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Kalamazoo Chamber of Commerce Higher Ed Update

John M. Dunn

Nov. 10, 2010

- Thank you for again inviting me here to talk about my favorite topic--Western Michigan University. I'm always happy to share news about what is happening on our campus, which is literally your back yard. I don't think, however, that I've ever offered a report for you that is quite as full of challenge and opportunity as this one.

- First let's talk very briefly about the challenges before us. I'll keep this short, but in front of a savvy business group like you, I like to provide some context. You know the challenges. They haven't gone away. They're the same kind of problems that you encounter every day in your businesses. Funding/ revenue, recruitment/advertising, tuition/price, demand/market share---we call them by different names but they are all essentially part of the same process. They keep our organizations operating, allow us to carry out our stated mission and help us provide jobs and income for our employees.

- WMU has two sources of revenue. One is the state funding that makes us a public university and signifies our state's commitment to higher education. The other is tuition, which is the share of the cost we ask our students and their families to bear. For us the greatest challenge still is our support from the state. It's been eroding for a decade--not just stagnating or failing to keep up with inflation, but going down. Overall, the state of Michigan has decreased its spending on higher education by more than 16 percent--\$297 million. For WMU, that has meant the loss of more than \$17 million in annual support.

-) Let's call this a generational look at how higher education is paid for. Many of you were in school 30 years ago, when the state provided more than 2/3 of the cost of earning a degree. Here's what things look like today. (*Dean's revenue source slide*)

Despite more than a decade of staff reductions, energy savings and carefully managing areas like health care, the proportion of the cost to students has flip-flopped. Students now contribute 2/3 of the cost of their education. From all accounts, the state funding picture will not get better in this fiscal year. It may be well into the 2011-12 year before we see any kind of positive movement.

- Okay. That was the context. We've rolled up our sleeves and worked hard to position our University for the present, of course, but for the future as well. The funding erosion issues are very real, but we can't let them erode our ability to serve our students and our community. We've simply made up our minds to move forward-- in a leaner and more efficient manner-- but with all the energy that the knowledge economy demands.

Enrollment news

- That brings me to a series of items I call good news. First up is enrollment.

(Enrollment slide) To operate at peak efficiency, we need student numbers that are a bit higher than where we stand today, but we are on track to achieve that balance.

- This fall we're at 25,045--up almost 2 percent over last fall's total

- We're up in students at all levels--beginners, transfers and graduate students

That is not the case statewide. In fact only about a third of our public university colleagues are seeing that kind of strong growth this year.

(Enrollment trends slide) And we've made some significant changes in enrollment patterns--credentials of incoming students continue to increase. We've made student achievement a focal point of our advertising. Our retention rate soared by more than 3 percentage points. I say "soared" because that's a figure that usually moves by a tenth of a point at a time.

- As we've focused on recruiting, we have kept our commitment to some special student populations. They are thriving.

Seita Scholars (*Seita Scholars slide*)--Our program for young people who have aged out of foster care is now in its third year, and WMU is now home to 113 such young people who are finding success. We provide tuition and guarantee that they have a place to live on campus during holiday and semester breaks. We also provide a support network that wraps its arms around those young people and provides the support most students find in their families. When we began this initiative, some experts told us we'd be doing well if we could keep 20 percent of these students in school. Our retention rate for last year's beginning Seita Scholars is 81%.

Veterans (*Veterans slide*)--Just over a month ago, Military Times' EDGE magazine names WMU among the top 20 schools in the nation for its service to veterans. The publication serves all branches of the military and put us at No. 16 in its rankings of colleges across the nation it considers "Best for Vets."

We've spent time and energy reaching out to vets and helping them make the transition from life in the service to life in the classroom. As a result, we have more Iraq and Afghanistan vets than any other Michigan university.

When all of these students move to this community, it means they and their families are in Kalamazoo stores, restaurants, and service and recreational establishments. We've been working with the Chamber and DKI to make sure students are as comfortable downtown as they are at Bronco Mall. And we've gotten pretty good as well at alerting families to the businesses in the area they might find helpful.

Building and renovation projects

- Where will all those students live? Well they'll begin, as 90 percent of our students do, living in our existing campus residence halls. But some 300 will have a chance to live as upperclassmen in a new on-campus apartment complex. *(Western View slide)* Western View is our first new student housing in half a century. The four buildings that are going up rapidly on the West edge of campus are part of a long-range plan to meet our students' desire for on-campus living that offers the independence of having an apartment. The demand is huge and the construction pace is fast. Students will be living in Western View apartments next fall.

- *(Davis Dining Bistro3 slide)* We've also been refurbishing our existing residence halls--especially the dining halls, and we've been doing some much-needed updating to high-use areas like the Bernhard Center and we've replaced the indoor track that surrounds University Arena.

- **Sangren Hall--(Old Sangren slide)**, For almost 20 years, the project that was near the top of our building priorities list was Sangren Hall. Built in 1964, it is our largest classroom building and serves students in literally every college at the University. We have successfully updated other buildings from that era, but the deeper we dug into the idea of remodeling Sangren, the more apparent it became that the wiser use of resources would be to build an entirely new building. We can do so for very little more than the cost of renovation.

- We started this summer by demolishing one wing of Sangren. The new Sangren Hall is going up in the footprint of that wing and right in front of where the remaining old Sangren stands. *(New Sangren slide)* This \$60 million, 214,000-square-foot building will be built to LEED Gold specifications and is expected to save us more than \$300,000 in annual energy costs.

