

## Exhibit B Faculty Senate Meeting – 18 November 2019

Dear Colleagues,

The 2019-2020 school year has begun with the specter of scarcity haunting Western. Much of President Randhawa's convocation address was a warning that our current financial arrangements are untenable. And Provost Carbajal has told our Deans and Chairs that the Academic Affairs budget has been stretched to breaking, to the point that we now have to begin recapturing and creating an unhealthy competition for tenure track faculty positions. In meeting after meeting, deans and chairs and faculty are talking about Western's "budget problems," which is leading to a lot of misinformation and anxiety. The relentless, and often false, narrative of scarcity is creating a morale problem that is infecting the academic mission of the university.

In light of this, we'd like to take this opportunity to present an analysis of Western's financial situation, in the hopes of refocusing our attention on our academic mission.

**Overall, the financial health of Western Washington University is very good. And there is a lot of evidence to suggest that the future is bright.**

### THE PRESENT

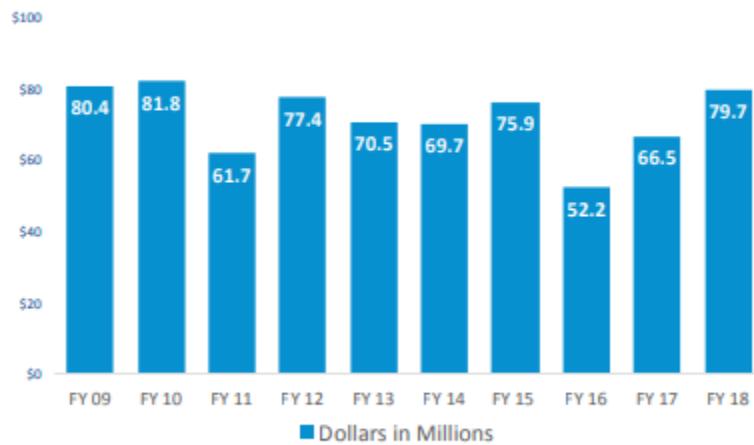
At the recent Provost's leadership meeting, Associate Vice President Brian Burton presented an analysis of the Academic Affairs budget that showed an ongoing \$3.25 million deficit. This informative, detailed, and accurate presentation showed us what most faculty already know: the academic mission of the university is underfunded and has been for as long as any of us can remember. Our ratio of tenure track to non-tenure track faculty is not anywhere near what it should be, and departmental operating budgets are woefully inadequate. As Associate Vice President Burton showed, Academic Affairs does not have enough funding to cover even our current inadequate academic spending. In response to this situation, Provost Carbajal is proposing greater scheduling efficiencies and a decline in tenure track hiring. We agree that we should always be trying to create a schedule of classes that meets our students' needs and makes the most efficient use of resources. But even the most efficient schedule would not come close to eliminating the Academic Affairs deficit. **And decreasing tenure track hiring is unacceptable.** Our percentage of tenure track faculty is already too low, and it would be a disservice to our students to make it worse.

**There is only one conclusion to draw from the current state of the Academic Affairs budget: the academic mission of the university must receive more funding.**

For as long as any of us can remember, the Academic Affairs budget has been treated as a zero sum game contained in a silo. We almost never talk about it in the context of the larger university budget. As long as we don't look beyond the current revenues available to Academic Affairs, a \$3 million deficit seems catastrophic. But if we widen the lens a bit, the problem becomes much more manageable. WWU's audited financial statements make it clear that shifting significant resources to Academic Affairs would not be terribly difficult.

At the end of Fiscal Year 2018, Western had \$79.7 million in Current Assets (cash and cash equivalents—money in the bank). For the last ten years, Western has always had Current Assets between \$60 million and \$80 million.

