

BUDGET WORKSHOP II

Strategic Budget Realignment: Recommendations for Fiscal Year 2022

8 January 2021

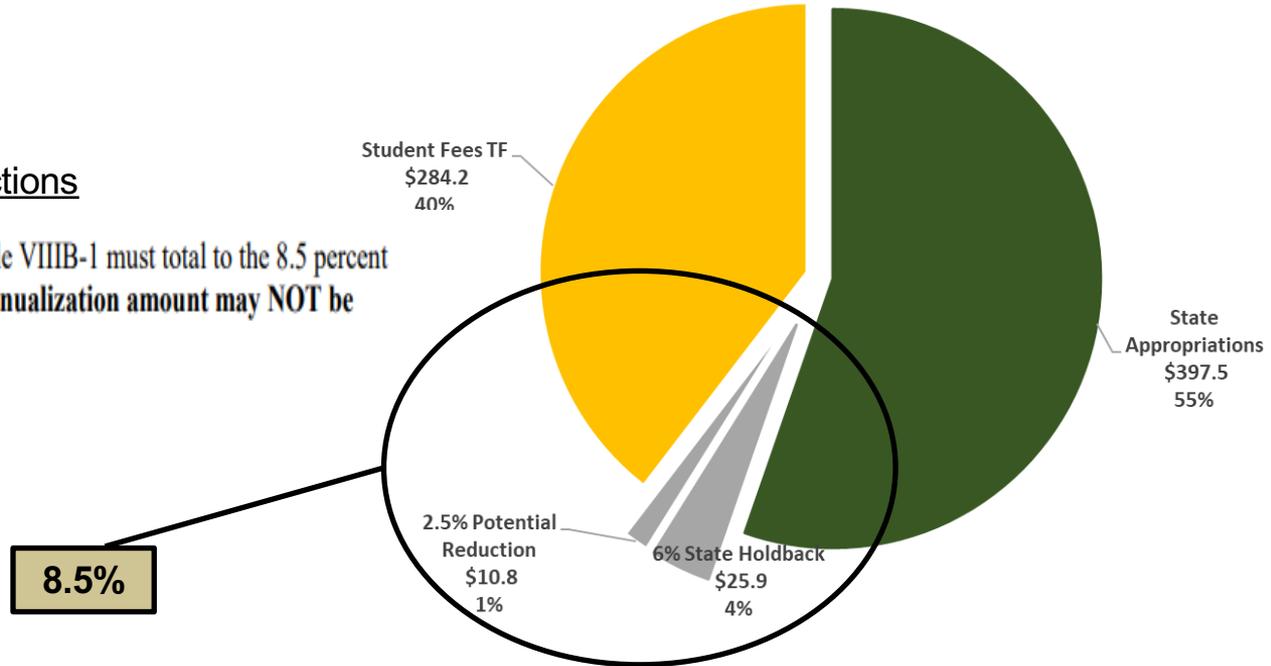


Background Summary

BOG Budget Planning Directive

Board of Governors Instructions

1. The total for reduction issues submitted in the Schedule VIII B-1 must total to the 8.5 percent target reduction amount provided by OPB (i.e., the annualization amount may NOT be counted toward the 8.5 percent target).



Strategic Realignment: Fiscal Year 2022

University Support Units	6,506,978
Academic Support Units	4,965,759
Academic Colleges	<u>13,376,261</u>
Total Tampa campus	24,848,998
USF Health	6,894,057
USF St. Petersburg campus	3,157,154
USF Sarasota-Manatee campus	<u>1,894,086</u>
Total	<u>\$36,794,295</u>

8.5% of State Appropriation (not including tuition) equals \$36.7 million – the fiscal year 2022 target

Objective for Today's Workshop

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Present a plan for BOT approval in January 2021 to address BOG-requested \$36.7 million (8.5%) state appropriation reduction. These reductions will be implemented no later than 1 July 2021.

Source: Board of Trustees 11 December 2020 Workshop.

