

From: Office of the President [<mailto:OfficeOfThePresident@USF.EDU>]
Sent: Tuesday, July 02, 2013 9:32 AM
To: USF Faculty and Staff (Exchange)
Subject: A Message from USF System President Judy Genshaft

Dear Members of the USF System Community:

The University of South Florida System has come through the economic downturn as a stronger, more prominent and more focused System. As you know, Florida's public universities have lost 40 percent of their recurring state funding over the last six years. We are proud that the USF System now emerges from these difficult years as a more efficient institution. Our strategy of targeted cost reductions; elimination of non-value added programs and activities; and cost efficiency improvements - rather than deep across-the-board cuts - has served us well. Our quality services to our students and the community have grown, we continue to attract leading faculty and we remain one of only three universities in Florida with a coveted AA2 bond rating.

We now have reached a juncture where we must put an emphasis on two essential components of our System operations: our people and the underlying financial stability of the USF System. To those ends, we have drafted proactive and disciplined measures that will support these two bedrock elements of our System while continuing to advance its education, research and service mission.

These steps initiate a new approach to financial decision-making on the part of everyone with spending authority throughout the USF System.

First, it is our intent to establish a central pool of funds dedicated to faculty and staff talent retention to reward high-achieving, dedicated employees. We care deeply about our people and want to further invest in them through meaningful performance-based salary increases that demonstrate how greatly we value their efforts. These merit increases will be in addition to the across-the-board pay increases and one-time merit bonuses for state employees approved by Florida's legislature and governor, and underscores our determination to focus on our faculty and staff who made a tremendous difference in the USF System and done so without pay adjustments commensurate with their contributions for several years.

Second, the long-term financial health of the USF System and the sustainability of our mission depend on the restoration of our cash reserves to a more prudent level. Our reserves were depleted over the recent years as we sought to shield jobs and programs from the worst of the budget cuts. While the USF System fared significantly better in the last legislative session, there are no new net state appropriations to support operations. New net tuition revenues are strictly limited to the rate of inflation. Replenishing our cash reserves is critical to protect the USF System's strong financial health.

To advance these goals and direct resources to the talent pool and our cash reserves, effective July 1, I have directed the university senior vice presidents to undertake the following:

- Increase the mandatory cash reserves by an additional 5% consistent with state and university Board of Trustees policies;

- Manage the use of carry-forward funds at the enterprise level while allowing our deans and division leaders to manage their priorities;
- Establish policies to hold all vacant faculty and staff positions. Rare consideration will be given to hires directly associated with the system's health and safety obligations, research productivity, student success, accreditation needs and revenue generation. Positions that fill these critical strategic needs will be reviewed by the USF System leadership team; units will be asked to offset costs of any new hires through savings and/or revenue growth.

Additionally, the USF System leadership will review our progress monthly to insure targets for both recurring and non-recurring funds are met by budget units, ensuring all sectors of the campus are contributing to these shared goals. College and division leadership across the USF System will be charged with setting priorities at the unit level that will put into operation this new fiscal strategy. Specific information on metrics, reporting and effective dates of the merit retention program are now under development and will be communicated when finalized.

The entire USF System has excelled thanks to the hard work of our faculty and staff. It is also important to thank the members of the three budget committees appointed in December 2012 who have been offering ideas and suggestions on our success going forward.

Thank you for your assistance in this effort and your leadership as we continue to move the USF System forward.

Judy Genshaft
USF System President