## Current Assets

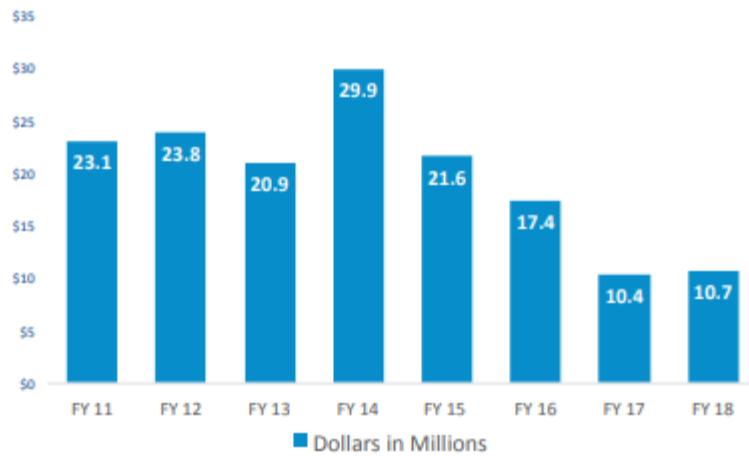


Source: WWU Audited Financial Statements

In some years, some of these assets are restricted (bond proceeds for capital projects and facilities maintenance funds), but every year there is always between \$45 million and \$65 million in unrestricted funds. These assets are always the equivalent of between 25% and 45% of Western's operating budget. **Over the last ten years, Western's reserves have been deep and stable.**

We see a similar situation when we look at Western's Cash Flow as reported in the WWU Audited Financial Statements. At the end of each fiscal year, when all of Western's expenses are subtracted from all of Western's revenues, the university consistently has millions of dollars left over. In fiscal year 2018, revenue exceeded expenses by \$10.7 million, which was one of the lowest margins in the last eight years.

## Revenues Exceeding Expenditures



What these numbers tell us is that, both in terms of consistent money in the bank (reserves) and consistently spending less than we make, Western Washington University is in very good financial health. We are all too aware of the various and sundry caveats (emergencies, reserves, restricted funds, etc.) that any good administrator will offer when talking about these overall university funds, and we have accounted for those when doing this report. There are constraints, but the idea that the ongoing Academic Affairs deficit could not be covered with base funds from overall university resources is not supported by the facts.

We feel that it is extremely important to discuss the Academic Affairs budget in the context of larger university finances. At the same time that we are talking about cutting tenure track faculty we should also be talking about how much of our operation funds the university spends on capital projects and consultants. With absolutely no disrespect to any of the hard-working staff and administration at WWU, we should keep in mind that the two essential things for any university are students and faculty. Without students wanting to learn and teachers to teach them, Western would have no reason to exist. To talk of deficits, efficiencies, and cuts only in terms of the current resources provided to Academic Affairs and not in terms of the larger, much healthier university resources is to stray from Western's primary academic mission.

### THE FUTURE

President Randhawa, in his opening convocation address, warned us that "our practices and habits of thought" and "aspects of the 'Western Way'" have become impediments to the financial health of the university. His frightening admonition assumes that "more people question the value of a college education" and that "state funding for higher education has been declining for decades." This leads to his "upshot . . . that the historical budget model relying on state funding and in-state tuition" is "naïve-bordering-on-irresponsible."

Having defined this problem, President Randhawa offers the solutions of more out-of-state students and more non-degree certificate programs. He talks about these ideas mostly in terms of their cultural value.

We feel it is also important to point out that President Randhawa's solutions are all self-sustaining programs. Simply put, the president's proposal is to move Western further and further toward private education. It is thus not so much "the Western Way" that President Randhawa sees as our problem as it is our fundamental mission as a public university.

While we are happy to support the responsible inclusion of more out of state students and the responsible expansion of certificate programs, we cannot support Western abandoning its primary role as a public state university.

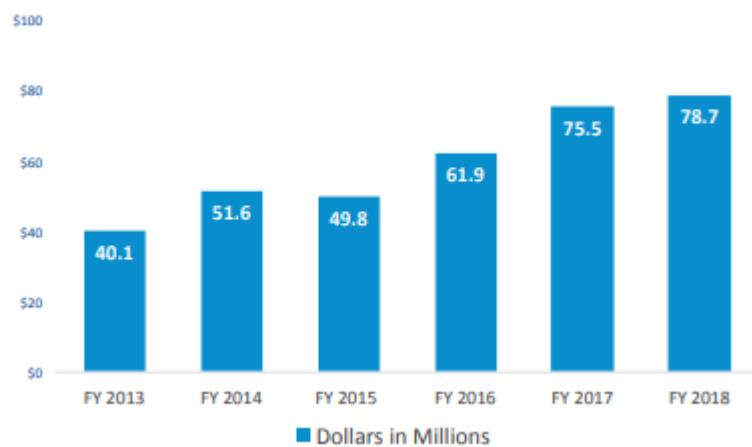
And there is really no reason to abandon that role. The pessimistic view of both Western's financial situation and the larger dynamics of state support don't match the actual situation at Western and in Washington.

