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February 20, 2013

The Honorable Barack H. Obama
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20006

Majority Leader Harry Reid
Senate Majority Leader
522 Hart Senate Office Building
Washington, D.C. 20002

Minority Leader Mitch McConnell
Senate Minority Leader
317 Russell Senate Office Building
Washington, D.C. 20510

Speaker John A. Boehner
Speaker of the House of Representatives
1011 Longworth House Office Building
Washington, D.C. 20515

Minority Leader Nancy Pelosi
House Minority Leader
235 Cannon House Office Building
Washington, D.C. 20515

Dear President Obama, Majority Leader Reid, Minority Leader McConnell, Speaker Boehner and Minority Leader Pelosi:

On behalf of the Business-Higher Education Forum (BHEF) executives, we urge you to speak out against the across-the-board cuts imposed by sequestration. These cuts will cause direct harm to the U.S. economy, our competitiveness and the college and university students who will become tomorrow's innovation workers.

BHEF is the nation's oldest membership organization of Fortune 500 CEOs and research 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 in the high-demand and emerging fields that are so critical to innovation and national security.

Sequestration cuts will impose long-term damage on the economy, its workforce and higher education in several ways. First, indiscriminate sequestration cuts to the federal budget will hurt our economy, which is still in the grips of a weak recovery. One university study estimates that cuts will cost 2.1M jobs in defense and non-defense. The Congressional Budget Office estimates that cuts will reduce economic growth by half. Stalling growth could push the U.S. economy into another recession, costing additional private sector jobs and increasing the deficit.

Second, federal research budgets will incur significant reductions under sequestration. Research is the lifeblood of discovery and innovation and our nation's research institutions play a critical role in driving economic growth through innovation, which is so critical to U.S. competitiveness. The U.S. share of global research funding has already declined 18% in the first decade of the century and sequestration will cut federal research funding by 5.1%. Our "innovation competitors" – China, India, Japan, and Brazil, to name a few – are not cutting their research funding. In fact, they are rapidly expanding their R&D investments. Sequestration will weaken our competitiveness and limit our ability to stay on the cutting edge of technology and innovation advancements which, in turn, will inhibit our growth.

Third, these cuts will hinder the work being done to improve STEM education and workforce outcomes, as they rely on federal research funding and student aid. Without adequate research and student aid funding, efforts such as BHEF's member-led *National Higher Education and Workforce Projects*, will falter. BHEF business and academic members are contributing to the larger STEM workforce effort by collaborating regionally to create new pathways to cutting-edge careers in national security and other fields reliant on innovation, such as data science and analytics; cybersecurity; energy, water and materials sciences; and engineering. Undermining these efforts will rob our economy of the new innovation workers that global competitiveness demands.

Finally, the sequester will cut many federal Title IV student aid programs that provide essential financial support on which needy students rely for access to and success in U.S. colleges and universities. The Student Aid Alliance estimates that high-need students could lose more than \$700 million in 2013-14 support. While the most critical of the aid programs, the Pell Grant Program, is exempt from cuts in FY13, Pell Grants will be affected in FY14, compounding the cuts to other student aid programs in FY13 and prior years. Reducing access to higher education is no way to build a competitive workforce or improve economic growth.

Mr. President, senators, and representatives, we urge you to speak and vote in opposition to sequestration in favor of a reasoned approach to balanced, long-term deficit reduction that preserves investments in research and education, particularly student aid, and spurs long-term innovation and economic growth.

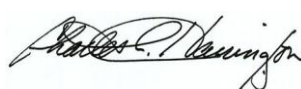
Sincerely,



Molly Corbett Broad
President, American
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