

To: USF Board of Trustees
From: USF Faculty Senate Executive Committee
Re: Strategic realignment process
Date: December 2, 2020

The purpose of this letter is to outline the USF Faculty Senate Executive Committee's serious concerns about USF's on-going strategic realignment process. We raise these concerns because we are deeply invested in USF's success. All of us have devoted a significant amount of our lives to USF, which has, over the last decade, joined the ranks of elite public universities in the United States.

As described below, we elaborate on five fundamental issues with the current realignment process and recommend changes to support USF's success in the following areas: (1) strategic planning, (2) budget planning transparency, (3) national reputation and community impact, (4) shared governance, and (5) protection of and care for employees.

Strategic planning

Strategic realignment should follow strategic planning. Thus, the current realignment process is being conducted in the wrong order. In President Currall's update to the Board of Trustees Strategic Initiatives Committee on November 10, he indicated that "A strategic plan informs leadership decision making about prioritizing and deploying resources to achieve institutional aspirations." We agree. The president's update indicated that the Strategic Plan Core Working Group would be formed by November 23, and a final plan would be ready for presentation to the Strategic Initiatives Committee on May 25, 2021. Yet, in the meantime, the amount of budget cut targets collectively that will be required of the colleges in Academic Affairs has already been decided, the amount of budget cut targets for each individual college has been decided, and the deans of the colleges have been notified that their plans to realize those budget cut targets must be submitted to the administration by December 18, 2020. While the administration has subsequently asserted that the budget cut targets are 'proposed' and 'negotiable', we have seen no evidence that these targets will change. These and any other actions in pursuit of strategic realignment should follow the strategic plan; they should not precede the strategic plan.

Strategic planning must inform any budgetary process, and we are not alone in identifying this concern: local legislators, school superintendents, business leaders, faculty, staff, students, and deans have all expressed alarm regarding the pending budget cuts and the opaque process by which the cuts have been pursued. Indeed, several members of the Board of Trustees have expressed strong concerns about this process.

We understand that the Board of Trustees has set goals for President Currall that include "ensuring that a consolidated USF has a balanced budget no later than 30 June 2022," and this is a likely contributing factor in the administration's decision to make budget cuts aimed at strategic realignment in advance of articulating a clear strategic plan. But, as we indicate below, the need for cuts as extensive as those being proposed has not been demonstrated and

the negative consequences they threaten to have for the university and community counsel against undue haste and in favor of following the proper order for strategic realignment.

Budget Planning Transparency

The coronavirus pandemic has impacted the tax revenues of the State of Florida, and legislative appropriations to the state universities will almost surely be affected. The SUS Board of Governors (BOG) has already required that the state universities develop a *plan* for an 8.5% spending reduction (of recurring or non-recurring expenses) for this current year and a *plan* for a 10% overall base E&G budget reduction by the following year (FY21-22), yet the USF administration has indicated that the USF base E&G budget *will be* reduced by 21.6%, a total of some \$93 million, by June 30, 2022.

While it seems reasonable to expect that USF will be required to make a reduction to the E&G budget of 8.5% (\$36.7M), the necessity of the cut of \$56.9M to the E&G budget in FY21-22 is unclear. The faculty have been told that we have “recurring expenses for which recurring sources of revenue have not been identified” (henceforth, the “structural deficit.”), that this situation is “unsustainable,” and that the budget must therefore be “balanced” by June 30, 2022 (approximately 19 months from now). How the administration determined the amount of this reduction during this timeframe is unknown to the faculty despite several requests for this information. In light of this lack of transparency, the Faculty Senate has located and reviewed the operating budget summaries that have been provided to the Board of Trustees Finance Committee over the past several years. Some pertinent findings are as follows:

- The difference between E&G revenues and E&G expenses for FY17-18, FY18-19, and FY19-20 were +\$10M, -\$3M, and +\$8M, respectively. And correspondingly, the E&G Carry Forward balances for the following year (the unspent portion of the E&G budget at the end of the year) were reported as \$181M, \$217M, and \$236M for those same years. So, the structural deficit has not reduced the amount of cash we have left over at the end of the year, indeed, the cash balances have been going up.
- One possible reason our cash balances have not been negatively affected is that the E&G budget is supplemented by Contracts and Grants (C&G) when E&G-funded faculty time is bought out by a grant. This is referred to as “salary savings.” If this supplement were to decrease, we might have a shortfall in the E&G budget. We do not have the actual historical figures for such salary savings, however, a good proxy for these numbers is the overall level of Contracts and Grants funding. The total of C&G revenues for the last six years has risen fairly steadily from \$311M to \$509M. It does not appear that we are in imminent danger of a reduction in salary savings.
- Despite repeated requests, the administration has still not provided complete information on what the “recurring expenses” are that do not have recurring revenues. Some information that was shared with the faculty by the administration: \$10.1 million to the Foundation and \$2.4 million to marketing and branding (<https://www.usf.edu/president/documents/strategic-realignment/planning-targets-and-costs.pdf>). Meanwhile, the colleges are being required to close programs and lay off faculty.