Guiding Principles for Strategic Realignment

- Safeguard the health and safety of students, faculty and staff.
- Sustain commitment to student success.
- Strengthen USF's stature as one of Florida's Preeminent research universities, USF's top-tier ranking on Florida's performance-based funding metrics, top-25 ranking (*U.S. News & World Report*), eligibility for membership in the Association of American Universities, and broad institutional excellence.
- Maintain compliance and accreditations (i.e., institutional and specialized).
- Honor shared governance by iteratively engaging faculty, staff and students on all campuses.
- Emphasize USF's *Principles of Community* (i.e., transparency, respect, fairness and equity) and campus identities.
- Prioritize investment by balancing USF's competitive advantages as a research university and support for the external communities we serve.
- Maximize service quality, as well as operational and financial efficiencies.
- Ensure financial stewardship to reach budget objectives (i.e., liquidity and a balanced budget), while minimizing the adverse impact on faculty and staff.
- Embrace creative and innovative change.

Contingencies

- How might the state's new General Revenue forecast impact USF?
- How would additional funding through the *Coronavirus Response and Relief Supplemental Appropriations Act of 2021* impact USF?

Facts

- The USF Strategic Plan (to be completed in Spring 2021) will guide ongoing Strategic Realignment discussions, including decisions about reinvestments and new investments of available resources.
- Budget reductions and realignments will still be necessary to cover recurring expenses that require recurring funding sources. Additionally, future enrollment and tuition impacts resulting from the COVID pandemic are unknown.
- Responsible fiscal stewardship requires us to proceed with strategic realignment deliberations before the end of the fiscal year, even without certainty on the final state budget reduction.

Overview of Budgetary Unit Plans

Each budgetary unit met its preliminary planning target for fiscal year 2022 without layoffs of permanent faculty in the current year.

Considerations for planning targets took into account each unit's contributions to USF's strategic priorities; targets were not formula-driven.

In large part, the submitted plans minimize impacts to student success and faculty but may carry some risks to progress toward strategic aspirations.

University leadership is utilizing the *Guiding Principles for Strategic Realignment* and will utilize Strategic Planning deliberations to inform final decisions and mitigate risks.

Overview of Possible Actions

- Reduced part-time, temporary and vacant faculty and instructional positions (including early retirements).
- Increased teaching loads for permanent faculty and larger class sizes.
- Reduced temporary (OPS) and vacant staff / administrative positions.
- Reduced discretionary spending, including professional travel.
- E&G expenditures moved to other funding sources including, but not limited to, Foundation, auxiliary, and research overhead (F&A).

Maintaining our Momentum: Risk Mitigation

Using the BOT's *Guiding Principles for Strategic Realignment*, USF will evaluate and address risks by utilizing a number of creative strategies, including:

- Further explore all available sources of funding to support areas of strategic priority.
- Optimize teaching assignments and staff responsibilities.
- Continue to explore the feasibility of a more cost-effective and incentivized budget model for summer school.
- Strengthen capability to recruit, develop and retain faculty and staff.
- Examine potential opportunities for new revenue generation.
- Enhance strategic communications and marketing.

Strategic Budget Realignment Process

Process for Setting Planning Targets

- Step 1:** Following extended dialogue, Deans, RCs and VPs submitted preliminary E&G budget realignment plans at 10%, 12.5%, and 15% levels in response to the BOG's request for an 8.5% reduction in fiscal year 2021 and a 10% reduction in fiscal year 2022.
- Step 2:** Senior leadership met with Deans, RCs and VPs to thoroughly discuss their preliminary plans (September 2020).
- Step 3:** Senior leadership reviewed each unit's current E&G base budget and considered other sources of funding that might be deployed to help achieve unit and institutional goals (such as auxiliary funds, unrestricted foundation funds, research F&A and RIA funds).
- Step 4:** Senior leadership carefully analyzed each unit's relative strategic contributions toward USF's goals for PBF, Preeminence, Top 25 *USN&WR*, and AAU eligibility prior to setting planning targets.

Process for Finalizing Strategic Realignment for Fiscal Year 2022

- Step 5:** Following consultation with faculty and other stakeholders, Deans, RCs and VPs submitted plans to meet preliminary planning targets for fiscal years 2022 and 2023.
- Step 6:** Senior leadership reviewed plans for fiscal year 2022 in the context of impact and risk and prepared recommendations for presentation at BOT Budget Workshop II (8 January 2021).
- Step 7:** Recommended Strategic Budget Realignment Plans will be considered at the next BOT meeting (12 January 2021). Following approval of unit plans, implementation begins to reduce overall E&G budget by 8.5% beginning 1 July 2021.

