

The Competitiveness Report Card

CALL TO ACTION	GRADE (2014)	JUSTIFICATION
TALENT		
Reform immigration rules to ensure that the world's best talent innovates and creates opportunities in the United States. Staple a green card to the diplomas of high skilled immigrants who acquire an advanced degree in the United States.	D (C)	Despite continued broad support for high-skilled immigration reform, the polarized rhetoric surrounding immigration issues makes it difficult to imagine that any action will be taken in the foreseeable future.
Expand science, technology, engineering and math (STEM) education linked to projected job opportunities of the future.	B (B)	<p>The number of STEM degrees awarded each year continues to rise, putting the U.S. on pace to meet the president's goal of one million additional college graduates with bachelor's and associate degrees in STEM fields over the next decade.</p> <p>Overall, 40 percent of bachelor's degrees earned by men and 29 percent earned by women are now in STEM fields. At the doctoral level, more than half of the degrees earned by men (58 percent) and one-third earned by women (33 percent) are in STEM fields.³⁶</p>
Strengthen career and technical education (CTE) and training programs through partnerships with business or labor that prepare students and workers for good jobs that fill labor market needs.	B (B)	The Workforce Investment Act that was last year re-reauthorized and amended through the Workforce Innovation and Opportunity Act went into effect on July 1, 2015. It streamlines the coordination of major programs; establishes common performance measures across core programs; strengthens the alignment between adult education, postsecondary education and employers; and supports innovative models to enhance education and professional development for adults and incarcerated individuals. ³⁷
TECHNOLOGY		
Implement a national network of advanced manufacturing clusters and smart factory ecosystems.	A (A)	Two manufacturing hubs came online in 2014 and five more in 2015. The budget for existing NNMI centers tops \$600 million in the Obama administration's 2016 budget request, with an even larger request for a "one-time mandatory funding proposal" of \$1.93 billion to stand up 29 new institutes, significantly expanding the NNMI network. ³⁸
Lead in High Performance Computing by committing to Exascale computing, and expanding pilots that give U.S. small and medium sized businesses access to modeling and simulation tools.	A (B)	In July 2015, President Obama issued an executive order establishing the National Strategic Computing Initiative (NSCI)—a coordinated research, development and deployment strategy designed to advance core technologies, solve difficult computational problems and expand the use of HPC in the public and private sectors. ³⁹
Promote best practices in the protection of intellectual property rights around the world and secure critical infrastructure against cyber-attacks.	C (B)	Global piracy remains a major concern and the number of data breaches tracked hit a record high of 783 in 2014, a 27.5 percent increase over the number of breaches reported in 2013 and an 18.3 percent increase over the previous high of 662 breaches tracked in 2010. ⁴⁰ And, there is a cybersecurity labor epidemic, with more than 200,000 U.S. cybersecurity jobs unfilled. The cybersecurity workforce shortage is expected to reach 1.5 million unfilled positions by 2019. ⁴¹

36. Bidwell, Allie. *More Students Earning STEM Degrees, Report Shows*. U.S. News. January 2015.

37. *The Workforce Innovation and Opportunity Act Factsheet*. Employment and Training Administration, U.S. Department of Labor. July 2014.

38. McCormack, Richard. *Obama's 2016 Budget Request for National Network for Manufacturing Innovation (NNMI) Reaches Beyond \$600 Million*, Manufacturing & Technology News. February 2015.

39. Kalil, Tom and Jason Miller. *Advancing U.S. Leadership in High-Performance Computing*, The White House. July 2015.

40. Identity Theft Resource Center. January 2015.

41. Morgan, Steve. *The Business of Cybersecurity: 2015 Market Size, Cyber Crime, Employment, and Industry Statistics*, Forbes. October 2015.

CALL TO ACTION

GRADE (2014)

JUSTIFICATION

INVESTMENT

Double the investment in federal research and development, encouraging cross-disciplinary partnerships to commercialize results.

