



ASSOCIATION OF
AMERICAN UNIVERSITIES

ASSOCIATION OF
PUBLIC AND
LAND-GRANT
UNIVERSITIES



November 4, 2013

The Honorable Paul Ryan
Chairman
Committee on the Budget
United States House of Representatives
Washington, DC 20515

The Honorable Patty Murray
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Chairmen Ryan and Murray:

On behalf of more than 200 of the nation's leading public and private universities, we urge you and your fellow FY14 Budget conferees to reach an agreement that promotes economic growth and helps close the nation's innovation deficit by eliminating sequestration and placing a high priority on research and higher education investments. Such an agreement should include modest entitlement reforms that do not harm those in need.

The elimination of sequestration, permanently or at least over the short term, is our first priority, and we ask that you make it yours. Sequestration is a blunt tool that has forced deep spending reductions across most federal programs, including critical investments in research and higher education. If the sequester continues, the additional cuts will cause even greater harm and further expand our nation's innovation deficit.

Economists estimate that technological innovation, much of which is a result of federally funded scientific research, has been responsible for more than 50 percent of U.S. economic growth in recent decades. Moreover, federal research funding supports the training of the next generation of scientists and engineers. It's no wonder that the Information Technology and Innovation Foundation estimated last year that the loss in innovation due to sequestration cuts in research would reduce GDP over the nine-year period of the sequester by hundreds of billions of dollars.

Sequestration cuts to research and higher education, occurring at the very time when other nations such as China, Singapore, and Korea are dramatically increasing their investments in these areas, are creating an innovation deficit—the gap between needed and actual federal investments in research and higher education. Closing the innovation deficit is vital to the nation's long-term health, national security, and economic growth.

Discretionary spending, where these investments occur, has not caused our rising debt, and targeting it for significant cuts is counterproductive to addressing our fiscal challenges. Yet sequestration and previous deficit reduction actions have concentrated heavily on these expenditures. Even leaving sequestration aside, the Budget Control Act spending caps will force non-defense discretionary spending to its lowest level relative to GDP in a half century. The sequester makes bad budget policy worse.

Modest entitlement program reforms should also be a priority for the conference, understanding that broader reforms will likely only come as part of a larger, long-term budget agreement in the future. These programs are the primary source of growth in the budget. As entitlement programs grow rapidly as a share of the budget, and programs that provide opportunity and economic growth for the next generation are reduced, the result is generational inequity. Entitlement reform can ease this problem, and it should be carried out in a way that does not harm those most vulnerable in society and that does not undermine support for the health, scientific, engineering, and high-skilled workforce of the future.

While the focus now should be on the challenge of eliminating sequestration, our nation must continue to take steps to address its long-term fiscal and economic challenges. We hope that Congress and the President will take an approach over the longer term that achieves savings through entitlement reforms, includes tax reforms to encourage economic growth and raise revenues, and places a high priority on investments in higher education and scientific research to close the innovation deficit and improve our future.

Sincerely,



Hunter R. Rawlings III
President
AAU



Peter McPherson
President
APLU

cc: Members of the FY14 Budget Resolution Conference Committee