Hi, Michael Crow here. I wanted to get a video memo out to faculty and staff at the end of the semester to do a couple things.

First, thank all of you for your hard work this semester and this academic year. I think it’s been a very successful year from the perspective of the students – their experiences, their awards, their successes, their retention, their graduation. I mean things are really moving in the right direction.

You might say to yourself, “How is this possible that things are moving in such a great direction when we have so many complexities in dealing with our partner, the State of Arizona?” There are so many budget uncertainties in terms of state investment, so many issues about tuition and so forth. So I wanted to spend just a few minutes bringing you up to speed with where we are overall relative to the University’s fiscal condition and our present relationship with the state.

I have said to some of you in the last few months, and I’ll repeat on this video memo, that we live in a very, very transformative moment where public support for public higher education is being cut back in northern Europe, western Europe, North America and elsewhere. In the various states there are dramatic reductions in public support for the universities. This is derivative of a whole bunch of things, which I won’t go into right now, but suffice it to say that Arizona sits as one of the states that has made significant reductions.

Our reduction from the state and the final numbers coming from their appropriation to us will be $90 million this year. All told, our total cut since the end of 2008 from the state is approaching $200 million. Those represent some of the most dramatic changes in investment – positive or negative – ever made in a public university and so we’ve been faced with a significant challenge. We’ve been working through that challenge the last few years. We had furloughs in 2009. We had staff reductions in 2009 and now, as we move into 2012, we are looking to make our adjustments with the following basic approach:

- $90 million in additional reductions from the state, about $30 million of which we make up through tuition adjustments upward.
- Maintaining our commitment financial aid.
- The balance, $60 million, we will address through two things:
  1) Performance enhancements and revenue enhancements – retaining and attracting more in-state and out-of-state students, and having success with those students.
  2) Additional cuts. When we make these cuts, and I have heard a lot of feedback from faculty members and from staff concerned about how we are moving forward, we have decided to minimize the number of layoffs and reorganizations. We will try to work through, in as many ways as we can, to find ways to do things at a lower cost. We are outsourcing some of our services, (custodial, bookstore, and others) that we have been running within the university. We are very concerned about individual employees and so they are being offered positions with the outsource service providers. We are
sensitive to that. In addition to those outsourcing activities, we are making some staff reductions, but they are at about 1/5 the level of the reductions in 2009. And we are making a few reorganization adjustments focusing on non-academic and non-student service areas of the university. We are cutting areas not related to those two core activities. Our approach is from the perspective of, “How can we open for the summer semester and open for the fall semester with our services at the highest level possible for our students so they are in a position to best access what we have to offer in spite of all of these dramatic changes?”

Now, it is the case that, as we make these kinds of adjustments, they are based on the assumption that we’re going to continue to improve our performance. That retention rates are going to go up. That out-of-state student recruitment is going to go up. That our activities associated with ASU Online are going to grow dramatically. Our budget reductions have been lessened by our assumption that our performance will be very significant and very positive. That, of course, is dependent on you.

While going through all of this, and I know we've asked a lot, there have been no general salary adjustments for several years. I understand this. I will say to you that, in the position that we are in right now, we are looking to find a way in the next academic year to look at salary adjustments for the majority of staff and faculty (rather than small numbers of staff and faculty). We are moving in that direction and I want you to know that. But where we are right now, and this is really important, it’s all about finding a way to operate a model for success for our students with a relatively de minimis investment from the people of Arizona.

That doesn't mean that are not fighting for an increase in that investment. We are. It doesn't mean that we are not looking for new funding models with the state. We are. It doesn't mean that were not continuing our lobbying efforts with the state legislature to make investments. We are.

We were able to be successful with them and with the Governor on a number of different issues this year and we are continuing to press in that direction, but it does mean that the fundamental funding model for the university is now largely dependent upon our ability to perform our core function, which is to provide a fantastic teaching, learning and discovery opportunity for our students, and to do that at the highest level that we possibly can.

We have made huge progress toward this objective. We are continuing to make huge progress. I think we have weathered the worst of the storm. If I was to suggest where we are right now, we are moving back from this “financial hurricane” environment from a “category four” storm to a “category one” storm. We are not out of the hurricane business yet, but the storm is less intense and now the burden of our success rests on us. Can we do what is needed to educate our students at the highest level with the resources that we have?

As we move forward, I am looking for your ideas. I am looking for new ways to move things forward and I am looking for your participation in us being successful. I will say that, from my perspective, this has been a very difficult last couple of years going through things that none of us, including me, have ever experienced before. Having to make decisions affecting thousands of people's lives is never fun and has not been fun for me personally, but these are decisions that we have had to make to move the institution forward. I can say that all the decisions that we
make that affect staff are done with as much compassion and empathy as we can possibly bring to bear concerning the employee’s personal life and their success, and I can say that whatever we’re doing going forward, that’s how we are operating.

Again, as we move forward, it's about the success for our students regardless of the state’s investment and regardless of the wisdom (or lack thereof) of the state’s investment in the university. We have to find a way to make this place successful. I am counting on you.

I thank you for your service. Let me know if you’ve got ideas or comments. Please send those to michael.crow@asu.edu.

Thanks.