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Mark S. Wrighton
Chancellor, Washington University in St. Louis

November 13, 2013

The Honorable Patty Murray
Chair
Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Jeff Sessions
Ranking Member
Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Paul Ryan
Chair
House Committee on the Budget
207 Cannon Office Building
Washington, DC 20515

The Honorable Chris Van Hollen
Ranking Member
House Committee on the Budget
207 Cannon House Office Building
Washington, DC 20515

Dear Distinguished Members of the Budget Conference Committee:

On behalf of the Business-Higher Education Forum (BHEF) executives, we urge you to reach an agreement for FY2014 that eliminates sequestration, promotes economic growth through research and education investments, and includes modest entitlement reforms to help address the nation’s fiscal challenges and promote generational equity without harming those most in need.

BHEF is the nation’s oldest membership organization of Fortune 500 CEOs and university presidents dedicated to advancing innovative education and workforce solutions and improving U.S. competitiveness. BHEF’s business and academic members collaborate in regions across the country to design and deploy education-workforce solutions for high-skill jobs in emerging fields that are critical to innovation and national security. However, sequestration jeopardizes the progress that BHEF members are making to support innovation and national security across the country.

Indiscriminate sequestration cuts to the federal budget have inflicted long-term damage on the American economy in the form of lower GDP growth. The Information Technology and Innovation Foundation estimated last year that the loss in innovation due to sequestration would reduce GDP over the nine-year period of the sequester by hundreds of billions of dollars. Unless Congress acts, additional cuts will continue for the next eight years, causing even greater harm and exacerbating the effects on GDP growth in several ways.

Appropriate balance and focus on those elements of the budget that re-enforce our economic and national security is elemental to creating a resourceful and imaginative workforce and marketplace that can effectively compete in today’s global economy:

First, federal research budgets incurred significant reductions under sequestration. These cuts are occurring at the very time when other nations, such as China, Singapore, and Korea, are dramatically increasing their investments. Research is the foundation of new industries and businesses that create jobs and boost our economy. More than half of U.S. economic growth since World War II is a result of technological innovation, much of which began with federally-sponsored research. Yet, at one public university, total awards from the National Science Foundation, a critical source of funding for the basic research that underpins innovation, decreased by nearly 12% this fiscal year in comparison to the previous year. We cannot afford to let the United States fall behind other countries in research and innovation.
Second, discretionary spending contains critical national investments that grow our economy and the ecosystem needed for innovation—it is not a cause of our rising debt. Targeting it for significant cuts is counterproductive to addressing our fiscal challenges.

Third, entitlement programs are an important component of our economy in that they speak to the greatness of a Nation that educates its youth for the future and cares for those who are less fortunate. Reform should be implemented in a way that does not harm those most vulnerable and develops a highly-skilled, technically savvy workforce that keeps U.S. businesses globally competitive.

Finally, federal student aid should remain a national priority to ensure that Americans, regardless of their economic status, have the opportunity to attend college and improve their knowledge and skills to be successful in the workforce. Many federal Title IV student aid programs provide essential financial support on which needy students rely for access to and success in U.S. colleges and universities. While the most critical of the aid programs, the Pell Grant Program, was exempt from cuts in FY2013, the program will be subject to cuts in 2015 if sequestration is not eliminated. Two important programs that serve low-income students, the Supplemental Education Opportunity Grant and Federal Work Study, will be reduced by $35 million and $50 million respectively in FY2014. Investments in student aid have made it possible for generations of young Americans to obtain a college education.

Members of the Budget Conference Committee, we urge you to reach a bipartisan agreement which eliminates or substantially reduces sequestration and addresses long-term fiscal issues, while focusing on economic growth by placing a high priority on investments in education and research. The United States must not fall behind in either education or research; it is imperative that we invest in our Nation’s most precious asset—our people.

Sincerely,

c: Budget Conference Committee Members
Hon. Harry Reid
Hon. Mitch McConnell
Hon. John Boehner
Hon. Nancy Pelosi

Jeffrey D. Armstrong
President
California Polytechnic State University, San Luis Obispo

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