University Support Units

(Tampa campus only)

University Support Units

Recommended Target for fiscal year 2022: \$6,506,978 (7.2% of the unit's total E&G budget)

Considerations: Provide essential services to faculty, students and staff through safety (Police), recruitment, pay, benefits and rewards (HR), building construction, maintenance, repair, campus appearance, and emergency response (Facilities), innovation, data security, and technology support to students, faculty and employees (IT), procurement, payments, financial reporting and analysis, student financial services (Business and Finance), research compliance and support (ORI), and Audit and Compliance services.

Impacts and risks of unit's proposed plan: Reductions in personnel and operating funds. Business and Finance leads were advised at the beginning of fiscal year 2021 that reductions in funding would be forthcoming. Therefore, most reductions are already in place. Impacts and business risks:

- **Reduced service levels**
 - *Transaction processors vs. making strategic progress*
- **Reduced level of financial, research and compliance oversight**
 - *Decreased segregation of duties*
 - *Postponed planned strategic compliance upgrades*

University Support Units (continued)

Impacts and risks of unit's proposed plan (continued):

- **Reduced capacity for financial, operational and state-required analytics**
- **Technology support and system upgrades**
 - *Become 'responder' vs. 'innovator'*
 - *Increased response times*
 - *Outdated Enterprise Resource Planning (ERP) systems and classroom technologies*
- **Reduced capacity for facilities upkeep and maintenance:**
 - *No budget for deferred maintenance*
- **Stressed public safety and emergency response**

Academic Support Units

(Tampa campus only)

Academic Support Units

Academic Affairs; Decision Support; Graduate Studies; Innovative Education; Libraries; Provost's Office; Student Success; USF World.

Recommended Target for fiscal year 2022: \$4,965,759 (6.1% of the unit's total E&G budget)

Considerations: Essential to *Student Access for Success*; university accreditation; support for faculty, staff and academic programs; and strategic performance accountability.

Impacts and risks of unit's proposed plan:

- Funding for admissions and career preparation (including internships) moved to other sources.
- Central funding for undergraduate and graduate students moved to other sources.
- Delayed response to colleges and reporting by institutional research and performance analytics.
- Delayed student and faculty access to selected library periodicals.

Academic Colleges

(Tampa campus only)

College of Arts & Sciences

Recommended Target for fiscal year 2022: \$5,969,860 (5.9% of the college's total E&G budget)

Considerations: High tuition generation; low E&G funding per student FTE; low E&G funding per degree; high student-to-faculty ratio; high part-time instruction; high freshman retention rate; high 4-year and 6-year FTIC graduation rates; high degree productivity; high doctoral degree productivity; high share of UG degrees in areas of strategic emphasis; and high count of postdoctoral fellows; program(s) ranked in Top 50 nationally; access to research F&A and philanthropic funds.

Impacts and risks of college's proposed plan:

- No layoff of permanent faculty.
- Reduce non-salary operating costs; reorganize/reduce open staff positions.
- Savings through early retirements; loss of temporary "visiting" faculty → may result in larger class sections, increased student-to-faculty ratio, declines in student access for success, increased dependency on contingent instructors, reduced tuition revenue, less research productivity.
- Move research faculty to other funding sources.
- Move some E&G research costs to F&A.

College of The Arts

Recommended Target for fiscal year 2022: \$286,384 (1.8% of the college's total E&G budget)

Considerations: Low student-to-faculty ratio; high part-time instruction; high freshman retention rate; and low degree productivity; access to auxiliary funds; opportunity for programmatic expansion to the St. Petersburg and Sarasota-Manatee campuses.

Impacts and risks of college's proposed plan:

- No layoff of permanent faculty.
- Conversion from 12- to 9-month rate for a faculty member.
- Savings through a faculty retirement.

