



Impact of Budget Reductions on the Division of University Affairs

Report to the Board of Trustees

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INTRODUCTORY POINTS

- The Division of University Affairs was born in September 2007 as a streamlining measure, in advance of the legislative budget cuts. University Affairs is a strategic support and service division. The mission of University Affairs is *to provide strategic outreach functions and essential internal services that enable the basic operations of the university and support the other divisions of the university.*
- The Division was created by merging the former Division of Administrative Affairs with most elements of the former President's Division, and placing all these units under the leadership of the Executive Vice President.
- In the process, one vice president and one associate vice president were eliminated through retirements. Additionally, three associate vice presidents were given greatly-expanded management responsibilities.
- Also, the operations of the office of the Executive Vice President and the General Counsel (who share a contiguous office suite) were merged so that a single support staff now serves both offices, allowing the elimination of two more staff positions. One was eliminated by vacancy; the other through transfer of the incumbent to a vacant position in another department.

OVERVIEW OF THE DIVISION'S COMPOSITION

- University Affairs consists of 9 major operating units (defined as having budgets larger than \$500K) and 8 smaller departments, organized under 6 associate vice presidents and 3 other senior leaders (i.e., the General Counsel, Director of Governmental Relations, and Director of IDR/ADA Compliance).
- The E&G operating budget of University Affairs is \$20.6 million (will be as of July 1, 2008), comprising 22% of the university's total E&G budget. This does not include another \$4 million in central university funds (utilities and information technology strategic plan) which are largely managed by University Affairs but are not part of the division's budget, nor does it include auxiliary operations' funds.
- The general makeup of the division's E&G operating budget, by unit, is shown in the following table:

Table 1:
Units of the Division of University Affairs
And Their Operating Budgets

Department	Starting 2008-09 Budget
Facilities Management	\$ 5,387,064
Information Technology Services	\$ 5,453,636
University Police	\$ 1,648,606
Financial Services	\$ 1,252,364
Human Resources	\$ 936,117
Facilities Planning & Construction	\$ 929,518
Office of University Affairs	\$ 603,975
WUWF Public Media	\$ 623,549
Budget and Financial Planning	\$ 543,729
Business & Auxiliary Services	\$ 491,985
Procurement Services	\$ 457,977
Environmental Health & Safety	\$ 313,245
Legal Affairs	\$ 379,074
Institutional Research	\$ 306,119
Public Safety & Management Services	\$ 171,386
Governmental Affairs	\$ 136,818
Informal Dispute Resolution / ADA	\$ 136,252
University Affairs Divisional Accounts	\$ 839,433
Total:	\$ 20,610,847

HOW BUDGET CUTS HAVE BEEN IMPLEMENTED

- Like the rest of the university, University Affairs has implemented three phases of budget cuts this fiscal year:
 - Phase 1 in December 2007 was an aggregate 2.8% reduction to the division, but was implemented as departmental cuts that varied from 4% (for larger units) to 0% (for the smallest units who already barely cling to a minimal level of viable operating funds).
 - Phase 2 in March 2008 was an aggregate 5.6% reduction, and was accomplished through eliminating most vacant positions across the division. Part of this second reduction (2.8%) was due to legislative budget cuts, and the remainder was accomplished in order to remove a structural feature that dates back to the days of annual reversions, the so called “salary lapse” tax. Over the years, positions had been left vacant in order to pay for this. These positions were eliminated from the division’s budget and the tax from central budget office was finally eliminated. Additionally, some funds were transferred from the Information Technology Services budget to other units, because ITS had no vacant positions to yield.
 - Phase 3 will be implemented in the budget effective July 1, and consists of an aggregate 5% operating reduction to University Affairs departments, 0.5% more than is required by the president. Approximately half of this is the legislated budget cut, while the other half is being

retained within the division as a reserve against anticipated future legislative budget cuts. This budget cut was not fully assessed to some small departments (i.e., IDR/ADA, Governmental Affairs, and WUWF) as any further cuts to those operations will severely cripple them.

- In addition to reductions in the E&G operating budget, many units in University Affairs have seen reductions in other forms of state and outside support. Notable examples include WUWF, which has seen reductions in both state grants and private support; and ITS, as the state has eliminated support for the FACTS online high school graduate advising system, which UWF is mandated to operate via Florida Statutes.

