

Bruce Shepard  
President

516 High Street  
Bellingham, Washington 98225  
(360) 650-3480 □ Fax (360) 650-6141

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Senator Derek Kilmer, Chair  
Senate Higher Education and  
Workforce Development Committee

Senator Rodney Tom  
Operating Budget Vice-Chair  
Senate Ways and Means Committee

Dear Senator Kilmer and Senator Tom:

Our state, over decades, has had the vision, even in hard times, to protect investments in brighter futures for Washington. A set of six strong universities, each premier in its particular and complementary missions, is one result. And, from that investment has flowed great benefits for our people as they pursue a simple vision: we welcome global challenges and, in that increasingly flattening world and knowledge-based economy, we intend to take second place to none.

As deadly serious as the immediate fiscal challenges are, higher education is part of the long-term solution. We know there is going to be considerable short-term pain for our universities. The one question we ask above all others is simply this: “under the two scenarios that have been proposed so far, can the state’s premier public comprehensive university protect core quality and commitments sufficient to, as the economy turns around, again help move our state strongly forward?” The short answer, for the Governor’s budget proposal, is “probably not, but we’ll do our best.” For the doubling we have also been asked to report on, the answer – self-evident in the analyses attached – is, simply, “no.”

The problem is that, unlike a manufacturing assembly line, universities cannot simply be shut down, mothballed, and then be brought back up. Western’s history illustrates. About 20 years ago, we were, essentially, an open access regional university. Through two decades of strategic investment by the people of the State of Washington and through relentlessly strategic attention to quality, we are a premier university sought out by far, far more students than we can accommodate. Our graduates are the best measure of our success in growing our ability to serve the state. Employers from school superintendents to leaders at Microsoft, Boeing, and accounting firms have told me that, if a resume for a job has Western Washington University named, that resume moves to the top of the pile. Took us two decades to get there. We are a talent industry: shut down programs, lay off that talent, and shrink our size, even if only for two years, and again striving for the excellence Washington needs will be a decade-long process. I will elaborate.

- The Governor's budget proposal reduces state support for Western by \$21,795,000, a 14.3% reduction in state biennial support.
- After adding in tuition revenue, including tuition increases of 7% per year, the net impact amounts to 5.2% of our overall operating budget. Now, most of our budget is in direct instruction.
- Still, by cutting more severely elsewhere, we believe we can hold the budgetary reduction for instruction to an average of 3.5%. After obtaining efficiencies through shifting instruction from smaller to larger enrollment classes and by increasing class sizes, we believe such a reduction can be absorbed with the reduction in class availability having these probable consequences.
- Were we to assign classes to students on a first-come, first-served basis, there would be 915 students left waiting for classes after we ran out.
- If the shortfall was distributed across the board, time to degree would be increased by .38 years as students had to wait to get the classes they need. Now, that might not sound like much. But, that would amount to an average increase in costs to students (considering only costs to attend) of just under \$6,000 per student.

While those numbers are of great concern, scenario 2 takes us off a cliff. First, we must understand that a 50% increase in the magnitude of the cut doubles the effective cut we must make. This is because, in scenario 2, there is no additional tuition offset. Compounding this problem is the fact that the cut to instruction is more than doubled: instead of 3.5%, it becomes 8.6% in our modeling. Why? Because every efficiency we can ring out of the system has been exhausted in keeping cuts manageable at the level of the Governor's proposal. We now must go more directly at where the dollars mostly are.

What does an 8.6% reduction mean for access?

- Again, if we imagine providing classes on a first-come, first-served basis, 2,477 students would get no classes. Spread the problem across all our students, and time to degree would be delayed 1.2 years. This additional \$11M cut to our budget creates a burden for our students, in terms of the costs of that increase in time to graduate, that totals \$157M. The average per student would be \$12,900.

Those are numbers that emerge from formulas linking cells in spreadsheets. What about the consequences on the ground for the bone, muscle, and sinew that would allow Western to continue to be part of the answer and not part of the problem?

- At the level of scenario 2, we lose much of our instructional capacity. That cannot be done across the board. Take away a significant percentage of the courses that comprise each major and there is no major left capable of providing the curriculum necessary to graduate a single student. So, we will be eliminating entire programs. Very strong programs, for we are a university, I will confidently assert where, through clear strategic focus across that two-decade history that I mentioned, we have assured that the programs we do offer are among the best if not the best in the state.

These programs are made outstanding by being able to attract excellent students and by investing in outstanding faculty, the effectiveness of both being multiplied through strong academic and student support services. Under scenario 2, I have no doubt that we will be replacing professorial rank faculty positions with adjunct and part-time instruction; already we have frozen 23 of the 27 faculty positions that came open in the course of this academic year. We are a "talent-based" enterprise; talent attracts, selects, and retains talent (while mediocrity does the same) and, were there to be several years of not being able to replace faculty, this "production line," if started back up, is not going to be capable of turning out the "best of class" graduates Washington needs and expects. As the large numbers of highly educated Baby Boomers whose knowledge and skills have driven our economy for the last several decades begin to retire in the near future, we will have created a shortage of those "best of class" graduates that education, Boeing, Microsoft and other corporations that are the leaders of our economic engine will desperately need.