College of Behavioral & Community Sciences

Recommended Target for fiscal year 2022: \$951,070 (3.7% of the college's total E&G budget)

Considerations: High tuition generation; low E&G funding per degree; low student-to-faculty ratio; high freshman retention rate; high 4-year and 6-year FTIC graduation rates; high 2-year graduation rates for AA transfers; high degree productivity; and high research expenditures per tenured/tenure track faculty; program(s) ranked in Top 50 nationally; access to research F&A funds.

Impacts and risks of college's proposed plan:

- No layoff of permanent faculty.
- Reduce non-salary operating costs.
- Eliminate vacant positions.

College of Education

Recommended Target for fiscal year 2022: \$2,841,331 (14.7% of the college's total E&G budget)

Considerations: Declining student enrollment; low student-to-faculty ratio; high part-time instruction; high 4-year and 6-year FTIC graduation rates; low degree productivity; high doctoral degree productivity; and high share of GR degrees in areas of strategic emphasis; access to philanthropic funds.

Impacts and risks of college's proposed plan:

- No layoff of permanent faculty.
- Reduce non-salary operating costs.
- Reduce graduate assistants; Reduce adjuncts → increased instructional efficiency, loss of some research productivity.
- Move Florida Center for Instructional Technology to Innovative Education to utilize non-E&G sources of funding.
- Reduce vacant faculty, administration and staff positions; yield savings through early retirements.
- Proposed curriculum changes to meet market demands.

College of Engineering

Recommended Target for fiscal year 2022: \$975,720 (2.6% of the college's total E&G budget)

Considerations: High tuition generation; low E&G funding per degree; high student-to-faculty ratio; high freshman retention rate; high degree productivity; high doctoral degree productivity; high share of UG degrees in areas of strategic emphasis; high share of GR degrees in areas of strategic emphasis; and high count of postdoctoral fellows. An important research engine for USF. Program(s) ranked in Top 50 nationally. Access to research F&A and DSO funds.

Impacts and risks of college's proposed plan:

- No layoff of permanent faculty.
- Reduce non-salary operating costs (including graduate student support, mentoring and tutoring, community outreach/engagement and marketing).
- Reduce summer school through efficiencies → may reduce access to summer school.
- Move some E&G research costs to F&A.
- Pause in faculty hiring.
- Delay lab renovations.

College of Marine Science

Recommended Target for fiscal year 2022: \$312,572 (4.0% of the college's total E&G budget)

Considerations: Low student-to-faculty ratio; low degree productivity; and high research expenditures per tenured/tenure track faculty. Access to research F&A and philanthropic funds. Anchor for Interdisciplinary Center of Oceanographic and Environmental Science on the St. Petersburg campus.

Impacts and risks of college's proposed plan:

- No layoff of permanent faculty.
- Eliminate vacant faculty, administrative and staff positions → reduction in research productivity.

Judy Genshaft Honors College

Recommended Target for fiscal year 2022: \$125,350 (3.4% of the college's total E&G budget)

Considerations: UG enrollment only; and high strategic value as destination for highest ability students across all campuses. Access to philanthropic funds.

Impacts and risks of college's proposed plan:

- No layoff of permanent faculty.
- Move allowable expenses to other sources.
- Reduce OPS support.
- Eliminate a vacant staff position.

Muma College of Business

Recommended Target for fiscal year 2022: \$1,746,278 (6.4% of the college's total E&G budget)

Considerations: High tuition generation; low E&G funding per student FTE; low E&G funding per degree; high student-to-faculty ratio; high freshman retention rate; high 4-year and 6-year FTIC graduation rates; high degree productivity; and high share of GR degrees in areas of strategic emphasis. Access to auxiliary and philanthropic funds.

Impacts and risks of college's proposed plan:

- No layoffs of permanent faculty.
- Reduce non-salary operating costs for faculty and academic programs.
- Reduce adjuncts → may impact class sizes and student-to-faculty ratio.
- Reduce E&G support for graduate students.

Patel College of Global Sustainability

Recommended Target for fiscal year 2022: \$167,696 (15.0% of the college's total E&G budget)

Considerations: High tuition generation; low E&G funding per degree; high student-to-faculty ratio; low degree productivity; and high research expenditures per tenured/tenure track faculty. Access to philanthropic funds.