- Now, given what I described as the budget context, I can see a few of you in the room scratching your head and wondering where the money for this is coming from. Why build now? The answer to the "why now" question is twofold.

-Now is the time to build because we are able to get a lot of building for the amount we will spend. In this economic climate, we will get maximum bang for the buck.

-Every bit as important and something I think about whenever I look out the window at the construction in the middle of our campus, is the fact that the Sangren Hall project is providing jobs in our community--lots of jobs--at a time when they are desperately needed. In fact, the estimate builders have given us for the number of jobs directly linked to the Sangren project is 400. Add another 100 jobs for the Western View Apartment complex under construction, and that's 500 jobs in this community that would not be here if we had taken the "wait and see" approach.

The funding source we still believe will be a Capital Outlay from the state. We have a long-term state request that would cover 3/4 of the cost. We have even received a commitment for the first installment of that funding--nearly \$12 million. We are hopeful that the remaining outlay will be coming to us over the period of construction.

- Our efforts to attract and retain Michigan businesses to Kalamazoo have experienced a new surge this year. (*BTR Park slide*) After a very slow 2009 on that front, I'm happy to report that so far this year, we've attracted four new companies to the Business Technology and Research Park. Two are IT companies--Level Data and PolyVista, with the latter coming from the Houston area. The other two are advanced engineering companies--Engineered Protection Systems (EPS) and a brand new company we'll be announcing tomorrow. I like to attribute this success to both the attractive business climate in Kalamazoo and an economy that is beginning to show

signs of life again. And to put this development in context, the BTR Park is the source of more than 600 high-end local jobs as well as the indirect source of another 700+ jobs.

- **New Eaton Lab--(*Ribbon cutting slide*)** Our partnerships with businesses in our academic areas continue to expand. Last month on our engineering campus, we opened a brand new Hybrid Electric Vehicle Lab on our campus that Eaton Corp. funded to make sure its research needs are met—and to make sure the pipeline is full of students who thoroughly understand that new technology. That lab is partially staffed by four undergraduate engineering majors who were selected and trained to work with faculty members to do critical research.

- And a thorny issue with an enormous impact on our core city is moving to resolution. East Campus RFP. Our historic East Campus, which is in dire need of a new purpose and a renovation to match, is being opened to the private development sector. (*East Campus RFP slide*). A campus/ community task force zeroed in on this recommendation after two years of work examining a range of alternatives. The idea is for the University to step back and allow private developers to come up with a use for one or all of five buildings eligible. The use will not have to be University-related, but it will have to preserve the architectural integrity of the buildings. The move will allow development to move forward with the assistance of tax incentives, grants and historic preservation allowances that WMU, as a public entity, is not eligible for. The hope is that the spectacular view from downtown Kalamazoo and up Prospect Hill will be preserved and enhanced. Developer inquiries have been strong.

- Finally, let's explore the medical school initiative in greater detail because that is the topic I am most frequently asked about. In the past year, we've moved from "if" to "when" on this privately funded initiative. (*Hospitals slide*)

-We've solidified support and planning with our two major partners--Bronson and Borgess.

-We've received a \$1.8 million anonymous gift to use as seed money for development

--(*Infrastructure slide*) We have signaled intent and now have applicant status with the medical school accrediting body--the Liaison Committee on Medical Education

-We've established working committees for finance, facilities, curriculum development and communication.

-We've launched a founding dean search with a committee made up of our faculty and representatives from the medical community. That committee has seen great success and has been considering the credentials of an enormous number of top-flight candidates from around the nation--more than 60. The interest in this position is a good indicator of how the national medical community views the potential and caliber of a new medical school in Kalamazoo.

One of the first big milestones will be the selection of that founding dean. Starting this week--this evening, in fact--a series of candidates for the position will be making their second visits to Kalamazoo to meet with stakeholders and make public presentations about their philosophies and interest in the opportunity. I want to tell you their names and current positions just to give you an idea of the caliber of the individuals we're considering. (*Dean candidates slide*)

- **Dr. Robert A. Forse**, professor and associate chair for surgical education at Creighton University School of Medicine,

- **Dr. Rubens J. Pamies**, vice chancellor for academic affairs, dean for graduate studies and professor of internal medicine at the University of Nebraska Medical Center

- **Dr. Hal B. Jenson**, professor of pediatrics and regional dean for the Western Campus of the Tufts University School of Medicine

I urge you to follow this search closely. The person selected to guide this school of medicine will have an opportunity to make an enormous impact on this community. *(Community benefits slide)* A school of medicine here will be a catalyst for using this community's strengths and legacy in the life sciences to spark unparalleled economic growth. It will be a magnet that can attract additional medical personnel and federal research dollars and companies to partner on research. All of those developments will increase the number of jobs in Kalamazoo and the demand for goods and services locally.

I could go on- -and on. I'd like to tell you about our second consecutive National Book Award nominee or the campus choral group that made it to the top of the iTunes classical music charts this fall. But I want to be respectful of your time. I am available to take questions, so if any of this has triggered your curiosity, just ask.

- Thank you for inviting me here. Visit the campus and enjoy its resources. Kalamazoo, this is your University. We want to make you an active part of it. Grab the reins.

Thank you.

(19 minutes)