of jobs in America and around the Asia-Pacific region.
- **Vigorously Enforcing Trade Laws:** Moving forward, the Administration will continue to deploy ambitious and effective enforcement strategies that hold our trading partners accountable for their commitments. The Administration's goal is to ensure U.S. businesses, farmers, ranchers, and workers are able to compete and win in world markets where intellectual property is protected, where agricultural and industrial standards are based on science, and where transparent rules and regulations are applied without discrimination.

3. Ensuring that American workers are the mostly highly-educated and best-trained in the world.

Actions Taken To Date:

- **Reforming K-12 and Early Education through Innovative New Programs.** President Obama created Race to the Top with a historic \$4.35 billion investment in improving K-12 education. As a result of the initiative, over 40 states have raised standards, improved assessments, and invested in teachers to ensure that all of our children receive a high-quality education.
- **Improving Community Colleges Across the Country:** Under the Health Care and Education Reconciliation Act, over \$2 billion in competitive funds have been made available to eligible institutions of higher education, such as community colleges, over four years.
- **Launching "Skills for America's Future":** In the fall of 2010, the President established "Skills for America's Future," an effort to improve industry partnerships with community colleges to ensure that America's community college students are gaining the skills and knowledge they need to be successful in the workforce. In conjunction with that effort, the President announced, in June of 2011, a new effort to provide 500,000 community college students with the credentials they need to obtain good jobs in the manufacturing sector.

- **Making Higher Education More Affordable:** As part of its efforts to return the United States to first in the world in its proportion of college graduates by 2020, the Obama Administration has raised the maximum Pell Grant award to \$5,550 and has increased the number of Pell Grant recipients by 3 million— a 50% increase in students served since 2008. These increases in Pell were paid for by ending subsidies to banks serving as middle-men in the student loan system and redirecting them towards investments in students. For families struggling with the cost of college, President Obama also created the American Opportunity Tax Credit, providing up to \$10,000 over four years of college.

Additional Measures Put Forward by the Administration:

- **Modernizing Over 35,000 Schools – From Science Labs and Internet-Ready Classrooms to Renovated Facilities:** As part of the *American Jobs Act*, the President proposed a \$25 billion investment in school infrastructure that will modernize at least 35,000 public schools – investments that will create jobs, while upgrading our schools to meet 21st century needs.
- **Preventing Layoffs of Teachers:** As part of the *American Jobs Act*, the President proposed to invest \$30 billion to prevent layoffs of up to 280,000 teachers this school year. These funds would help states and localities avoid and reverse layoffs now, requiring that funds be drawn down quickly.
- **Reform Our Unemployment Insurance so Unemployed People Keep their Skills and Find Good Jobs :** Drawing on the best ideas of both parties and the most innovative states, as part of the *American Jobs Act*, the President proposed the most sweeping reforms to the unemployment insurance (UI) system in 40 years help those without jobs transition to the workplace.

4. Providing the financial and technical support necessary for companies to grow and expand

Actions Taken To Date

- **Extending Temporary Assistance to Our Automakers:** The President made the tough decision to extend assistance to GM and Chrysler in early 2009. Since GM emerged from bankruptcy, the automotive sector has added back more than 150,000 jobs.
- **Facilitating Business Investment at the Federal Level:** The SelectUSA program, an initiative launched by President Obama in June of 2011, is the first federal effort to promote investment in partnership with our states. SelectUSA aims to attract, retain and expand domestic investment through advocacy, outreach and facilitation services.
- **Expanding Access to Capital:** The administration has taken significant steps across financing programs to increase available capital for small and growing firms. The Small Business Administration more than doubled the maximum loan size for its largest programs, permanently raising the maximum 7(a) and 504 loans from \$2 million to \$5 million, and the maximum 504 manufacturing loan to \$5.5 million. In addition, through the State Small Business Credit Initiative, the Administration made grants totaling \$1.5 billion to strengthen state programs that provide financing to small businesses and small manufacturers.
- **Bringing Industry, Universities, and Government Together on Advanced Manufacturing:** In June of 2011, the President launched the Advanced Manufacturing Partnership, which convenes leading industry, engineering universities, and federal agencies to invest in the emerging technologies that will enhance the competitiveness of our domestic manufacturers, such as IT, biotechnology, and nanotechnology.

5. Investing in infrastructure to enhance the competitiveness of businesses and stimulate demand for domestic manufactured goods

Actions Taken To Date

- **Rebuilding Our Infrastructure through the Recovery Act:** The Recovery Act invested about \$50 billion in the Nation's transportation infrastructure – the largest one-time increase in infrastructure investment since the inception of the interstate highway system.
- **Expanding Access to High-Speed Internet:** The Recovery Act provided approximately \$7 billion to expand broadband access and adoption, with more than \$2.5 billion awarded to the USDA's Rural Utility Service for rural areas and \$4.4 billion going to the Department of Commerce's National Telecommunications and Information Administration to support a number of broadband initiatives.
- **Promoting the Responsible Development of Our Natural Gas Resources:** If harnessed in a safe and responsible manner, these natural gas resources present an extraordinary opportunity to lower input costs for many manufacturers and to create, according to most analyses, several hundred thousand new manufacturing jobs in the coming years. The rapid growth in shale gas production has brought with it concerns about environmental impacts, and questions about the adequacy of the patchwork of State regulations that currently apply to fracking operations. In this context, the Administration is undertaking a set of activities to address environmental risks, including establishing basic Federal pollution controls to supplement State regulations; supporting research and development; and providing information to the public.

Additional Measures Put Forward by the Administration:

- **Investing to Modernize Our Infrastructure:** In order to jumpstart critical infrastructure projects immediate term, the American Jobs Act included \$50 billion in immediate investments for highway, highway safety, transit, passenger rail, and aviation activities – with one fifth of the funding advancing a transformation of how we finance transportation infrastructure and what we finance. The Administration has also proposed a \$556 billion, six-year surface transportation reauthorization package, a transformative long-term investment in America's future that will rebuild our roads, rails, and runways while creating jobs, and reforming how Federal dollars are spent.