

Data to Inform Budget Discussions

Faculty Senate Executive Committee - May 14, 2021



Key Considerations

- What is the impact of Legislative budget?
- What is going to be done with the holdback?
- Does USF need to fully implement budget reductions beginning July 1, 2021?
- What other potential budget challenges is USF facing?
- How could the one-time federal funds be used?
- The \$7.5 million estimate is unrelated to the \$30.8 million

Through a combination of strategies we will have a plan for further strengthening the financial position of the University

Legislative Budget Impact



State Funding for USF after the Legislative Session

- The Legislature fully funded our request for \$8.1 million for construction of the Judy Genshaft Honors College facility. Along with the substantial philanthropic and other local funds already applied to the total cost, this funding by the state, if signed into law by the governor, will complete the full construction cost of the facility.
- The Legislature approved the disbursement of \$46 million in Capital Improvement Trust Fund (CITF) fee revenue for Florida's public universities. These funds accrue from student fees over time at each campus and are used to fund student-approved campus life projects. If signed into law, USF will receive permission to use \$6.5 million of this year's disbursement to fund student life projects on each of our campuses, such as the new Student Wellness Center on the Tampa campus.
- The Legislature set aside \$350 million from the state's federal stimulus funds to be used on deferred maintenance projects at state-owned facilities, and specifically made state university facilities eligible to receive funds from this source. Over the summer we will refresh our priority list of these projects and submit them to the Board of Governors, which will send a statewide list for the governor's consideration.

State Funding for USF after the Legislative Session

- Last summer, universities were instructed by the Florida Board of Governors to prepare for a state budget reduction of up to 8.5% in FY2021-22.
- The Governor established a 6% holdback of our state budget distribution in FY2020-21.
- The budget approved by the Legislature reverses the 6% holdback.
- There were other measures impacting budgets, with others still unresolved:
 - State funded salaries over \$200K - estimated reduction of \$2.5 million
 - Additional unfunded retirement cost – estimated \$7 million
 - Additional cost associated with waivers for specific programs (uncollected tuition) - \$TBD
- Performance-based funding and Preeminence were funded at the same amounts as in prior years. USF received no new Preeminence funding
 - USF portion of the State investment of Performance Based Funding is expected to be lower in FY2021-22 because of Polytechnic University now participating in distribution and re-distribution based on the universities base budgets - \$TBD

What is going to be done with the holdback?

Considerations

- No final determination has been made.
- The deployment of the holdback cash must be weighed in the context of:
 - The strategic plan (Board vote on June 8)
 - Potential need for one-time funds for:
 - budget reductions not taken,
 - emergencies,
 - enrollment contingencies,
 - start-ups and
 - other one-time costs

Does USF need to fully implement budget reductions beginning July 1, 2021?

Considerations

- The answer is maybe.....
- First, to clarify, the session did result in decreases in funding (more later).
- The following conditions still exist:
 - If reductions are not taken, the recurring costs must be addressed within the near term
 - Additional new, unavoidable, recurring costs will add to the existing recurring budget misalignment
 - Ability to use cash to fund the reductions is unsustainable

What other potential budget challenges is USF facing?

New Unavoidable Recurring Costs

Recurring Cost Category	Estimated Impact
Additional State retirement costs	\$7,000,000
Faculty salaries > \$200,000	2,500,000
Utility increases	1,500,000
Merit student scholarships*	7,000,000
Faculty tenure and promotion & instructor promotion	1,000,000
Other actions including PBF and loss of tuition revenue	<u>TBD</u>
Subtotal	<u>\$19,000,000</u>

** This cost might be affected by the decisions about future incoming classes*

What other potential budget challenges is USF facing?

Other Potential Cost Challenges

Cost Category	Estimated Impact
Student success deficit	TBD
Bargaining	TBD
HR and Payroll systems	TBD
Library and IT costs	TBD
Strategic Plan	TBD
DI, Compliance, OneWash, Digital Heritage, Faculty Success, Eng. Research Center	TBD
Subtotal	<u>\$TBD</u>

What other potential budget challenges is USF facing?

Carryforward Considerations

- Cash is a time limited source and expenditures may be restricted
- Yes, there are a number of one-time costs that will need to be either covered in the coming year with cash/carryforward or delayed/eliminated

Projected 2021-2022 Carryforward

Remember Projected Carryforward Funds

Carry Forward by campus:	Projected 6/30/2021 Balances*	Less: Potential FY21 Deficit Offsets¹	Less: Statutory Reserves	Less: 6% Holdback	Revised 6/30/2021 Balance
Tampa campus (excluding Health)	\$138,479,358	\$ 4,203,947	\$33,662,950	\$17,430,043	\$83,182,418
USF Health	50,140,016	-	10,299,063	4,866,394	34,974,559
St. Petersburg campus	17,416,745	-	4,391,799	2,228,580	10,796,366
Sarasota-Manatee campus	18,452,544	-	2,355,765	1,337,002	14,759,777
Grand Total - OneUSF	\$ 224,488,663	\$ 4,203,947	\$ 50,709,577	\$ 25,862,019	\$143,713,120
<i>Running Balance</i>		\$ 220,284,716	\$ 169,575,139	\$ 143,713,120	

Deployment of Holdback is still to be determined.

