

**Transcript of President Michael Crow's Message to ASU Faculty and Staff regarding
ASU Finances
10/20/08**

Hi. Rather than send everyone on the faculty and the staff a written memo on the things we are facing financially at the university, I thought I'd get you this webcast to give you some sense of where we are. The place I'd like to start is the overall financial conditions around the university and then talk just a little bit about the financial health of the university itself.

You're all aware from everything in the press that there are many, many uncertainties out there in the capital markets, there's uncertainties in state revenues, there are a number of financial uncertainties facing all institutions of higher education in the country and I think, overall net-net, we're doing okay. We're making progress on 16 of our 17 revenue sources as an institution, but we are having some stresses that we have encountered already this fiscal year and that we will encounter again this fiscal year relative to our State of Arizona partnership. The State of Arizona invests in the university between \$450 and \$480 million dollars a year, \$500 million before our most recent reduction, and I want to talk about the implications of the financial uncertainty within the state. I'm not going to comment on issues associated with how we got to where we are or the issues associated with state revenue increases or decreases. I really want to focus on what it means for us and how we are going to address this uncertainty.

First and foremost, as we move forward into this period of state investment uncertainty, is that we operate under the general premise and that is that we are an enterprise fulfilling an important public service mission. We're not an agency of the state and therefore we have responsibility for our own outcome. The state is an investor in the institution. What that means then is that, as their investment goes up or down, we either have to make adjustments in our other investors and their investments in the institution or we have to make adjustments in what we spend. Now because the state's investment is likely to go down unpredictably, we have to deal with some of that financial reality directly and we have to deal with it immediately.

To do this, we've asked the deans, through the Provost and the directors through their various vice presidents, to take unit level actions to bring about spending reductions in line with fulfilling our core academic mission, but at the same time bringing about some reduction in overall expenditures. We're asking all units to focus on revenue enhancement. There are some ways, either through winter session revenues or most particularly, through student retention and other things where revenue can be enhanced for the next semester and for the next academic year. So we're asking all units that have the ability to generate revenue to focus on revenue enhancement.

We're looking at implementing a range of administrative cost reductions that we hope, at the same time, will improve some efficiencies and so we're doing that centrally within the university. But all in all, what we're doing is asking the deans and the directors within the institution to really focus on reducing costs where costs can be reduced. Now, we're doing this and, at the same time, asking to maintain the academic core. So that means that, as we move forward, we're not looking at any reductions in tenure or tenure-track faculty members. We're not looking at reductions in student success officers or academic advisors or academic support

activities. Some units, some colleges, some schools may anticipate changes in the number of lecturers or changes in the number of faculty associates. This will be dependent on how each individual dean wants to advance the curriculum for the individual program units within a given college or a given school.

We're also looking at making some investments in technology that might allow us to offer some courses through enhanced technological assets to larger numbers of students in an efficient and effective way. So we're looking at that and we're looking at some new class configurations. So if you take all of these things together, basically we are working to prepare ourselves for the uncertainty of state investments. We're uncertain of where these state investments will go. Overall, you need to know that, between the last second cuts in the 08 budget and the first round cuts in the FY 09 state allocation to us, we've already implemented about \$30 million in reductions and most of you are familiar with that. Right now, we are looking at an additional somewhere between \$25 million and, if you follow what some members of the Legislature say, as much as \$75 million of additional reductions. Some of these numbers become "game changing," if you will. They become something that affects us in many numerous ways, almost all of which are negative. But nonetheless, we need to look at this as a challenge that we all have to get through. We're looking at this together. We're working on this together.

If you have ideas or solutions for some of these things, feel free to share them with me directly at michael.crow@asu.edu. You will be hearing from your deans and your directors as things move ahead and we need to remember to stay focused on one thing: providing success for our students. Success for our students who come here from all walks of life, all backgrounds, and who come here to get what we have to offer, so let's remember that this is what we're focused on.

Thank you.