

Manufacturing Groups Split on Obama's Budget

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President Obama released his [\\$3.9 trillion budget](#) [1] on Tuesday to immediate backlash from Republicans and a mixed response from manufacturing organizations.

Opponents tout the budget as a [tool for this fall's congressional campaigns](#) [2], as it includes many provisions that have no realistic chance of becoming law. They include \$1 trillion in tax increases targeted at the rich and corporations, and a collection of populist but modest spending boosts for consumer protection, climate change research, and improved technology in schools.

The budget also contains a \$2.2 trillion 10-year deficit reduction plan – one-third of which would come from withdrawing troops from Afghanistan and Iraq.

Initial thoughts from the manufacturing industry

Tuesday evening, the National Association of Manufacturers (NAM), [released a critical response](#) [3] to the budget proposal. The statement, from Aric Newhouse, Senior Vice President of Policy and Government Relations, opened:

“The President’s budget delivers damaging tax increases for manufacturers in every industry sector, from small manufacturers to global companies. In addition, this budget, like previous incarnations, takes aim at energy producers with provisions that would only increase energy costs in the United States and significantly undermine our potential for growth.”

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The statement then concedes some provisions that would benefit manufacturers, including a permanent research and development credit and the opening of manufacturing hubs across the country. Newhouse also praised the President's commitment to transportation and infrastructure funding, and his emphasis on workforce development. "Unfortunately," he says, "these pro-growth proposals find themselves in the shadow of job-killing tax increases."

The Alliance for American Manufacturing (AAM) has also [released a cursory review of the budget](#) [4], with significantly more praise. They noted the focus on advanced manufacturing, which is good for business, but maybe not so with [voter perception](#) [5]. To implement this advanced manufacturing agenda, Obama has zeroed in on several key areas: workforce development, infrastructure investment, and tax reform.

AAM praised the President's workforce development programs, including a government-wide reorganization of STEM education programs and a "Community College Job-Driven Training Fund" through the Department of Labor. They also support the \$302 billion investment in infrastructure, as [funded through tax reform](#) [6].

The proposed budget also includes a \$27.9 billion budget for the Energy Department, an increase of 2.6 percent over the fiscal year 2014 enacted level. Notable plans include increased investment in clean-energy technologies as part of Obama's all-of-the-above energy strategy and investments in energy grid research and development.

How do we get what we want?

Republicans are right — this budget is definitely an election-year tool, but is anyone surprised? Not at all.

It is surprising, however, to see two major manufacturing organizations on opposite sides of the fence. They agree with the program proposals — workforce development, manufacturing hubs, infrastructure investments — but not the means to these ends.

As the budgeting process moves forward, the proposed tax increases that are so offensive to the NAM will certainly be dramatically reduced. And as these increases get slashed, so does the available funding for the manufacturing programs they so highly praised.

Source URL (retrieved on 04/27/2015 - 8:28am):

<http://www.foodmanufacturing.com/blogs/2014/03/manufacturing-groups-split-obamas-budget>

Links:

[1] <http://www.whitehouse.gov/omb/budget/Overview>

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[2] <http://www.impomag.com/news/2014/03/gop-slams-obamas-39t-budget-corporate-tax-increases>

[3] <http://www.nam.org/Communications/Articles/2014/03/Tax-Increases-in-Presidents-Budget-Block-Growth.aspx>

[4] <http://americanmanufacturing.org/blog/first-look-presidents-budget-proposal-2015>

[5] <http://www.americanmanufacturing.org/2014poll/#value-manufacturing>

[6] <http://americanmanufacturing.org/articles/baucus-camp-reforms-manufacturing-has-be-key-tax-reform>