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Dear Colleagues,

I would like to give you an update on the FY18 budget process following the four-hour long CALS’ strategic budget meeting of May 9. The May 9 meeting’s purpose was to discuss and come to consensus on CALS’ FY18 teaching and research operational base and one-time priorities, and so budgets. I want to give a big thank you to Kitt Farrell-Poe, chair of the academic unit heads, and Associate Dean Jeffrey Ratje and the CALS Business Services team for the large amount and quality of the work that they put into this meeting. I thank everyone who attended for their time. I am not discussing the Cooperative Extension budget here, not because it isn’t important but because it is majority state-, and minority federal-line items, and RCM-determined revenue may not add to it. It also has a separate strategic plan and budget process led by Jeff Silvertooth.

All of the information presented at the May 9 meeting, and related to it since, is posted [here](#) under *Resource & Budget Retreat*. There is a lot of information in these slides, proposals and other documents about where CALS stands today as well as the meeting itself. I encourage you to discuss this material with your representatives who were present at the meeting so you understand it. Jeffrey Ratje led the meeting and ensured that every voice was seen as equally important. Kitt Farrell-Poe set the tone with a reminder for participants to focus on the longer term (not to limit their thinking to the immediate), to incentivize academic growth, and that some units’ faculty are growing their programs and subsidizing other units that are not growing. I want to thank especially Steve Smith, the Faculty Council and the 105 faculty who took the time to rank our budget priorities. Steve ensured your voices were heard and he championed that we must never lose sight of our foundational goal – I couldn’t agree more.

The May 9 meeting consensus outcome for the five-year T&R operational base and one-time budgets were:

	FY18	FY19	FY20	FY21	FY22
Consensus Outcome for 5-year T&R Operational Base Budget	\$432,256	(\$1,227,024)	(\$1,847,413)	(\$2,411,502)	(\$2,996,447)
Consensus Outcome for 5-year T&R One-time Budget	(\$613,922)	(\$1,408,136)	(\$3,202,713)	(\$3,673,818)	(\$4,178,856)

At the May 15 Executive Council meeting, the associate deans and I discussed what we had heard on May 9. I am responsible and accountable for all of the approximately \$150M of the CALS budget, most of which is actually delegated to my direct reports. I must compile a CALS central budget and submit it to UA central administration by June 30. The problem is that the consensus budgets are deficit budgets. CALS may not deficit budget and so I can't use these as they stand. I must and will make decisions with the data that I have and, from what I have heard of your priorities, to produce a budget that doesn't get CALS into deficit.

Each associate dean is responsible and accountable for the college meeting its targets in their mission area. Each academic unit head is responsible and accountable for the college meeting its three mission-area targets in their discipline areas. I am responsible and accountable for everything in CALS. I must not just balance the budget but also prioritize our investments so that CALS delivers its share of the task for the UA to meet the ABOR targets and UA's *Never Settle* goals.

You can see from Parker Antin's presentation that we are doing very well in our research mission, especially given our resources and despite budget cuts.

Conversely, you can see from Mike Staten's presentation that we are not meeting our teaching mission delivery expectations. Our undergraduate numbers (slide 2), freshman retention and 6-year graduation rates (slide 3) are below expectations. Teaching provides the vast majority of our revenue and, under RCM, if we do not turn this situation around your unit heads will be making decisions on budget cuts to your units, which means job losses and disinvestment in your programs. Before doing this though, the unit heads must use unit soft money [reserves](#) that they control (see quarterly budgets: "Unallocated Funds Available to Unit Head") that should instead be being used to invest in your innovation. No one wants or needs this outcome and our job is to do our best together with our budget to ensure it doesn't happen.

Mike Staten, as associate dean for our teaching mission, advised everyone that to both meet our teaching mission objectives and not deficit budget we must "Double-Down on Student Services to meet our retention and graduation targets" using approaches appropriate to Generation Z (slide 9) and that "UA is no longer a bargain, so we're not competing on price." He also showed that we have significant demographic headwinds. His recommendation is that our budget must invest in the quality of the CALS experience for students. We "Must Add Interesting Programs; Recruit More Effectively; Raise Awareness of Programs" (i.e., do better marketing). We must have "Higher conversion rate of applicants to students; higher retention of those who attend"; and "Convert UA 'undeclared's' or those unhappy in other colleges to CALS" (i.e., better marketing again).

The next step in the FY18 budget process is to focus more specifically and deeply on our teaching mission. Everyone needs to be aware of what is happening throughout the college because our situation affects everyone. On June 1 there will be a two-hour meeting with Mike Staten, Steve Smith and all academic unit heads to discuss the teaching mission situation by unit by major. This meeting will cover why the situation is what it is, what can be done to improve unfavorable situations and enhance advantageous ones, and how this may be implemented over one or more years. Not all improvements and enhancements will involve investing

money—some require focused management and leadership. We must look within our own college community to work with the resources we have, as well as to spend money.

The FY18 T&R operational base, and one-time, budgets will invest where solutions are most likely, and not only need but also leverage is greatest. Some important priorities do not yet have specific plans (e.g., graduate education) and so cannot yet be invested in. I will prioritize YOU first—all of our people (appointed professionals, faculty and staff)—because without doing so we cannot achieve our goals. I will follow our domain experts' advice and I will consider your views consistent with UA's shared governance policies.

Sincerely,

A handwritten signature in blue ink, appearing to read "Shane C. Burgess", with a long horizontal flourish extending to the right.

Shane C. Burgess