



## **The American Competitiveness Initiative: A Continued Commitment to Leading the World in Innovation**

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### **Overview**

**The President remains committed to the success of the American Competitiveness Initiative he announced in last year's State of the Union address** – and he looks forward to working with the 110<sup>th</sup> Congress to fully achieve his vision for competitiveness.

The President's Initiative, reflected in his FY 2008 Budget, will **keep America the most innovative and competitive economy in the world** by encouraging more aggressive investment by businesses through a permanent enhanced research and development tax credit (\$3.2 billion in FY 2008 and \$117 billion over ten years), greatly increasing and prioritizing Federal support for vital research (a \$764 million increase in FY 2008 for ACI research agencies), and improving math and science education for America's students (a \$365 million increase in FY 2008 at the Department of Education).

### **ACI Accomplishments**

Since last January, the President and Congress have made significant progress:

- The Administration has taken important steps toward strengthening K-12 math and science education, building on the success of the No Child Left Behind Act:
  - In February 2006, the President signed into law the Deficit Reduction Act, which created **Academic Competitiveness Grants and National SMART Grants** to provide additional need-based aid for first- and second-year college students who complete a rigorous high school curriculum and for third- and fourth-year college students who choose to major in the fields of math, science, engineering, or critical foreign languages.
  - The **Academic Competitiveness Council (ACC)** was also established in the Deficit Reduction Act to assess the effectiveness of the Federal STEM (Science, Technology, Engineering, and Mathematics) education investment. The ACC report is in its final stages, with delivery to Congress anticipated soon.
  - In April 2006, the President issued an Executive Order creating the **National Math Panel** to evaluate the scientific evidence related to teaching and learning math, and to make recommendations on how to improve student readiness for, and

success in, algebra and higher-level math courses. The Panel will soon release its interim report, with a final report expected in early 2008.

- Groundwork for potential progress in the appropriations process has also been made:
  - In Basic Research, last year both the full House and the Senate Appropriations Committee funded the President's commitment to begin **doubling basic research in the key physical sciences agencies** over the next 10 years. However, Congress needs to complete the FY 2007 appropriations process to restore funding for year one of the Initiative because the recently House-passed full-year Continuing Resolution (CR) provides only half of the requested research increase -- \$454 million less than the President's \$10.7 billion proposal.
  - In Education, relevant House and Senate appropriations subcommittees passed a bill that would increase funds available to train **more teachers to lead Advanced Placement math and science courses**. This funding would expand low-income students' access to rigorous course work and increase the number of students passing AP math and science tests. The House Appropriations Committee also appropriated \$10 million to support partnerships between school districts and public or private organizations to encourage professionals, particularly in the fields of math and science, to share their expertise in classrooms as members of the **Adjunct Teacher Corps**. This funding is also not included in the House-passed CR.
- R&D Tax Credit. In December, the President signed into law a retroactive two-year extension and enhancement of the R&D tax credit through the end of 2007. We will continue our work to make the enhanced credit permanent in order to increase incentives for businesses to invest in R&D over the long term.
- The Administration remains actively engaged in efforts to advance the remaining elements in the President's American Competitiveness Initiative, including:
  - **Career Advancement Accounts** to give workers access to the resources and training they need to increase their skills and compete for the better jobs of the 21<sup>st</sup> century economy.
  - **Comprehensive Immigration Reform** to help solve the economy's need for high-skilled workers – and put the skills of the world's best and brightest to work for America.

### **Next Steps on ACI**

- Education. The President proposes incorporating the education components of ACI into this year's reauthorization of the No Child Left Behind Act, including:

- Advanced Placement/International Baccalaureate – \$122 million (a \$90 million increase) to expand access to rigorous curricula in high school for low-income students, particularly in math and science, and to increase the number of teachers trained to instruct these courses.
  - Adjunct Teacher Corps – \$25 million to encourage professionals, particularly in the fields of math and science, to share their expertise with students.
  - Math Now Programs – \$250 million to ensure that students benefit from our improved understanding of how they best learn math.
  - Science assessments – to be added into state accountability calculations under NCLB at three grade levels by 2008 and to require science proficiency of all students by 2020.
- Basic Research. The President is proposing a 7.2 percent increase (\$764 million) in FY 2008 for research at the National Science Foundation, the Department of Energy's Office of Science, and the Department of Commerce's National Institute of Standards and Technology labs, in accord with the ACI doubling commitment. The 2008 increase is on top of his 9.3 percent increase in FY 2007, bringing the two-year total amount of new investment to nearly \$2.6 billion.

### **Other Competitiveness Issues**

In addition, the President is actively engaged in efforts on other fronts that will significantly strengthen the Nation's competitiveness, including:

- High-skilled Immigration. The Administration will continue to work toward passage of a **comprehensive immigration reform** bill that will help solve our nation's immigration challenges.
- Worker Training. The 2008 Budget proposes \$3.4 billion for the Department of Labor's consolidated job training reform, which includes the creation of Career Advancement Accounts.
- Intellectual Property. The Administration will continue to work to ensure a fully funded and efficient system of protection for intellectual property resulting from public- and private-sector investments in research.
- International Trade. The Administration will continue to support a business environment that stimulates and encourages entrepreneurship through free and flexible labor, capital, and product markets that rapidly diffuse new productive technologies.



## President Bush's ACI Research Commitment

(in millions of dollars)

ACI Basic Research Agencies	FY 2006 Funding	President's FY 2007 Request	House FY 2007 Continuing Resolution	House Cuts to FY 2007 Request	President's FY 2008 Budget	FY 2008 Budget Above House CR
NSF	5,582	6,020	5,916	-104	6,429	+513
DoE Office of Science	3,596	4,102	3,796	-306	4,398	+602
NIST Core	568	535	491	-44	594	+103
<b>ACI Total</b>	9,747	10,657	10,203	-454	11,421	+1,218