

Memorandum to the Faculty Senate from Dr. Machen
September 20, 2006

As you prepare to discuss the College of Liberal Arts and Sciences budget situation at tomorrow's meeting I would like to provide factual information to help inform your deliberations. Hopefully, this will increase our collective understanding of this important matter which is affecting all the schools and colleges.

The CLAS general revenue budget deficit began in 2003-2004 and has recurred in each subsequent year. By June 30, 2006, the accumulated, multi-year, shortfall was \$4.7 million. This deficit has been paid by the Office of the Provost from general university funds.

During the past year, CLAS also borrowed from its college and department indirect cost accounts to cover general revenue expenditures. Because of this, recruiting in several departments was stopped and vacancies are occurring in high-demand disciplines. The Central Administration is prepared to provide additional monies – totaling several million dollars – in order to allow hiring to continue. Further, the Office of the Vice President for Research will advance additional indirect cost revenues to the College for use in meeting start-up commitments. All of this is new money and the rationale for its allocation at this time is predicated on the College having its finances under control. Without that condition being met, it will not be possible to provide these new funds.

Now, let us get to the five-year plan. Why do we need it? In early July, it was discovered the 2006-2007 CLAS budget was seriously out of balance. Expenditures for the current year are projected to exceed revenues by \$4 million. This is new debt. When this was discovered, the Provost met with the dean and department chairs and directors to emphasize the urgency of the matter and to request that the College prepare a plan to reduce the debt. A deadline was set for September 1 so a report could be given to the UF Board of Trustees at its September meeting. This timely response was needed because the budget shortfall caused concern among the Trustees, the Florida Board of Governors and others in the State.

The plan had to meet three conditions: balance the budget within three years, employ no across-the-board strategy, and be transparent with respect to the way reductions and reinvestments were to be made.

There have been many comments about the plan. Did the Central Administration impose this plan on the College? How can this be done when the strategic work plan suggests more investment in the College? Was there faculty input?

This is not the Central Administration's plan. It was submitted by the Dean within the timeline requested and in compliance with the conditions required by the Provost. The fiscal situation in the College affects all academic units of the University. We cannot ignore that fact. And, like it or not, we cannot move forward strategically when these

kinds of general revenues are needed to solve one college's financial problems. This situation is impeding additional investments in CLAS and other academic units as well.

Was there faculty input? I seriously doubt there was enough, and I think Dean Sullivan agrees. But, the timeline was necessary – even though the summer is when most faculty are not in residence. We needed to reach stability as soon as possible in order to restart the recruitment processes and to minimize the accumulation of additional debt.

I have absolutely no problem with additional dialogue and discussion within the College about this plan. It is possible there are alternative ways to achieve the balanced budget within the allotted time. I support the Dean giving whatever additional consideration is warranted. But, we must all recognize the facts. The debt mounts every day. A commitment of additional new dollars is not possible unless and until there is a plan in place to achieve financial stability.

For these reasons, we need to keep the current plan in place while any discussions occur. Any proposed changes must accomplish the same goals as the plan – balancing the budget within the timeline. Any changes in the plan must be approved by the Provost and communicated to the faculty and Board of Trustees.

Thanks for your attention. I will be at the meeting tomorrow to discuss this with you.