STATE BUDGET CUTS Affecting WSU

Governor Parkinson recently announced another round of sweeping budget reductions to close a nearly $260 million gap in state revenue and expenditures. The reductions bring state funding for higher education to the 2006 level, the minimum required to continue eligibility for funds from the American Recovery and Reinvestment Act (ARRA), the so-called “stimulus act.” This represents a 12% decrease in state funding for higher education during the current economic crisis.

In responding to the Governor’s announcement, Board of Regent’s Vice Chair Gary Sherrer of Overland Park noted that state universities had sustained reductions “…beyond the point where cuts are undermining the quality and quantity of the education our institutions are able to offer.”

Important misconceptions

He went on to make a critical point about the value of higher education: “The irony of these budget cuts is that higher education produces the qualified and skilled workers necessary to stimulate, strengthen and re-build the Kansas economy.”

For Wichita State University, most of the latest reduction, like the previous ones, will directly affect the academic and research programs, the heart of the university enterprise. The university’s outreach with the community will be diminished and, importantly, our ability to partner with local business and government to drive economic recovery through innovative programs like CIBOR will be negatively affected.

There are important misconceptions about how universities can respond to the current extraordinary economic conditions. One of the most common misconceptions about universities is that they are businesses just like any other business. The concept of “student as customer” is sometimes a part of this concept of the university enterprise. Positioned as a business, it follows that universities can apply normal business concepts and practices (e.g., layoffs, reduction of services to customers, closing facilities, etc.) to their operations to navigate through the rough economic waters of our time.

In many significant ways, universities are businesses. We support a large labor pool including many different worker skill levels, we hold and manage extensive real estate and physical plants including a huge variety of different buildings and facilities, we manage investments, sell goods, purchase large quantities of supplies and equipment, and worry about cost structures, revenue streams, government regulation, return on investment, strategic planning and competitive forces in much the same way as a conventional business.

Counter-cyclical demand

To effectively run a university, leaders must keep their eye always on the bottom line.

For you at WSU: Robots exhibit through Dec. 18 at Ulrich Museum. Great for all ages. Information: 978-3664.
But, there are a number of important differences between a university and a conventional business. One has to do with demand during an economic downturn. In general, demand for higher education increases during economic hard times as citizens seek to improve their knowledge and skills to increase their value and potential employability. We have seen this increase in demand at WSU.

**Defining our product**

But, a more important and, perhaps, subtle difference between business and higher education has to do with the nature of the “product.” While it is true that universities are like businesses in many important ways, the enterprise of learning and discovery is not a business transaction.

The learning and understanding that students achieve and the discovery generated by faculty researchers are fundamentally complex collaborations requiring much more than the payment for and receipt of a good. By paying tuition a student is gaining access to participate in this collaboration in order to learn. In order for learning to occur, both the student and the university (through the work of the faculty) must participate in the collaboration.

**The mutual commitment**

Learning is not an “over the counter” purchase. Learning requires a mutual commitment between all involved. The student is not a customer. The student is a collaborator in the learning process.

Faculty research is another dimension of this more intangible nature of the product of higher education. A critical function of public research universities like WSU is to support discovery through faculty research. It is the research programs of the faculty that represent the outreach and economic development arm of the university.

Research represents learning in action the product of which at WSU give us entities like NIAR, CIBOR, and the vast number of public service and economic development initiatives that are so important to the fulfillment of our urban serving research mission.

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**Preserving the core**

Because of these unique features, managing universities during these extraordinary economic times requires that the creative, non-business like core of the enterprise be preserved while simultaneously dismantling substantial portions of the support environment. Learning and research cannot be trimmed away in proportion of budget reductions. Maintaining human capital is absolutely essential to maintaining the learning environment. Efficiencies cannot be achieved simply by reducing service.

What comes next? Preserving the best and most important of what universities do – learning and discovery through research – is essential for the future of Kansas, as Regent Sherrer has emphasized. Our mission includes preparing the workforce of the future, generating knowledge to drive innovation and partnering with the community to sustain health and commerce. This mission is like no other in America. Likewise, our approach to “efficiency” is also unique.

**Gary L. Miller**

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