

January 31, 2006

State of the Union: American Competitiveness Initiative

In His State Of The Union Address, President Bush Announced The *American Competitiveness Initiative (ACI)* To Encourage American Innovation And Strengthen Our Nation's Ability To Compete In The Global Economy. This ambitious strategy will increase Federal investment in critical research, ensure that the United States continues to lead the world in opportunity and innovation, and provide American children with a strong foundation in math and science. The *American Competitiveness Initiative* commits \$5.9 billion in FY 2007, and more than \$136 billion over 10 years, to increase investments in research and development (R&D), strengthen education, and encourage entrepreneurship and innovation.

America's Economic Strength And Global Leadership Depend On Continued Technological Advances. Groundbreaking ideas generated by innovative minds have paid enormous dividends – improving the lives and livelihoods of generations of Americans. With more research in both the public and private sectors, we will improve our quality of life – and ensure that America will lead the world in opportunity and innovation for decades to come. The President's comprehensive strategy to strengthen America's competitiveness includes:

- Doubling the Federal commitment to the most critical basic research programs in the physical sciences over the next 10 years;
- Encouraging the expansion of a favorable environment for additional private-sector investment in innovation;
- Improving the quality of education to provide American children with a strong foundation in math and science;
- Supporting universities that provide world-class education and research opportunities;
- Providing job training that affords more workers and manufacturers the opportunity to improve their skills and better compete in the 21st century;
- Attracting and retaining the best and brightest to enhance entrepreneurship, competitiveness, and job creation in America by supporting comprehensive immigration reform; and
- Fostering a business environment that encourages entrepreneurship and protects intellectual property.

As The Global Economy Continues To Expand And Other Countries Become More Technologically Advanced, The United States Will Face New Challenges. To ensure our continued economic and technological leadership in the world, the *American Competitiveness Initiative* builds on the Administration's record of results with new investments, especially in the physical sciences and

engineering. Investments in these areas will generate scientific and technological advances for decades to come and will help ensure that future generations have an even brighter future.

Leading The World In Innovation

Federal Investment In R&D Has Proven Critical To Keeping America's Economy Strong By Generating Knowledge And Tools Needed To Develop New Technologies. The centerpiece of the *American Competitiveness Initiative* is the President's strong commitment to double over 10 years investment in key Federal agencies that support basic research programs in the physical sciences and engineering – the National Science Foundation (NSF), the Department of Energy's Office of Science (DoE SC), and the Department of Commerce's National Institute of Standards and Technology (NIST).

- With about 5 percent of the world's population, the United States employs nearly one-third of all scientists and engineers and accounts for one-third of global R&D spending. As the global marketplace changes, we must focus on maintaining our leadership role.
- The President's FY07 Budget includes \$137 billion for Federal research and development, an increase of more than 50 percent over 2001.
- The sum of the budgets of the National Science Foundation, the Department of Energy's Office of Science, and the Department of Commerce's National Institute of Standards and Technology will double over 10 years, a total commitment of \$50 billion of new funding.
- Past Federally funded research has helped to spawn vital technologies such as personal computers, the Internet, medical imaging devices, balloon catheters, hearing aids, laser eye surgery, air bags, global positioning devices, and satellite telecommunications systems.

To Encourage Bolder Private-Sector Investment In Technology, The President Continues To Support Making The Research And Development (R&D) Tax Credit Permanent. A permanent R&D tax credit would enable companies to have certainty in their tax planning and therefore be bold in their R&D investment strategy.

- Making the credit permanent, which is estimated to cost \$86 billion over ten years, will eliminate problems and uncertainty associated with its temporary nature.
- As part of the *American Competitiveness Initiative*, the President is also committed to working with Congress to modernize the credit to make it even more effective and efficient at encouraging private sector innovation.

Education Is The Gateway To Opportunity And The Foundation Of A Knowledge-Based, Innovation-Driven Economy. To prepare our citizens to compete more effectively in the global marketplace, the *American Competitiveness Initiative* proposes \$380 million in new Federal support to improve the quality of math, science, and technological education in our K-12

schools and engage every child in rigorous courses that teach important analytical, technical, and problem-solving skills. Building on the successes of the No Child Left Behind Act, the *American Competitiveness Initiative* will raise student achievement in math and science through testing and accountability, providing grants for targeted interventions, and developing curricula based on proven methods of instruction. The *American Competitiveness Initiative* includes a number of new and expanded programs, including:

- *The Advanced Placement/International Baccalaureate (AP/IB) Program* to expand access of low-income students to AP/IB coursework by training 70,000 additional teachers over five years to lead AP/IB math and science courses.
- *An Adjunct Teacher Corps* to encourage up to 30,000 math and science professionals over eight years to become adjunct high school teachers.
- *Math Now for Elementary School Students and Math Now for Middle School Students* to promote promising and research-based practices in math instruction, prepare students for more rigorous math courses, and diagnose and remedy the deficiencies of students who lack math proficiency.

Education, Training, And Retraining Provide The Nation's Workforce With Better Career Options, Opportunities For Advancement, And The Ability To Compete In A Global Economy. As part of the *American Competitiveness Initiative*, the President's FY07 Budget introduces Career Advancement Accounts (CAA). CAAs will be self-managed accounts of up to \$3,000 that workers and people looking for work can use to obtain training and other employment services. The CAA initiative will offer training opportunities to 800,000 workers annually, more than tripling the number trained under the current system, and give America's workers the resources they need to increase their skills and compete for the jobs of the 21st century economy.

Enabling The World's Most Talented Individuals To Put Their Skills To Work For America Will Increase Our Productivity, Improve Our International Competitiveness, And Create Many High-Paying Jobs For Americans. The President supports attracting and retaining the best and the brightest high-skilled workers from around the world by reforming the Nation's immigration system, while maintaining national security priorities. The President's comprehensive plan for immigration reform meets the needs of a growing economy, allows workers to provide for their families while respecting the law, and enhances homeland security by relieving pressure on the borders.

Pro-Growth Economic Policies Work Hand-In-Hand With Investments In Innovation. The *American Competitiveness Initiative* will help the United States remain a world leader in science and technology. Just as important, we must continue to pursue pro-growth economic policies and foster a culture of entrepreneurship. The President's economic agenda, including reducing taxes and overly burdensome regulations, will help create a business environment where innovators and entrepreneurs are rewarded. The *American*

Competitiveness Initiative also supports an efficient system that leads the world in the protection of intellectual property resulting from public and private sector investments in research.

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