Straight Talk about the UW State Budget

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Confused about how the University of Washington fared in the 2009-11 biennial budget? So was I – and I'm an insider, having devoted my entire career to building one of UW's highest impact programs.

There can be room for honest debate about whether the decisions that were made were smart in terms of the future of the state, but there shouldn't be any confusion regarding the facts! Here they are:

1. The 2009-11 state operating budget reduced the UW's funding by $214 million ($107 million per year), **a 27% reduction in state funding** compared to the prior biennium.

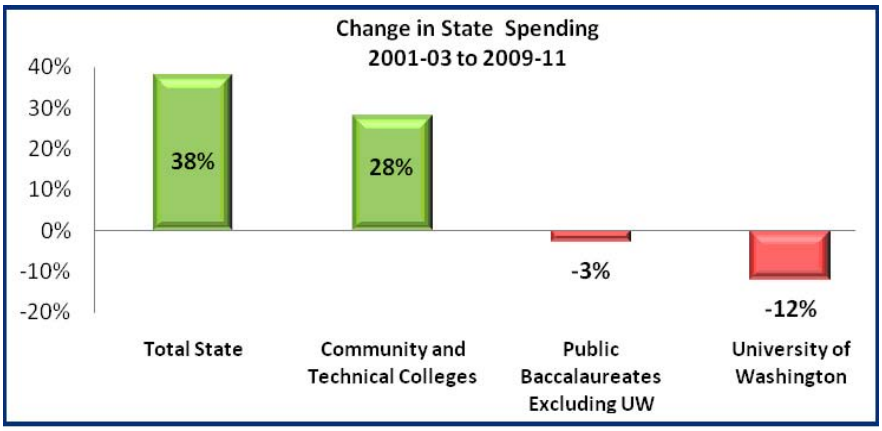
2. To partially offset this cut, the State used one-time federal stimulus funding, plus tuition increases. There were also budget additions for restricted line items such as employee benefit increases.

Funding Source	Funding Amount (thousands)	Impact Relative to 2007-09 Funding Level
2007-09 Biennial State Funding	$792,417	
2009-11 Cut in State Funding	**–214,179**	**–27%**
2009-11 Restricted Line Item Increases in State Funding	+42,852	+5% restricted (e.g., increases in benefits)
2009-11 One-Time Federal Stimulus Funds	+24,730	+3% one-time
2009-11 New Tuition Revenue	+89,676	+11%

3. **Washington's cuts to higher education were the fourth highest in the nation** (after Montana, Ohio, and South Carolina).

4. **Within higher education, the University of Washington fared particularly poorly – roughly twice as poorly as higher education overall.**

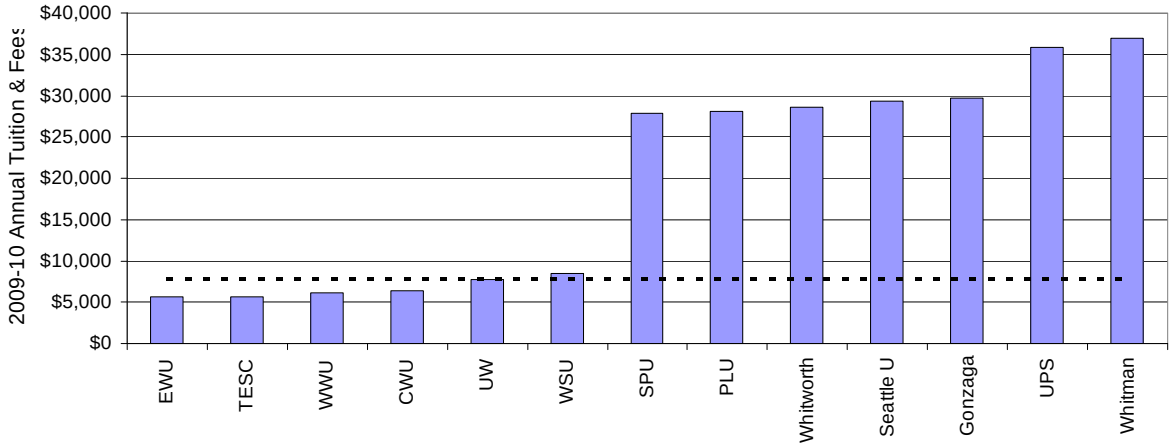
5. **In fact, since 2001-03, state spending is up by 38 percent, but state support for UW is down by 12 percent**. State support for community and technical colleges is up by 28%, despite the fact that Washington already ranks 5th in the nation in public community college capacity per capita, but only 49th in public bachelors capacity per capita.



