

# Strategic Investments

“Being Strategic in Good Financial Times”  
Or—More Likely

“Protecting Critical Programs in Difficult  
Financial Times”

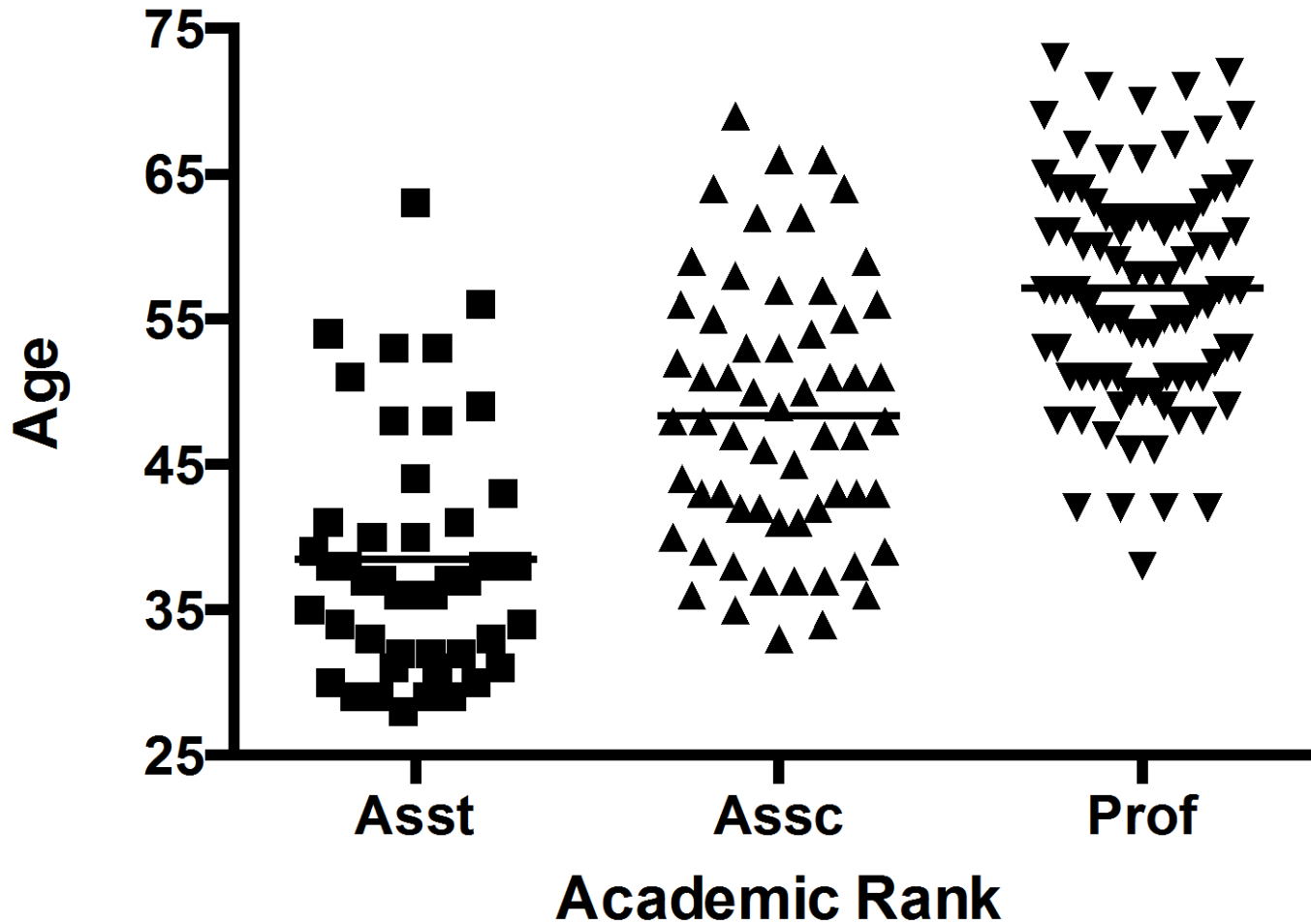


# The Case for Strategic Decision Making

- All directors have AES or CES ranked faculty investments with Colleges of Agriculture (CAFNR, CFAES, CANR, CALS, CFANS, CASNR, CABS, CAFSNR)
- Most (all) also invest in Engineering, Human Sciences, Arts and Sciences (Biology, Biochemistry, Statistics), and usually Veterinary Medicine



# K-State College of Agriculture: Age Distribution Across Academic Rank



# We Asked the Question of NC Budget/Fiscal Officers

- When a ranked faculty position with AES or CES responsibilities becomes vacant, what happens to the position?
  - Most common scenario was that position returned to Dean/Director level
  - Approximately equal stayed with department/unit or depends on circumstances
  - None reported position returned to central admin



# A Case for Strategic Decision Making

- Faculty hires, start-ups and retention, within, but especially across colleges
  - Juggling priorities across academic departments and two (or more) deans
  - Is the vacancy in College of Widgets, with partial AES or CES appointment a priority to the AES/CES mission?
  - How do you participate in start-ups?
  - How do you participate in retentions across colleges?
- For the above, how do you involve/inform your budget/fiscal officer?



