

Talking Points: American Jobs Act

- **To more create jobs now**, the President is sending Congress the **American Jobs Act** – a set of ideas supported by both Democrats and Republicans that Congress must pass right away.
- The purpose of the **American Jobs Act** is simple: **put more people back to work and put more money in the pockets of working Americans**. Here's how:
 - First, it provides a tax cut for small businesses, not big corporations, to help them hire and expand now, and provides an additional tax cut to any business that hires or increases wages.
 - Second, it puts more people back to work, including up to 280,000 teachers laid off by state-budget cuts, first responders and veterans coming back from Iraq and Afghanistan, and construction workers repairing crumbling bridges, roads and more than 35,000 public schools, with projects chosen by need and impact, not earmarks and politics. And, it expands job opportunities for hundreds of thousands of low-income youth and adults through a new Pathways Back to Work Fund that supports summer and year round jobs for youth; innovative new job training programs to connect low-income workers to jobs quickly; and successful programs to encourage employers to bring on disadvantaged workers.
 - Third, it helps out-of-work Americans by extending unemployment benefits to help them support their families while looking for work and reforming the system with training programs that build real skills, connect to real jobs and help the long-term unemployed. It bans employers from discriminating against the unemployed when hiring, and provides a new tax credit to employers hiring workers who have been out of a job for over 6 months.
 - Fourth, it puts more money in the pockets of working and middle class Americans by: 1) cutting in half the payroll tax that comes out of every worker's paycheck, saving families an average of \$1,500 a year, and 2) taking executive action to remove the barriers that exist in the current federal refinancing program (HARP) to help more Americans refinance their mortgages at historically low rates, save money and stay in their homes.

• Last, the plan won't add a dime to the deficit and is fully paid for through a balanced deficit reduction plan that includes closing corporate tax loopholes and asking the wealthiest Americans to pay their fair share.

- Every day, people in this country are working hard to meet their responsibilities.
- The question now is whether Washington will meet theirs. The time for obstruction and gridlock is over. Congress needs to put country ahead of politics, and pass the American Jobs Act.
- The American people know that the economic crisis and the deep recession weren't created overnight and won't be solved overnight. The economic security of the American middle class has been under attack for decades.
- That's why the President believes we need to do more than just recover from this economic crisis.
- He's rebuilding the economy the American way -- based on balance, fairness and the same set of rules for everyone from Wall Street to Main Street where hard work and responsibility pay and gaming the system is penalized.
- It's an American economy that's built to last and creates the jobs of the future, by forcing Washington to live within its means so we can invest in small business entrepreneurs, education, and making things the world buys, not outsourcing, loopholes and reckless financial deals that put middle class security at risk.
- The American Jobs Act, part of the President's strategy to rebuild the economy, is something that Congress can do right now to create more jobs and put more money in the pockets of the American people.

Additional Background:

THE AMERICAN JOBS ACT

1. Tax Cuts to Help America's Small Businesses Hire and Grow

- Cutting the payroll tax in half for 98 percent of businesses: The President's plan will cut in half the taxes paid by businesses on their first \$5 million in payroll, targeting the benefit to the 98 percent of firms that have payroll below this threshold.
- A complete payroll tax holiday for added workers or increased wages: The President's plan will completely eliminate payroll taxes for firms that increase their payroll by adding new workers or increasing the wages of their current worker (the benefit is capped at the first \$50 million in payroll increases).
- Extending 100% expensing into 2012: This continues an effective incentive for new investment.
- Reforms and regulatory reductions to help entrepreneurs and small businesses access capital.

2. Putting Workers Back on the Job While Rebuilding and Modernizing America

- A "Returning Heroes" hiring tax credit for veterans: This provides tax credits from \$5,600 to \$9,600 to encourage the hiring of unemployed veterans.
- Preventing up to 280,000 teacher layoffs, while keeping cops and firefighters on the job.
- Modernizing at least 35,000 public schools across the country, supporting new science labs, Internet-ready classrooms and renovations at schools across the country, in rural and urban areas.
- Immediate investments in infrastructure and a bipartisan National Infrastructure Bank, modernizing our roads, rail, airports and waterways while putting hundreds of thousands of workers back on the job.
- A New "Project Rebuild", which will put people to work rehabilitating homes, businesses and communities, leveraging private capital and scaling land banks and other public-private collaborations.
- Expanding access to high-speed wireless as part of a plan for freeing up the nation's spectrum.

3. Pathways Back to Work for Americans Looking for Jobs.

- The most innovative reform to the unemployment insurance program in 40 years: As part of an extension of unemployment insurance to prevent 5 million Americans looking for work from losing their benefits, the President's plan includes innovative work-based reforms to prevent layoffs and give states greater flexibility to use UI funds to best support job-seekers, including:
 - *Work-Sharing*: UI for workers whose employers choose work-sharing over layoffs.
 - *A new "Bridge to Work" program*: The plan builds on and improves innovative state programs where those displaced take temporary, voluntary work or pursue on-the-job training.
 - *Innovative entrepreneurship and wage insurance programs*: States will also be empowered to implement wage insurance to help reemploy older workers and programs that make it easier for unemployed workers to start their own businesses.
- A \$4,000 tax credit to employers for hiring long-term unemployed workers.
- Prohibiting employers from discriminating against unemployed workers when hiring.
- Expanding job opportunities for low-income youth and adults through a fund for successful approaches for subsidized employment, innovative training programs and summer/year-round jobs for youth.

4. Tax Relief for Every American Worker and Family

- Cutting payroll taxes in half for 160 million workers next year: The President's plan will expand the payroll tax cut passed last year to cut workers payroll taxes in half in 2012 – providing a \$1,500 tax cut to the typical American family, without negatively impacting the Social Security Trust Fund.
- Allowing more Americans to refinance their mortgages at today's near 4 percent interest rates, which can put more than \$2,000 a year in a family's pocket.

5. Fully Paid for as Part of the President's Long-Term Deficit Reduction Plan. *To ensure that the American Jobs Act is fully paid for, the President will call on the Joint Committee to come up with additional deficit reduction necessary to pay for the Act and still meet its deficit target. The President will, in the coming days, release a detailed plan that will show how we can do that while achieving the additional deficit reduction necessary to meet the President's broader goal of stabilizing our debt as a share of the economy.*

##