Impacts and risks of college's proposed plan:

- No layoff of permanent faculty.
- PCGS will operate on the basis of tuition and endowment dividends.
- Reduce non-salary operating costs.
- Move faculty to other funding sources.

USF Health

College of Public Health, College of Nursing, Morsani College of Medicine, Taneja College of Pharmacy

Recommended Target for fiscal year 2022: \$6,894,057 (8.5% of state appropriation)

Considerations: Separate appropriation and strategic importance to USF and Tampa Bay; high tuition generation in COPH; low E&G funding per degree in the CON; high student-to-faculty ratio in the COPH; low student-to-faculty ratio in the MCOM and TCOP; high freshman retention rate in the CON and COPH; high 4-year and 6-year FTIC graduation rates in COPH; high 2-year graduation rates for AA transfers in CON and COPH; low degree productivity across all USF Health colleges; high doctoral degree productivity in MCOM, CON and TCOP; high share of GR degrees in areas of strategic emphasis in MCOM, CON and COPH; high research expenditures per tenured/tenure track faculty in MCOM and COPH; and high count of postdoctoral fellows in MCOM. MCOM, CON and COPH program(s) ranked in Top 50 nationally. Access to research F&A, auxiliary, philanthropic and DSO funds.

Impacts and risks of unit's proposed plan:

- No faculty layoffs; Early faculty retirements; some staff layoffs; and eliminate vacant positions.
- Reduction in discretionary expenses; shift of E&G expenses to other sources; Reduced reserves for FY 2022.
- Delays in new faculty hiring → may impact NIH research funding.
- Growing and diversifying the research portfolio → may lead to increased revenue generation.

Branch campuses

USF St. Petersburg campus

Recommended Target for fiscal year 2022: \$3,157,154 (8.5% of state appropriation)

Considerations: Separate state appropriation and high strategic importance to USF and the Tampa Bay region. Enrollment (and net tuition) declines. Access to philanthropy.

Impacts and risks of campus's proposed plan:

- No layoffs of permanent faculty.
- Reduce non-salary operating costs.
- Reduce adjuncts; early faculty retirements; eliminate vacant faculty, administration & staff position.
- Improved instructional efficiency for summer school.
- Projected enrollment growth → projected increase in net tuition.

USF Sarasota-Manatee campus

Recommended Target for fiscal year 2022: \$1,894,086 (8.5% of state appropriation)

Considerations: Separate state appropriation and high strategic importance to USF and the Tampa Bay region. Access to philanthropy.

Impacts and risks of campus's proposed plan:

- No layoffs of permanent faculty.
- Reduction taken from new appropriation to campus E&G base budget in FY 2021.

Next Steps

Guiding Principles for Strategic Realignment

- Safeguard the health and safety of students, faculty and staff.
- Sustain commitment to student success.
- Strengthen USF's stature as one of Florida's Preeminent research universities, USF's top-tier ranking on Florida's performance-based funding metrics, top-25 ranking (*U.S. News & World Report*), eligibility for membership in the Association of American Universities, and broad institutional excellence.
- Maintain compliance and accreditations (i.e., institutional and specialized).
- Honor shared governance by iteratively engaging faculty, staff and students on all campuses.
- Emphasize USF's *Principles of Community* (i.e., transparency, respect, fairness and equity) and campus identities.
- Prioritize investment by balancing USF's competitive advantages as a research university and support for the external communities we serve.
- Maximize service quality, as well as operational and financial efficiencies.
- Ensure financial stewardship to reach budget objectives (i.e., liquidity and a balanced budget), while minimizing the adverse impact on faculty and staff.
- Embrace creative and innovative change.

Next Steps

- **12 January 2021:** BOT meeting to approve recommendations
- **Spring 2021:** Use Strategic Plan to inform/refine targets for fiscal year 2023
- **May / June 2021:** Bring fiscal year 2023 implementation plan and budget to BOT
- **8 June 2021:** BOT approval of Strategic Plan
- **1 July 2021:** New fiscal year 2022 budgets for departments and units posted, net of first round reductions
- **1 July 2022:** New fiscal year 2023 budgets for departments and units posted, net of both rounds of reductions

Thank You