# Strategic Investments

- Implies “strategy” rather than “shoot from the hip”
- Considerations
  - Centrality to mission or strategic plan
  - Importance to state or region
  - Return on investment
    - Prudent use of public funds
    - Defensible (at least explainable)
    - Objective



# Strategic Investments

- Reality
  - Most of us have been in a subtractive rather than an additive mode since 2008-2009 (great recession)
  - If not that, then more recently, others have been affected by down turn in oil/gas affecting state budgets
  - Still others have been caught in states where governor/legislature are determined to cut taxes as much as possible



# Strategic Investments

- In those environments
  - Almost always, reducing budgets is reactive and pragmatic
  - Seldom strategic
  - Tendency is to give up faculty, graduate student or support staff lines because they are available





# Strategic Investments

- Always be ready...
  - If your unit was provided an opportunity for a significant new investment, where would you put it?
    - Centrality to mission
    - Areas of strength for your state and opportunity to enhance economic development
    - Fit with institutional/college/academic department strategic plan
    - Return on investment



# Return on Investment

- Concept
  - When you provide a unit (department, research-extension center, or individual) with base budget, does it multiply?
  - Since most unit budgets are substantially salary investment (faculty, GRA, staff, etc.), the question that is asked, in effect, does that base investment generate additional resources?
  - Additional resources: tuition, grants and contracts, revenues from auxiliary enterprises.



# Productivity Index

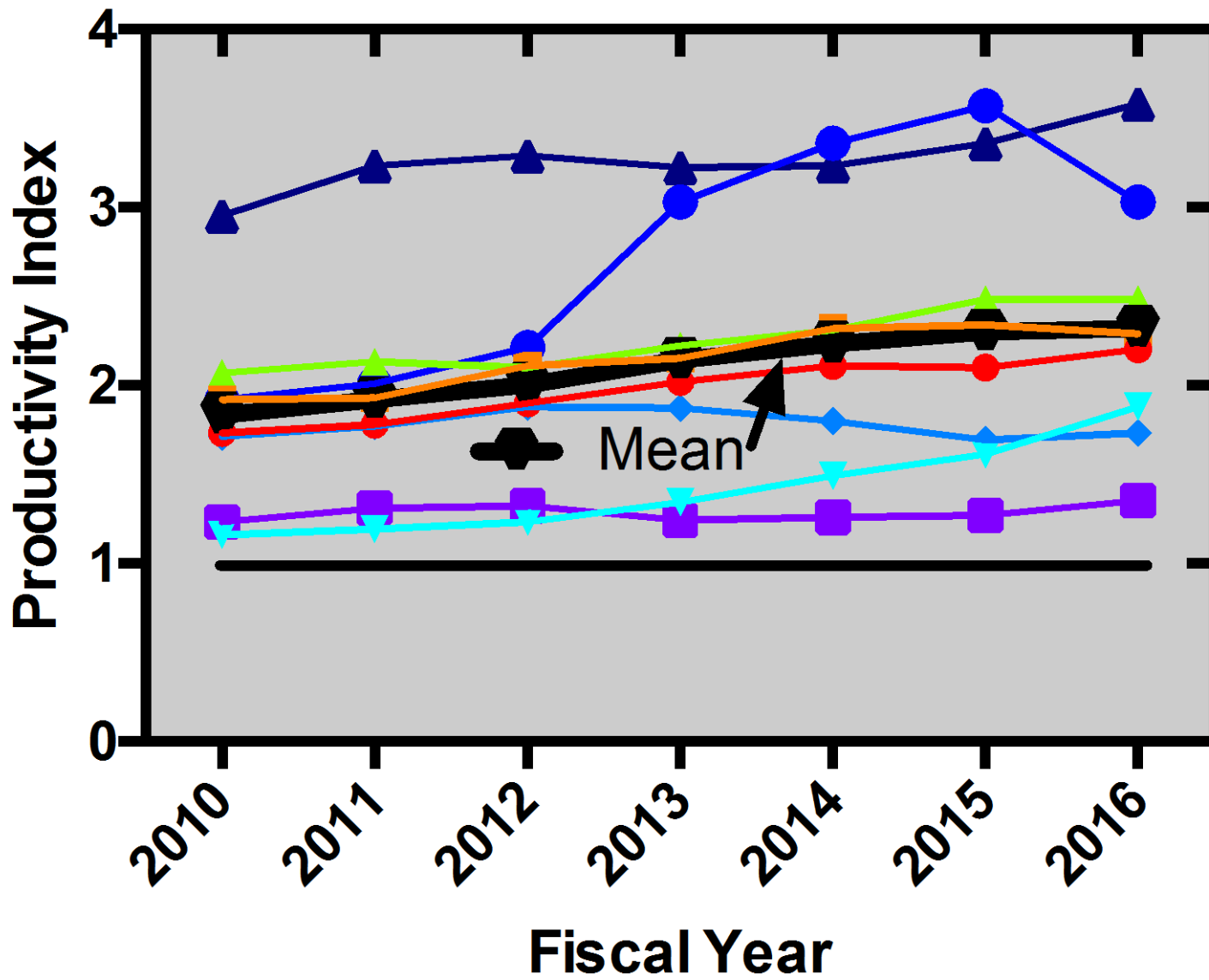
- K-State's Dean of College of Agriculture and Director, K-State Research and Extension uses a Productivity Index as a measure of ROI for academic units.
- Concept details were actually borrowed from Michigan State University (which, ironically, never implemented the Productivity Index).

