

January 22, 2008

Dear Colleagues,

I trust that the Spring semester is off to a good start for you and your students. I know that over the past few weeks and months, you have been reading and hearing much about the deteriorating economic climate nationally and in Florida, and you must be wondering what this means for USF and, in particular, what the potential impact will be on the lives of our students, faculty and staff. While I do not have answers to all of the many questions that have come my way in recent days, I can assure you that I will continue to work diligently with USF's leadership, your deans and colleagues to better understand the nature and magnitude of the budget challenges we face, and to prepare for timely implementation of a well thought through plan. Furthermore, I remain committed to keeping you fully informed of all developments even though we cannot allow our professional lives to become too absorbed by today's seemingly constant barrage of troubling economic news.

Last Thursday, President Genshaft posted (at www.usf.edu) the first of what she expects will be a series of webcasts providing the University community with updates on the changing status and actions surrounding the higher education budget scenario in Florida and at USF. After explaining the challenges we face, President Genshaft announced an immediate freeze on all hiring and non-essential purchases. As a follow-up, I would like to take this opportunity to further detail the potential impact of the budget on the University's core, academic activities.

Today's fiscal reality:

To date, and like other state universities in Florida, USF has trimmed its base budget by approximately 3.6% (or \$12.2 million). Beginning this month, we received a further reduction in the distribution of funds which suggests that we will have to absorb an additional cut of 3.8% (or \$12.9 million) before the end of this fiscal year (June 20, 2008). While it is unlikely that the full scope of budget reductions facing Florida's public universities will be known until the State Legislature reconvenes in March, recent declines in tax revenue collections along with downward projections through the next fiscal year suggest that we will be challenged by both short-term and long-term budget reductions. For that reason, President Genshaft has asked the Vice Presidents to work together to prepare a 15% base budget reduction plan for the USF system, one that will include a 7.6% cut to next year's budget (beginning July 1, 2008) in addition to the 7.4% total reduction that we have already experienced. Together, this will represent a more than \$50 million reduction in the University's base budget from July 1, 2007 to July 1, 2008. A cut of this magnitude is unprecedented in USF's history.

USF's response:

As we prepare to balance USF's budget in the coming days, we will be guided by the priorities articulated in our Strategic Plan for 2007-2012. Moreover, in shaping future budget scenarios, I will continue to emphasize our primary commitment to student learning and faculty scholarship. I believe that we must hold true to our core principles and, in so doing, we must do our utmost to preserve the highest quality of academic delivery, student learning, and continue our growth in research productivity. We will not consider across-the-board reductions, nor will we trim our budget at the margins. Rather, we will seek focused reductions based on the principles of centrality to mission, program excellence and impact, stakeholder demand, and future viability and sustainability. In Academic Affairs, we will be guided by the recommendations of the faculty-led *Budget Priorities Advisory Task Force*, which has been asked to generate \$12 million in savings through programmatic restructuring, consolidation, redirection, reduction and/or elimination. Once considered to provide an ample buffer for future cuts, it is now clear that \$12

million will be insufficient to meet our required budget reductions. While USF's complete, all-source budget is "on the table" and the Vice Presidents will jointly look for system-wide reductions as well as the possibility of generating new revenues, especially through transforming business practices, this is not the time to panic or to be influenced by ill-informed conjecture. We will strive to develop a responsible budget reduction plan that will support our obligation to currently enrolled students; continue support for our faculty; and advance USF. Indeed, it is entirely likely that, in the coming days, I will approve the hiring of new faculty members, a prioritized action that will necessarily have to be balanced against operational reductions or new revenue generation. At this time, I find wholesale layoffs and cancellation of Summer School to represent unlikely scenarios.

The potential impact:

We will be faced with some difficult decisions over the next few weeks. There seems little doubt that our lives will change and that we will have to conduct university operations rather differently than we have done in the past. Already, the Florida Board of Governors has frozen freshmen admissions across the State University System at 2007-08 academic year levels. Even still, with the likelihood of not being able to fill a number of vacant faculty and staff positions, Florida's standing as the state with the worst faculty-to-student ratio in the nation is unlikely to improve in the short term. Regrettably, that will likely mean a continuation of large classes across the State University System, something we know has a deleterious impact on student learning and academic progress. Finally, it is quite clear that while the budget adjustment may bring greater strategic focus to all that we do at USF, progress toward our ambitious goals will be slowed.

The future:

In closing, I do want to take this opportunity to thank you for the professional commitment that you continue to show to our students, our University, and the academy every day. USF is indeed fortunate to claim such a talented faculty, one that I am confident will both grow in number and become stronger in the years ahead.

It is interesting to note that just last week Governor Crist released his proposed State Budget for 2008-09. While he does not recommend a tuition increase his proposed budget, if adopted by the State Legislature, would mean \$52 million in additional enrollment growth funds for Florida's state universities. This would represent a welcome infusion of funds, but the gap brought about by what we expect will amount to more than \$175 million in budget cuts to the State University System this year alone, will continue to represent a challenge for us all.

That having been said, I believe that we must continue to focus on, and demonstrate, the significant value of higher education to our state, nation, and global communities. At USF, as at other Florida universities, the magnitude of the short-term challenges will be great. Nevertheless, I am confident that in working together we can emerge as a stronger and more focused institution, one that is even better positioned to achieve our bold vision.

Sincerely,

Ralph

Ralph C. Wilcox
Provost and Senior Vice President