**Public support for higher education in Washington is very high and state investment in higher education has been growing dramatically.**

Polls conducted by the College Promise Coalition in 2018 and 2019 show that 87% of Washington voters believe higher education is necessary and 83% believe faculty should be paid nationally competitive wages. The same polls show that over 80% of Washington voters have favorable impressions of the Washington state public universities they are familiar with.

The idea that state support for higher education in Washington has marched ineluctably downward is simply not true. Since 2013, the state has invested over 600 million new dollars in higher education. As part of that investment, Western's state appropriations have been going steadily upward, increasing by an average of 15.5% per year:

## State Allocations



This state investment will continue into the foreseeable future. In the 2019 legislative session, the legislature passed and Governor Inslee signed the historic Workforce Education Investment Act. Using a small tax increase on some businesses, this Act creates a fund that will produce close to a billion dollars over the next four years, ALL of which will be dedicated to higher education. As President Randhawa points out, much of this money will be devoted to expanding access to higher education for low income

students, but in 2019-21 it will also fund new STEM faculty and salary increases at Western. In the 2021-23 and 2023-25 state budgets, this dedicated fund will continue to be available for investment in Western and the rest of higher education in Washington.

The Workforce Education Investment Act is the result of an unprecedented collaboration between Labor, Business, and higher education stakeholders across the state. Microsoft and Amazon both supported an increase of their own taxes in order to fund higher education. All of the major labor organizations (WEA, AFT, SEIU, The Washington State Labor Council), the Business Roundtable, every public two and four year institution, the Independent Colleges of Washington, the Washington Student Association, and many, many others all fully supported the act. It's not a stretch to say that public support for higher education in Washington has never been higher.

#### RECOMMENDATIONS

- 1. Western should create a plan to immediately direct ample new funding to the Academic Affairs budget.** We should never lose sight of the fact that the academic mission is the reason for the university's existence. Tenure line faculty 40.1 51.6 49.8 61.9 75.5 78.7 \$0 \$20 \$40 \$60 \$80 \$100 FY 2013 FY 2014 FY 2015 FY 2016 FY 2017 FY 2018 Dollars in Millions State Allocations should be the last thing we sacrifice, not the first. New funding sufficient to cover the deficit and add more should be directed toward Academic Affairs.
- 2. Every Academic Unit on Campus should make an aspirational plan for full staffing and operational funding.** False narratives of cuts and scarcity have swirled around us for so long that we are no longer capable of imagining anything except barely keeping our heads above water. We should begin to expect/demand that academic units are headed toward appropriate staffing and funding. We cannot have that expectation until we know what it actually looks like. Every department and program should make a written plan that includes the appropriate number of tenure track faculty, the appropriate number of staff, and an appropriate operating budget for that department. These plans should guide deans and chairs as they seek the resources they need. Without an idea of where we're going we will never get there.
- 3. Western should recommit to its mission as a public state university.** Again, we have no objection to responsibly increasing our number of out of state students or our number of certificate programs, but this expansion should not be at the center of our future. Western should remain fully engaged with the state legislature and higher education advocates across the state to continue to strengthen public higher education. Western should also recommit to the students of the state of Washington. The Workforce Education Investment Act has made college available to 110,000 new Washington students. There is no better way to address Western's commitment to diversity and inclusion than to actively recruit and retain those Washington students.

We strongly encourage the administration to immediately commit to the full and ample funding of Western's academic mission. And we strongly encourage our faculty colleagues to engage and change the conversation. False scarcity cannot continue to be our guiding principle.

Sincerely,

Jeff Young, President,

Faculty Senate Rich Brown, President,

United Faculty of Western Washington Bill Lyne, President, United Faculty of Washington State

Faculty Senate Executive Committee

UFWW Executive Committee