

The Office of the President
Budget News: The latest on the budget at UF - January 20, 2009

Where will internal cuts be made at UF?

The University of Florida is already under-funded; cutting each department or unit more will affect the quality of education and assure mediocrity. Instead, we are considering cuts in specific programs and administrative services, which could include an entire department or an area of study that spans several departments. We have asked the vice presidents and deans to identify reductions of at least 10 percent and provide a prioritized list of those reductions. These lists will be available online in mid-March. Final decisions will be made by President Machen and the Board of Trustees in mid-May.

When will the amount of UF's total budget reduction be known?

We will not know the extent of cuts for Fiscal Year 09-10 until the Legislature takes action in its spring session. But based on initial estimates, UF could face a shortfall of between \$72 million and \$75 million.

What criteria are being used to identify potential cuts?

The deans have been asked to work with their faculty governance groups and students to devise plans for each college and department that preserve student access to courses they need, identify areas that will do the least harm to core academic programs and avoid across-the-board cuts.

How will the budget cuts be determined?

The dean of each college has been asked to develop a prioritized list of cuts based on input from faculty and staff. The administration also is preparing some budget-cutting proposals that may include some that cut across units. All proposals will be evaluated by Provost Joe Glover, who will make recommendations to President Bernie Machen.

Will there be layoffs associated with the anticipated budget cuts?

Unknown. However, layoffs may be unavoidable if departments or units are eliminated.

When will I know if my job is impacted by the budget cuts?

The spring legislative session ends on May 1. President Machen expects to announce the budget in mid-May.

If layoffs occur, will the individuals being laid off receive a prior notice?

Each unit across campus is working diligently on strategies to meet the anticipated budget reductions. Unfortunately, layoffs are a possibility. The extent of any reductions will not be fully known until after the legislative session. If layoffs do occur in any unit, impacted individuals would receive advance notification. The amount of notification would be driven by a number of factors including the type of position. Human Resource Services is prepared to work with any impacted employees to explore other employment opportunities and help answer benefit and retirement questions.

Will tenured faculty face layoffs?

It is possible if departments or units are cut. Will the fiscal situation have any impact on tenure cases at the department, college or university level? Will faculty approved for tenure and promotion see the usual increase in their salaries? The tenure and promotion process is moving forward, and the university is committed to providing the usual salary increases for those candidates who are awarded promotion or tenure.

Why do we have to wait so long to find out the budget cuts?

A sluggish economy means the state of Florida will likely have to cut more than \$3 billion from its 09-10 budget. Lawmakers convene March 3 and begin discussing budget reductions for state-funded programs, which include public universities. A final budget rarely materializes until the last hours of the legislative session. The spring session ends May 1.

Why isn't the proposed 15 percent increase in tuition improving UF's financial position?

A 15 percent increase in tuition generates about \$23 million. Tuition increases will help UF's long-term financial outlook, but immediately they are not enough to offset the enormous shortfall the state is experiencing. At the same time, tuition has not kept up with the cost of providing an education.

Why is it that the university is moving ahead on some construction projects if the university is facing such severe cuts?

Most building funds are provided by the Legislature from a tax on utilities. This money is available for all public education agencies, including K-12, community colleges and universities. The funds are non-recurring and by law must be used for building construction. These funds cannot be used to offset cuts in our recurring budget. Additionally, buildings are often built with gifts from donors who have specified that the money be spent in that way.

When will the state's budget crisis turn around?

Economic downturns typically last up to three years. The state's current economic difficulties stem from a crisis in the housing market. Economic forecasters predict the state's budget woes to continue well into 2010.

Will there be any annual faculty and staff raises this year?

It is doubtful there will be any money for general raises. President Machen fought hard last fall to award 3 percent pay raises for eligible faculty and staff.

Why can't the University Athletic Association help UF get through these tough economic times?

It is. The UAA contributes 50 percent of its licensing and royalty fees in excess of \$3 million annually. The UAA has given \$48.2 million to the university since 1990. It is also important to note that the UAA's entire operating budget is \$83 million.

If UF has so much money to pay its head football and basketball coaches million-plus-dollar salaries, why then isn't there money for the budget?

Coaches are not paid with state or University funds. The money comes from University Athletic Association funds.

Why can't the University of Florida Foundation help UF get through these tough economic times?

It is. About 60 percent of the gifts raised annually for UF are used to establish or add to endowed funds. Endowment gifts provide a source of great stability for the university and allow the university to grow many programs, despite volatility in state funding. Virtually 100 percent of donor gifts to the university are restricted by the donors. UF's endowment is currently at \$1 billion and has lost money in the last six months as have most endowment funds. UF spends annual income from endowments but only for the purposes designated by the donors. Spending from the UF endowment is adjusted quarterly in response to the past quarter's investment returns and provides for maximum prudent spending while avoiding overspending in down markets, such as the one we're currently experiencing.

Why can't UF borrow money to help get it through these tough economic times?

In most cases, UF is losing recurring funds from the state of Florida. Recurring means, the money continues from year to year. Loans don't make long-term fiscal sense because one-time funds should not be used to pay for ongoing costs.