F
(D)

Despite increasingly urgent calls to increase federal R&D investment, basic research was only 0.79 percent of GDP in 2014—a 25 percent decline since 2003. And, that percentage is expected to shrink to 0.76 percent by the end of 2015.⁴²

Exhort the administration and Congress to work together, across party lines, to compromise on spending and revenue measures that will bring the Nation's deficit and debt down to historical norms.

C
(C)

While the modest economic recovery has reduced the ratio of debt to GDP, starting next year, the deficit is expected to grow substantially over the next decade due to an aging population, rising health care cost, expansion of health care subsidies and growing debt interest payments. Congress recently crossed party lines to pass a two year budget removing some short term uncertainty, but did not address the longer term structural issues.

Lower the corporate tax rate to 23 percent, in line with the upper quartile of OECD economies.

D
(D)

The United States has the third highest general top marginal corporate income tax rate in the world at 39 percent, compared to the previous year's 39.1 percent. This is the same as Puerto Rico and is exceeded only by Chad and the United Arab Emirates.⁴³

Reduce taxes on repatriated earnings to less than 5 percent, in line with other OECD economies.

D
(D)

Corporate tax reform remains elusive, while \$2.1 trillion remains locked up overseas due to tax rules that encourage companies to invest earnings outside of the United States.⁴⁴

INFRASTRUCTURE

Deploy modern and resilient energy, transportation and cyber infrastructure to encourage investment and production in the United States, and to take full advantage of domestic energy supplies sustainably.

C
(C)

The U.S. continues to lag behind many overseas competitors in its transportation infrastructure, falling from 7th to 18th globally in less than a decade. In fact, 65 percent of America's major roads are rated in "less than good" condition and nearly one in four bridges require significant repair. U.S. Information and Communications infrastructure is even worse, ranking 19th in the world.⁴⁵

After repeated delays, the Congress looks poised to pass a Highway Bill, though long term funding remains a concern.

Re-assert leadership in global trade, expanding market liberalization and forging strategic agreements with Brazil, China, India, Japan, the EU and the Trans Pacific Partnership Countries.

B
(C)

Congress passed Trade Promotion Authority and Trade Adjustment Assistance bills in June 2015, allowing President Obama to finish negotiating the Trans-Pacific Partnership, which is now pending before Congress.

Re-authorize the Export-Import Bank and expand its mission to fund domestic infrastructure projects.

C
(D)

The Export-Import Bank charter expired in July 2015, but recent congressional efforts to try to re-authorize it are pending and the measure appears to have the necessary votes to pass.

42. *Research and Development Funding in FY 2016 Appropriations*, The American Association for the Advancement of Science. September 2015.

43. Pomerleau, Kyle. *Corporate Income Tax Rates around the World*. Tax Foundation. 2014.

44. Rubin, Richard. *U.S. Companies Are Stashing \$2.1 Trillion Overseas to Avoid Taxes*. Bloomberg Business. March 2015.

45. *An Economic Analysis of Transportation Infrastructure Investment*, The White House. July 2014.



Compete.

Council on
Competitiveness

About the Council on Competitiveness

WHO WE ARE

Founded in 1986, the Council on Competitiveness is a non-partisan leadership organization of corporate CEOs, university presidents, labor leaders and national laboratory directors committed to advancing U.S. competitiveness in the global economy and a rising standard of living for all Americans.

Dedicated to building U.S. prosperity, the Council plays a powerful role in shaping America's future by setting an action agenda to assess U.S. competitiveness, identify emerging forces transforming the economy, catalyze thought leaders who drive change and galvanize stakeholders to act.

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HOW WE OPERATE

The key to U.S. prosperity in a global economy is to develop the most innovative workforce, educational system and businesses that will maintain the United States' position as the global economic leader.

The Council achieves its mission by:

- Identifying and understanding emerging challenges to competitiveness
- Generating new policy ideas and concepts to shape the competitiveness debate
- Forging public and private partnerships to drive consensus
- Galvanizing stakeholders to translate policy into action and change



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