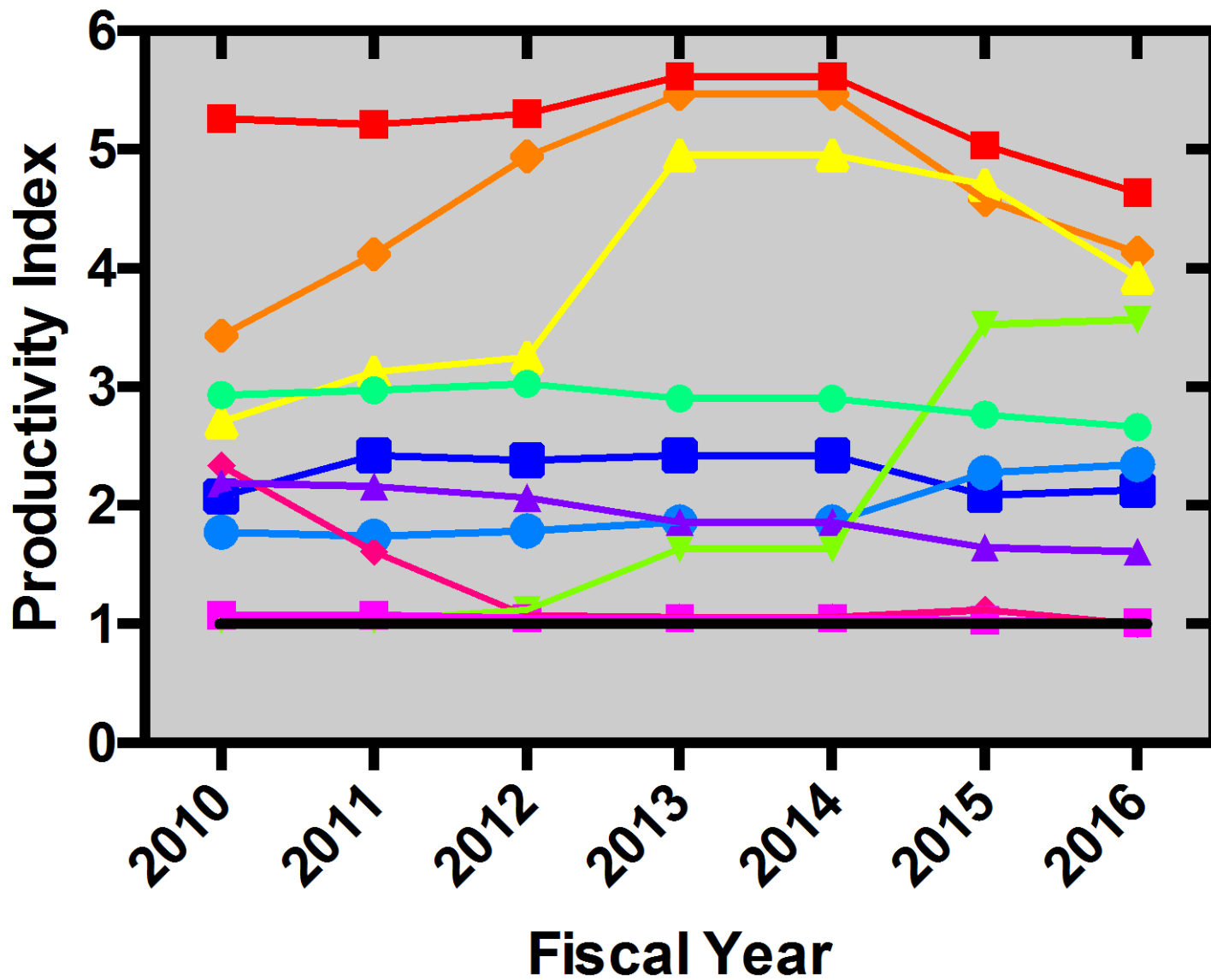


# Calculation

- Unit productivity index = total unit program funds/unit base budget
- In general, total unit program funds= unit base budget + grant and contract awards + fee generating activities + tuition revenue







# Productivity Index

- How should it be used?
  - Should be used in context of other factors
  - Do you really want to approve a new or re-fill of a position in a department with PI at or close to 1?
  - Understand changes greater than 1 PI unit in a single year



# Questions/Comments/Discussion

