

## John Arnold with UA Business Officers

Notes from January 30, 2024, 2:30-4pm

John Arnold (JA) invited 67 members of the university business community to a Q&A. His guiding principles are:

1. Reduce costs
2. Eliminate bureaucracy
3. Improve usability

### **Ethos and Expense Reductions**

1. As state budget director, JA swore an oath to safeguard all public monies and ensure they are disbursed and expended only when they further the public interest and good. This is part of his core identity as a public servant, and he expects the same from each member of the business community. Every dollar at the UA is public money.
2. Our problems are university wide. All of us are responsible to solve them. Leaders who say that they have money will quickly be corrected, “*they* do not have money, those are public funds, and the university has a financial problem that affects everyone.”
3. Every budget unit (college/division/VP) is required to plan on a 5% reduction of recurring, unrestricted expenses for FY25 (starts July 1), including state line items. Each unit must also present a plan for a 10% and 15% reduction. Impacts to revenue and mission must also be presented. Units should not propose non-serious proposals – “we don’t have time to waste on non-serious proposals that don’t address the core problem.”
4. Some colleges/divisions **may** see an increase to their budget. Others will see a reduction of varying amounts. Efficient operations and return to UA will be central determinants.
5. Revenue growth is critical and JA strongly encourages all academic units to maximize summer session teaching and revenue.
6. Senior leaders are talking about the number of academic programs (majors) and colleges that UA has relative to others. JA mentioned that UA has 35% more programs than UCLA and 50% more colleges. There is a focus on what we AREN’T going to do – trying to be too much for the asset base.
7. All auxiliary units at the university are under review to boost revenue (Parking, Athletics, Student Union, Bookstore, Residence Life, etc.). UA is researching the cost effectiveness of privatizing/outsourcing certain services.
8. President Robbins has asked JA to start reducing expenses with central admin leaders. ABOR has hired (and paid for) Huron Consulting to look at all SVPs, VPs, AVPs, and other central admin offices for expense reductions. JA is hopeful this will make serious reductions to expenses for FY24.
9. For FY25, JA expects to reduce recurring expenses by at least \$100 million, primarily from the non-central units (size of problem is \$177 million). Some number of layoffs are regretful and unavoidable given the size and structural nature of the problem. JA does not believe attrition will get us there on its own.
10. JA asked that all hiring exception requests be highly scrutinized as some of these hires may be the first to be laid off.

11. FY25 tuition and financial aid packages have already been promised. Tuition and financial aid packages will be adjusted effective FY26 for incoming students.
12. Partnership and better information flow between academic and administrative leaders is expected. If that doesn't work, he will change the structure, and if that doesn't work, he will change the personnel.

### **Centralization**

1. Facilities, HR, and IT positions currently housed outside of HR and UITs will be sent a letter in the coming weeks stating that effective March 4<sup>th</sup> they will report to a central supervisor and their budget line will be transferred to the central office. (I believe this applies to facilities people in non-FM units on the Tucson campus; trying to confirm if this includes AES.) The business community had a lot of questions that are still being worked out. However, JA said moving these budget lines does NOT count towards the 5% recurring reduction at the college level. We have to reduce spending, not simply transfer it to another part of campus.
2. Marketing/Communications (MarComm) positions will not change for now because it is not a significant cost except for a couple places, which he did not disclose.
3. Finance positions will not change for now because JA believes that academic leaders must have effective business leaders in partnership with them.
4. Colleges and divisions are expected to be looking at everything to find efficiencies. Expect reporting changes that reduce/eliminate duplication, improve consistent operations, and break down silos.