- \$15 million in merit-based financial aid is marked as untouchable, even as we are told all options are on the table.
- The USF Libraries are designated to receive two rounds of substantial cuts. Currently, the USF Libraries are not close to what is needed for designation as a member of the Association of Research Libraries (ARL). The ARL designation is requisite for invitation into AAU. Cutting the Libraries budget effectively eliminates USF's chances for an invitation to AAU in the foreseeable future.
- While the 'Definition of Non-Recurring Expense Items' document from the BOG website indicates that "financial challenges" resulting from "external factors" including "drop in state revenue resulting in a mid-year reduction" can be treated as non-recurring expenses, the administration has nonetheless chosen not to cover the required 8.5% spending reduction with non-recurring funds. This despite the fact that our Business and Finance Office has indicated that our E&G Carry Forward balances are too high and risk being swept by the legislature. A variety of considerations have been cited none of which seems on its own compelling, and one of which is simply "a strong desire to deal with the budget alignment in a single action" -- a "single action" that will entail program cuts and layoffs in a way that does not appear to us to be necessary, nor certainly desirable.

We are therefore still left with crucial questions unanswered, among which are:

- What is the precise nature and magnitude of this budgetary problem, and why is it so urgent that it be fixed so immediately?
- Why does it seem that USF is alone within the SUS in enacting such enormous cuts during the pandemic?
- Given that the second year of cuts are entirely attributed to budget imbalances, what is the specific nature of the apparent financial mismanagement that got USF to this point?

National Reputation and Community Impact

Top-tier public research universities must maintain a balancing act between, on the one hand, aspirations for national and international reputation, and on the other hand, addressing responsibilities to the local community. The best public universities make these into symbiotic relations. USF's recent actions regarding realignment, appear to be compromising both its national image and its community responsibility.

Cutting or threatening the jobs of faculty who were recruited with current USF goals in mind, some very recently, has created a negative effect on USF's reputation in the state and in higher education in the US. The national press has described the USF process as "death by a thousand cuts" ([Inside Higher Education](#)) and slashing with nothing "off limits" ([New York Times](#)). The [Chronicle of Higher Education](#) explained the situation as one in which "colleges must decide, does a particular degree program generate enough enrollment and tuition revenue to warrant its continuation? Or would its elimination lead to greater savings for the institution?"

These national reports damage USF's ability to recruit high-caliber faculty because they imply institutional instability and they send clear messages to the AAU that USF is out of touch with

the community. According to the AAU, *“Research universities help to: improve education, enhance public health and safety, advance the arts and humanities, protect the environment, bolster crop yields and food production, promote economic growth, and improve our overall quality of life. AAU seeks to strengthen the many ways in which research universities serve society.”*

Local reporting demonstrates that decisions based on revenue and savings are lacking consideration of the most essential question—what is the impact on our community inside and outside USF? Articles in the [Tampa Bay Times](#) have focused predominantly on the “mishandling” of the College of Education and the impact on local schools, while coverage in [The Crow’s Nest](#) and the [Oracle](#) have highlighted the impact of budget cuts on students or the ways in which legislators, such as Jeff Brandes and Kathy Castor, have found it necessary to insert themselves into the decision-making process. Students have organized [online petitions](#) with 16,000 signatures, Facebook protests, and [in-person rallies](#).

Shared Governance

There is near unanimity among Faculty Senators and others who have read and commented on the administration’s responses to the Faculty Senate’s requests for information that the responses have been far from adequate to yield a clear understanding of the nature and magnitude of the budgetary problem, the imperatives for the cuts, the need for the June 30, 2022 deadline for “balancing the budget”, the process that had been followed, and the strategic plan guiding these actions. This is a clear violation of our Principles of Community which call for “Transparency with Accountability” and which we assume applies to the USF administration as much as it applies to the rest of the USF community.

The current strategic alignment process has not approached meeting even a minimal standard of shared governance. As is widely known, faculty of the College of Education were completely blindsided by the announcement of massive budget and program cuts entailing the dissolution of their College. Respecting other colleges, as of now it seems that the model of shared governance rests on deans informing faculty in their colleges about the means by which they are trying to meet the administration’s predetermined budget cut targets, and then signing a “certification of consultation” to prove that there was faculty involvement in the planning process. The process so far certainly violates the spirit of USF Policy 10-055, and violates the very letter of the administration’s own process flow chart for strategic realignment, (<https://www.usf.edu/president/strategic-realignment/index.aspx#how>), according to which “required consultation with Department Chairs, faculty [and] key stakeholders” is supposed to occur **prior** to administration’s development of “preliminary strategic budget realignment plans”.