Carryforward Balances by Area

	Revised 6/30/2021 Balance	Less: Balances in colleges/units²
Carry Forward by campus:		
Tampa campus (excluding Health)	\$83,182,418	\$40,545,339
USF Health	34,974,559	34,974,559
St. Petersburg campus	10,796,366	10,796,366
Sarasota-Manatee campus	14,759,777	14,759,777
Grand Total - OneUSF	\$143,713,120	\$ 101,076,041
<i>Running Balance</i>		\$ 42,637,079

Footnote 2: Tampa Amounts	
SVP Research	3,758,525
SVP Executive Offices	578,849
SVP Business & Finance	14,755,894
Colleges	10,713,577
Academic Support Units	10,738,494
Total	\$ 40,545,339

Uses and Commitments beyond FY21

Carry Forward by campus:	Revised 6/30/2021 Balance	Less: Balances in colleges/units²	Less: Strategic Commitments post-FY21³
Tampa campus (excluding Health)	\$83,182,418	\$40,545,339	\$42,323,498
USF Health	34,974,559	34,974,559	-
St. Petersburg campus	10,796,366	10,796,366	-
Sarasota-Manatee campus	14,759,777	14,759,777	-
Grand Total - OneUSF	\$143,713,120	\$ 101,076,041	\$ 42,323,498

Recurring Cost Total	30,803,107
Less: Year 1 reductions	24,848,997
Remainder after Reductions	\$ 5,954,110



Footnote 3:	Amount
Strategic Funds Held	18,461,215
Faculty Early Retirement Program Payouts	4,345,067
South East Chiller Plant	4,060,000
Furn, Fixtures & Equip Genshaft Honors College	3,300,000
Time & Labor System Investment	3,000,000
Florida Virtual Campus	1,403,106
Arts & Sciences Visiting Faculty commitment	1,200,000
Additional Summer Instruction Commitment	600,000
Recurring Costs not offset by Yr 1 Reductions	5,954,110
Total	\$ 42,323,498

Uses and Commitments beyond FY21

Carry Forward by campus:	Revised 6/30/2021 Balance	Less: Balances in colleges/units²	Less: Strategic Commitments post-FY21³	FY22 Projected Balances after reserves and commitments
Tampa campus (excluding Health)	\$83,182,418	\$40,545,339	\$42,323,498	\$313,581
USF Health	34,974,559	34,974,559	-	0
St. Petersburg campus	10,796,366	10,796,366	-	0
Sarasota-Manatee campus	14,759,777	14,759,777	-	0
Grand Total - OneUSF	\$143,713,120	\$ 101,076,041	\$ 42,323,498	\$313,581



The revised carry forward balance is almost zero after amounts held in campuses, colleges and units as well as strategic commitments

How could the one-time federal funds be used?

Considerations

- These funds are one-time funds
- There are significant restrictions around the use of these funds
 - It is clear at this point they can be used for lost revenues and items related to the Coronavirus
 - There are debt implications if not used for auxiliary lost revenue for bond supported enterprises

**The \$7.5 million estimate is
unrelated to the \$30.8 million**

Why the \$7.5 million Analysis is Incomplete

The \$30.8 million is a recurring budget misalignment resulting from recurring expenses that were covered by central non-recurring funds rather than recurring budgets.

These were initiatives that had been approved during previous years by Executive Management when no recurring funds from the State were forthcoming.

Why the \$7.5MM Analysis is Incomplete



**\$7.5million
deficit is a
FY2019-20
figure**



**The
\$30.8million is
a FY2020-21
Tampa
Central
shortfall –
other
campuses
have
balanced
budgets**



**Uses
revenues that
don't belong
to Tampa**



**Strategic
Funds must
be held to
satisfy
commitments
made in
future**



**Does not
account for
savings in
colleges and
units**

**(Disregards
the policy of
not sweeping
carryforward
balances)**



**Does not
account for non-
recurring items
spent outside of
central
commitments**

So what is the strategy?



Future University Budgets Will Be Based on a Combination of These Approaches

- Informed by the strategic plan
- Strategic use of the holdback funds
- Reductions on July 1, 2021 and in future
- Spreading the reductions over a longer period
- Determining potential for cost eliminations
- Decisions about funding of new costs
- Possible other sources of funding

Next Report

We will report back to the deans, Senate, and other constituencies once a plan is formulated for additional advice and consent.

**Through a combination of strategies we will
have a plan for further strengthening the
financial position of the University**

Questions