Table 2:
Summary of Cumulative Budget Cuts by Department

Department	2007-08 Beginning Budget	2007-08 Reductions and Adjustments	Phase III (July 2008) Reduction	Cumulative Reduction
Facilities Management	\$ 6,146,502	\$ (539,109)	\$ (220,329)	\$ (759,438)
Information Technology Services	\$ 6,050,817	\$ (319,554)	\$ (277,627)	\$ (597,181)
University Police	\$ 1,755,609	\$ (107,003)	\$ -	\$ (107,003)
Financial Services	\$ 1,460,396	\$ (141,897)	\$ (66,135)	\$ (208,032)
Human Resources	\$ 1,058,709	\$ (73,365)	\$ (49,227)	\$ (122,592)
Facilities Planning & Construction	\$ 870,226	\$ 75,320	\$ (16,028)	\$ 59,292
Office of University Affairs	\$ 708,372	\$ (73,770)	\$ (30,627)	\$ (104,397)
WUWF Public Media	\$ 670,252	\$ (46,703)	\$ -	\$ (46,703)
Budget and Financial Planning	\$ 579,923	\$ (8,028)	\$ (28,166)	\$ (36,194)
Business & Auxiliary Services	\$ 537,321	\$ (20,258)	\$ (25,078)	\$ (45,336)
Procurement Services	\$ 484,240	\$ (26,263)	\$ -	\$ (26,263)
Environmental Health & Safety	\$ 446,597	\$ (15,631)	\$ (117,721)	\$ (133,352)
Legal Affairs	\$ 415,457	\$ (16,508)	\$ (19,875)	\$ (36,383)
Institutional Research	\$ 330,701	\$ (8,303)	\$ (16,279)	\$ (24,582)
Public Safety & Management Services	\$ 191,960	\$ -	\$ (20,574)	\$ (20,574)
Governmental Affairs	\$ 136,818	\$ -	\$ -	\$ -
Informal Dispute Resolution / ADA	\$ 136,252	\$ -	\$ -	\$ -
University Affairs Divisional Reserve	\$ 143,585	\$ 219,888	\$ 475,960	\$ 695,848
Totals	\$ 22,123,737	\$ (1,101,184)	\$ (411,706)	\$ (1,512,890)
Totals without Divisional Reserve	\$ 21,980,152	\$ (1,321,072)	\$ (887,666)	\$ (2,208,738)

BUDGET CUTS TO CENTRAL FUNDS

- University Affairs serves as the steward for two sets of central funds that are not part of the division's budget. These are the information technology funds for the Banner system and the IT strategic plan, and the funds for utilities costs.
- Utilities funds have been held harmless in the budget cuts.
- IT central funds have been reduced slightly more than \$48,000. The impacts of these reductions are to limit funds for computer lab equipment replacement; to reduce support for training and training materials related to the Banner ERP system; and to reduce the ability to upgrade the servers that run Banner.
- In addition, for the past three years the IT strategic plan has been supplemented by \$400K annually from non-recurring funds. It is presumed that this funding will not be available in 2008-09. The loss of this funding will eliminate the ability to upgrade classroom technology and student computer lab equipment.

Table 3:
Summary of Budget Cuts to Central Accounts Managed by University Affairs

Account	2007-08 Beginning Budget	2007-08 Reductions and Adjustments	Phase III (July 2008) Reduction	Cumulative Reduction
ERP	\$ 486,275	\$ (13,616)	\$ (10,074)	\$ (23,690)
IT Strategic Plan Phase 2	\$ 500,000	\$ (14,000)	\$ (10,359)	\$ (24,359)
Utilities Purchased	\$ 2,825,889	\$ -	\$ -	\$ -
Utilities Reserve	\$ 207,831	\$ -	\$ -	\$ -
Totals	\$ 4,019,995	\$ (27,616)	\$ (20,433)	\$ (48,049)

IMPACTS ON STAFFING

- Over this past year, 39 FTE positions have been eliminated in University Affairs, the bulk of them through vacancies and attrition. This represents approximately an 11% downsizing of the division. Six of these positions were occupied and were eliminated as part of management and operational restructurings. This distribution of this downsizing across University Affairs departments is shown in the following table:

Table 3:
Positions Downsized in University Affairs

	07-08 Beginning FTE Totals	# of FTE eliminations	# of FTE transfers to other funding sources	FTE Balance 2008-09
Facilities Management	146.00	(19.19)	0.00	126.81
Information Technology Services	53.67	(5.00)	(1.00)	47.67
University Police	32.01	(1.00)	0.00	31.01
Financial Services	23.71	(4.00)	0.00	19.71
Human Resources	14.50	(1.00)	(1.00)	12.50
Facilities Planning & Construction	14.25	(1.62)	0.00	12.63
Office of University Affairs	6.80	(0.83)	0.00	5.97
WUWF Public Media	8.25	(1.00)	0.00	7.25
Budget and Financial Planning	6.00	(1.00)	0.00	5.00
Institutional Research	3.00	0.00	0.00	3.00
Business & Auxiliary Services	9.80	0.00	(0.25)	9.55
Procurement Services	8.01	(1.01)	0.00	7.00
Environmental Health & Safety	6.57	0.00	(1.47)	5.10
Legal Affairs	4.42	(0.35)	0.00	4.07
Public Safety & Management Services	2.00	0.00	(0.50)	1.50
Governmental Affairs	1.00	0.00	0.00	1.00
Informal Dispute Resolution / ADA	2.00	0.00	0.00	2.00
University Affairs Divisional Accounts	4.00	(3.00)	0.00	1.00
Totals	345.99	(39.00)	(4.22)	302.77

- The largest number of eliminated positions (19) occurred in Facilities Management. Only 2 of these positions (mid-level supervisors) were occupied when eliminated. The other seventeen positions were in management (2), equipment maintenance (8), trades (2, an electrician and a carpenter), custodial (3), and grounds-keeping (2).
- There were no AFSCME layoffs involved in the University Affairs downsizing.
- In addition, 4 FTE positions have been moved from E&G funding to other funding sources, primarily auxiliary operations. This could, over time, create long-term strain on the business models of those auxiliary operations as a result of the operating expenses allocated to those units. Auxiliary operations

involved in this include telecommunications, postal services, and business code administration (which is now being funded as an auxiliary operation rather than E&G). This will require careful monitoring, and is a potential long-term weakness in the plan, one which might eventually require remediation through layoffs should the state revenue picture not improve over the next 2-3 years.

IMPACTS ON SERVICES

- All areas of University Affairs are now operating at a minimal staffing level. There is little or no backup; any absence, even short-term sickness and vacation, is felt severely and negatively impacts services.
- Operating margins have been severely reduced, limiting funding for materials and supplies, equipment repair and replacement, and essential travel, such as system meetings and essential training.
- Other impacts of special note include the following:
 - Reductions in Information Technology Services have undone much of the gains achieved over the past five years in the information technology strategic plan.
 - WUWF's ability to continue video and television production services is in jeopardy.
 - Downsizing in Facilities Management includes reductions in equipment maintenance, building maintenance, and grounds-keeping services.

AREAS OF KEY CONCERN

- **INFORMATION TECHNOLOGY.** In addition to the nearly \$650K of cuts to IT overall, Phase II of the IT Strategic Plan was never fully funded and has proceeded upon the annual allocation of \$400K in non-recurring funds each of the past 2 years. If this also is lost in the coming budget cycle, then the cumulative cuts to IT will exceed \$1 million, almost the entire investment over the past 6 years, bringing our IT posture to where it was in 2002. This represents a serious challenge to further progress.
- **WUWF PUBLIC MEDIA.** WUWF is facing a “perfect storm” of multiple funding reductions due to reduced E&G funding from the university, reduced state grants, reduced public support, and increasing costs. This critical community asset will need to be protected from further cuts.
- **EMERGENCY RESERVES.** Budget cuts make it even more difficult to achieve a strategic emergency reserve for contingencies such as hurricanes, new operational requirements, and future budget cuts.
- **STRATEGIC NEEDS.** With both budget and staffing cuts, moving ahead with strategic projects and strategic process improvements is extremely difficult.
- **UTILITIES.** The university has made tremendous strides over the past three years in implementing energy conservation measures, particularly for water and electricity. These improvements have helped us manage energy costs by actually reducing our energy consumption. However, we are approaching the practical limits of significant further improvements. Increasing energy rates will likely increase our utility costs beyond our current budget and reserve within two years.