What is known is that to achieve a cut of this magnitude within the required timeframe will necessarily require the elimination of academic programs and the laying off of many faculty and staff. The direct impact of this will be fewer classes available to students, increased class sizes, increased teaching loads for the faculty who are retained (with a corresponding decrease in

time available to conduct research and to write grants), and decreased value of the USF degrees awarded to alumni of the programs that were eliminated. This also poses a risk of the loss of tuition revenues which would necessitate further budget cuts – leading to a downward spiral. These are simply facts that follow from any realistic assessment of the proposed cuts and realignment. The process as currently articulated means that AAU aspirations will continue to be pursued precisely as the research capacity and potential of USF is decreased, a direct effect of the budget cuts and realignment.

Given these likely effects on the academic portfolio of USF, for which the faculty have primary responsibility, the USF Faculty should receive a full explanation of the nature of the budgetary problem and a justification for the timeframe for correcting it. Also, the faculty should be meaningfully involved in any planning and decision making that has a significant impact on the academic portfolio of the university.

In this light, faculty are perplexed that these budget cutting decisions are being made prior to a strategic plan for the university being created and approved by the Board of Trustees. The administration's failure to be fully transparent has heightened the sense among faculty that the second year of budget cuts have not been well planned and do not need to be completed on such a short timeline. The president is just now forming a committee to draft a new strategic plan which is welcome, but this also goes to show that a full, coherent plan for USF's future has yet to be articulated.

Protection of and Care for Employees

The proposed cuts are the most egregious in their disregard for the faculty and staff who have worked so hard over the years to make USF a preeminent research university that serves the needs of its students and the wider community. The University of South Florida's *Principles of Community* acknowledge that community members have "responsibility to ensure that every member of our community has the opportunity to succeed", and that community members "commit our time, talents, and resources to building a culture of caring that promotes the integrity of our relationships and the sustainable well-being of the entire community."

Clearly, unforced layoffs do not ensure the opportunity to succeed for those laid off and do not manifest a culture of caring, integrity of relationships, or well-being for the entire community. The dissatisfaction felt by nearly every constituency of the university with the past several months at USF is a direct result of the privileging of competitive aspirations over community.

Having a history of terminating programs and laying off tenured faculty will make the University of South Florida a less attractive prospective employer from the point of view of scholars and researchers. President Currall and his advisers have repeatedly stated that enhancing USF's ranking, continuing to meet criteria for preeminence and performance-based funding, and attaining AAU status are the primary drivers in the absence of an actual strategic plan. Making these cuts in a shorter time than necessary, on a deadline that in their own words is "internally imposed", will, in short, damage these aspirations. Moreover, under the guise of "responsible fiscal stewardship," USF is abandoning a commitment to the kinds of robust curriculum and

visionary planning that are hallmarks of the best public universities; that this is being done at the expense of peoples' careers and livelihoods is unconscionable.

Concluding Recommendations

For the aforementioned reasons, we strongly urge the USF Board of Trustees **to direct the USF administration to pause the process of strategic realignment until a sound strategic plan can be put into place.** Further, we urge the USF Board of Trustees to more carefully evaluate the necessity of "balancing the budget" and if such is needed, to establish a deadline that is financially responsible, but minimizes the damage to the well-being and livelihood of the members of the USF community who may be negatively impacted by such actions, particularly in these current circumstances with the on-going pandemic and the impact that has on job markets. Once this evaluation has occurred and a new timeline is established, President Currall's goals should be amended to reflect this change. We believe that making such a change to the President's goals is fully justified given the uncertainty of present circumstances due to the coronavirus pandemic. Finally, we strongly concur with the suggestion made by Trustee Ramil in the last Board of Trustees meeting that a set of principles should be articulated to guide this process. These principles should insist upon **adherence to the USF Principles of Community and require that the administration engage in shared governance with faculty.**

We want to work with President Currall to build a stronger, comprehensive university that serves its community and is better recognized for its research and teaching nationally and internationally. A pause and slow down will head off the potential long-term damage that could follow from rushed balancing of the budget being implemented in the absence of a shared strategic plan. Such a pause and slow down will also provide time for the USF administration to engage meaningfully with the whole USF community in the strategic realignment process while enhancing the prospects for protecting the employment of invaluable faculty and staff.