**TALKING POINTS ON SEQUESTRATION, FY14 BUDGET CONFERENCE***

FOR IMMEDIATE ADVOCACY EFFORTS:

- **Key Message:** The budget conferees should strive to reach an agreement for FY14 that eliminates sequestration, promotes economic growth through research and education investments to help close the innovation deficit, and includes modest entitlement reforms to help address the nation’s fiscal challenges without harming those in need.

- **House and Senate conferees working to achieve a compromise FY14 budget framework should make elimination of sequestration their first priority.** Sequestration is a blunt tool that has forced deep spending reductions across most federal programs, including critical investments in research and education. Unless Congress acts, additional cuts will continue for the next eight years, causing even greater harm and widening the innovation deficit. 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.

- **Sequestration cuts to research and 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 innovation deficit is the gap between needed and actual federal investments in research and education. Closing the innovation deficit is vital to the nation’s long-term health, national security, and economic growth.

- **We must close the innovation deficit; ending sequestration will move us in that direction.** Continuing sequestration will have profound impacts on the programs that matter greatly to our students, to our universities, and to future economic growth.

- **Discretionary spending is the area of the budget that contains critical national investments that grow our economy—it is not a cause of 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. The Budget Control Act significantly cut and limited current and future funding levels for discretionary programs. Under the BCA spending caps, non-defense discretionary spending will be at its lowest level relative to GDP since 1962. The sequester makes further, deeper cuts of $110 billion per year.

- **Another priority needs to be reform of entitlement programs, which are the primary source of growth in the federal budget.** Modest reforms can and should be enacted in the short term. 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 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. UC will carefully examine any proposed cuts to Medicare or Medicaid that could have significant impacts on the UC medical centers and our doctors. It is critical that a final FY 2014 budget agreement does not further reduce federal support for our hospitals.

- **Impudent reductions in domestic discretionary expenditures and other federal programs that train the next generation create uncertainty for the future of research and education.** These cuts are undermining our nation’s human capital, infrastructure, and technological and scientific needs.

*These talking points have been modified by UC FGR from original talking points disseminated by Association of American Universities/Association of Public and Land-grant Universities in October 2013.*
• **Scientific research leads to the innovations and discoveries that expand knowledge and are 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 is a result of federally-funded scientific research. Vaccines, lasers, MRI, GPS, the Internet, touchscreens, and a host of other advances have grown our economy, improved our health, and made our nation stronger and more secure. We cannot afford to let the United States fall behind other countries, such as China, in scientific research and innovation.

• **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 for today’s workforce.** Investments in student aid have made it possible for generations of young Americans to obtain a college education regardless of income.