6. The principal role of great public universities is to provide socioeconomic upward mobility to the citizens of their states. **UW remains highly accessible**:
   - **88 percent of UW undergraduates are Washington State residents.**
   - **21 percent of UW undergraduates are Pell Grant recipients** (federal aid for low-income students).
   - **30 percent of this year's incoming UW freshmen were first generation college attendees**.
   - Even after the 14 percent tuition increase for resident undergraduates in 2009-10, **UW tuition remains the lowest among Global Challenge peers** (ten similar universities in states with economies like Washington's, chosen by Olympia for comparative purposes):

U Mass	Rutgers	UC Davis	UCSD	UC Irvine	U Conn	U Va	UCLA	U Md	U Co	UW
$11,917	$11,886	$10,528	$9,962	$9,888	$9,886	$9,872	$9,436	$8,053	$7,932	$7,692

   - **Currently, UW tuition and fees total $7,692 per year.** WSU is slightly higher -- $8,488. **The major private universities in the state charge between 3.5 and 4.5 times as much** – from $27,810 at Seattle Pacific University to $36,940 at Whitman.



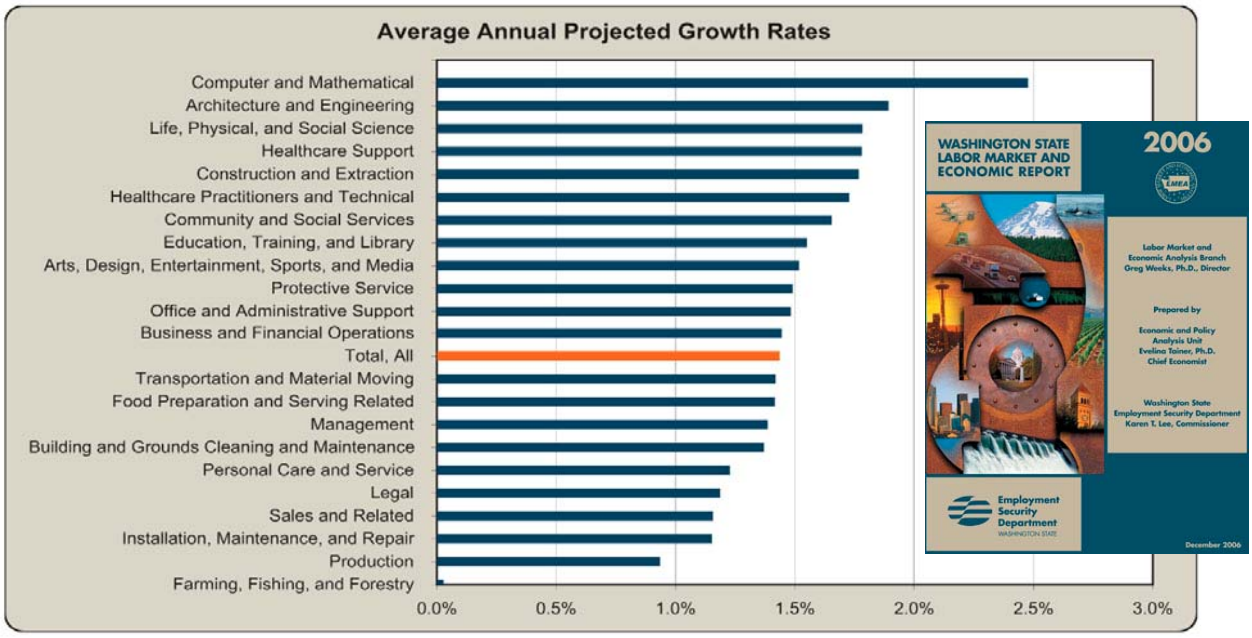
   - **Annually, UW disburses about $120 million in scholarships, grants, and waivers to undergraduate residents**. One third of this aid is state funded – the rest from Federal (25%), institutional (30%), and private (12%) funds.
   - **The Husky Promise program guarantees that any academically qualified student whose family qualifies for a Pell Grant or State Need Grant (income up to $54,500 for a family of four) will attend UW tuition-free**.