That is just the instructional side. Consider the consequences where the cuts are more heavily focused: in "administration." First, although I would like to find the administrative department of redundancy, superfluous services, and over-bloated bureaucracy, "administration" really means the necessary services for, essentially, running a town of significant size along with the academic and student support services key to academic success.

What do scenarios 1 and 2 mean for these functions? Our spreadsheets report percentages, dollars, positions, all in the aggregate? How about going from numbers to actual frontline offices and the students whose needs will not be met? Our bottom-up budget processes will start to paint the specifics in March and April through established budget and governance processes. But, I can give you a glimpse.

In response to direction from the Governor, we have cut the budget for the *current* fiscal year by about 3%. Here are some of the consequences now in effect:

- We are not filling a Vice Provost position.
- We have left the position of Bookstore Manager vacant.
- We have not filled the position of Registrar and have no Associate Registrar.
- Two other frontline positions are not being filled in the Registrar's office. The efficient functioning of a Registrar's office is, of course, critical to our students, academic functions, and institutional integrity.
- We have not filled two frontline positions in Financial Aid. Our capacity to meet deadlines for the timely award of financial aid is being threatened and, of course, oversights or errors in such an office can create major problems for our students as well as significant institutional liabilities with the Federal government.
- Not filling three frontline positions in the Counseling Center, this in the wake of Virginia Tech and at a time when universities across the country are seeing rising demands for these services.
- Two jobs have been lost in the President's Office.

These bullets are only illustrative and, as we go through the full budget process this spring, we will make strategic adjustments, perhaps changing what I just reported. But, please understand: those “adjustments” will not be in the context of cutting 3%. Instead,

we will be cutting nearly twice as deeply (5.2% in scenario 1) or more than triple (10.2% in scenario 2). While we won't have the specifics for several months, the price our students are paying and the risks we are taking at 3% foretell much more serious consequences for the effectiveness of our instruction, the retention of our students, our ability to effectively support non-traditional students, the safety of the campus, and the health of our students.

Why, and I must point this out, are cuts to “administration” hitting not just muscle but also bone? Because, over past decades, when cuts have been taken, they are understandably and disproportionately targeted at administration – whether you tell us to or not. And, when initiatives are funded, it is largely for academic programs. This cycle will again play out, protecting core mission as we must. But, these reasons for hitting bone need to be laid out.

Ponder what we are going to be doing to critical services and add in the breathtaking impacts on access. I believe you will also reach the conclusion I gave in opening this letter. Can the State's cumulative investment in Western be successfully protected at the level of scenario 2? Simply, no.

And Western is Whatcom County's largest employer, contributing long-term stability to the local work force. Consider the adverse impact the projected job losses at Western over the biennium (an estimated 113 jobs lost in scenario 1 and 271 jobs lost in scenario 2) will have on our local economy, the place we call home. These workers will have much less ability to positively influence recovery of the local and state economy, and many likely will need to take advantage of state-supported safety net programs. Our estimates are that each job loss at Western will also “ripple out” in the community, leading to additional job losses.

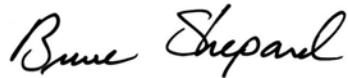
We have also modeled alternatives. None are pretty. After cutting administration more heavily and putting further instructional efficiencies in place to support the Governor's scenario, these options would appear to be available to protect the state's investment in Western:

- Admit tuition-paying students knowing we will not have the classes to support over 20% of them. They pay the price in terms of delays in time to graduation.
- Make the university smaller. This actually multiplies the cuts that have to be made (eliminate 1,000 student FTE and we must make *additional* cuts to handle a biennial loss in revenue of \$10,000,000). Magnifies the cut, shrinks us further, but does protect quality of what remains and avoids the dishonesty of admitting students we know we cannot serve.
- Through a combination of revenue measures – at state level, Federal Stimulus dollars, tuition – bring scenario 2 back to scenario 1. Were that “buy back” to all fall on tuition, at Western that would mean an additional \$293 per year, year 1 and, again year 2, beyond the tuition increase in the Governor's budget.

As I said, none of these are pretty. But, compared to the consequences we have reported for the scenarios? That is your tough job to judge.

In conclusion, several things are certain. The first is that both of the budget scenarios we have been presented with so far will surely result in diminished access to higher education and loss of jobs. We share with you and your colleagues a passion for most effectively serving the long-term interests of our state. And, as with this submittal, we stand ready to do all we can to help inform your difficult decision making and in support of your extraordinarily daunting responsibilities.

Sincerely,

A handwritten signature in black ink that reads "Bruce Shepard". The signature is written in a cursive, flowing style.

Bruce Shepard  
President

BS/pmr

cc: Tim Yowell, Senate Ways & Means Committee  
Aldo Melchiori, Senate Higher Education & Workforce Development