7. **Further cuts will surely erode both accessibility and quality**. Here are some examples of the impact of this biennium's cuts from the perspective of my unit – Computer Science & Engineering (CSE), a unit of the UW College of Engineering that is ranked among the top ten computer science programs in the nation:

   - **UW CSE, and every other academic unit in the UW College of Engineering, took a 10% cut in its permanent budget this biennium**. Computer Science & Engineering saw an annual reduction of $996,000 on an annual budget of $9.96 million – typical for academic units across the campus.

- **For UW CSE, the effect of this was to roll back the only enrollment increase that we have been granted in the past decade**. UW CSE was granted an enrollment increase in the 2007-09 biennium – our first since 1999-2001. The 10% budget reduction eliminated this funding, and more.
- **At the undergraduate level, UW CSE can accommodate only about 1/3 of the students who apply** – current UW students seeking to major in Computer Science or Computer Engineering.
- **At the graduate level, UW CSE can accommodate less than 10% of the students who apply** – outstanding students from across the state, the nation, and the world.
- **Overall, the number of Bachelors degrees granted by the UW College of Engineering is approximately the same today as it was 30 years ago** – despite dramatic shifts in our state's economy that require this sort of education.

8. **Looking towards the future, the Washington State Employment Security Department is clear about where the job growth in our state's economy is likely to be**. Among the 22 major occupational categories, computer science occupations are projected to be the fastest growing, by far. Engineering occupations rank second. And these jobs are high-impact – they are jobs that create other jobs. And these jobs are high-impact – they are jobs that create other jobs.



9. **Our state's economy is transitioning.** First, we produced goods whose content was largely physical (fish, timber). Next, we produced goods whose content was a mixture of physical and intellectual (electronics manufacturing, aerospace). Today, the vanguard of our economy involves the production of goods whose content is almost entirely intellectual (software, biotech, biomedicine, telecommunications, services). **We must educate the kids who grow up here so that they will be able to compete for these jobs.**

10. **Public investment in research-intensive universities has enormous leverage**:
    - As an example, **over the past dozen years, public investment in UW Computer Science & Engineering has been leveraged by $110 million in external programmatic funds, $73**

million in philanthropy, and $236 million in venture investment in startup companies, and has yielded 2,653 high-impact degrees.

– **At the University of Washington overall, externally-funded research is a $1 billion annual business**. Economic studies in our state find that every $1 million in R&D creates more than 7 direct jobs and more than 14 indirect jobs – more than 20 jobs in total. The University of Washington is Seattle's largest employer, and the third largest employer in Washington State (after Boeing and Microsoft).

These are difficult economic times – for families, for businesses, and for governments. Those that emerge the strongest will be those that make smart choices that position them to compete successfully. Smart choices begin with a clear understanding of the decisions of the past, their impact on the present, and the opportunities of the future.

Addendum

Overall, state expenditures decreased by 6.7% from the 2007-09 biennial budget to the 2009-11 biennial budget – from $33.7 billion to $31.4 billion. Higher education overall took a 10.7% cut. The community and technical college system was cut 5.5%. The four-year institutions, which includes UW, were cut an average of 21.4%.