Update from Frank T. Brogan, Chancellor
April 21, 2010

With less than two weeks remaining in the legislative session, I am happy to report that the State University System is fairing quite well thus far. Even in this time of serious fiscal constraint and statewide budget shortfalls, the Legislature is choosing to invest in our universities as a means to create a new future for Florida. While early projections contemplated double-digit budget cuts, it now seems that general revenue reductions for our universities will be held to about 1%; however, the entire system’s operating budget will see an overall increase of about 5% when calculating all revenue streams. We want to express our sincere thanks to the members of the House and Senate who have worked hard to protect Florida’s tomorrow by investing in our universities today.

BUDGET SUMMARY
Last night the Private Colleges & Universities/Higher Education Conference Committee concluded their work on the operating budget, with only one budgetary issue (funding for USF-Polytechnic) being bumped to the Appropriation Chairs for resolution. Attached is a draft executive summary of the proposed 2010-11 budget for the State University System and the Board Office. The PECO budget has not been discussed yet; however, a meeting of the Appropriation Chairs has been scheduled for 5:30 Thursday so that they may begin their review.

Operating Budget SUS Summary:
- For the SUS, the total operating budget will increase about 5% over the 2010-11 budget. This takes into account a reduction in base state funds, tuition increases, and some additional state funds for select initiatives. The major points are as follows:
  - There was a recurring general revenue base budget reduction of $52 M; however, this was offset with additional recurring lottery revenue of $20.5 M and non-recurring general revenue of $12.2 M. Thus the net state base budget reduction is about $19 M (or 1%).
  - The base undergraduate tuition will increase 8%, with the assumption that universities will utilize the maximum tuition
differential of 7%. This total 15% increase in tuition would generate approximately $80 M.

- $10 M in non-recurring is provided for New Florida.
- $5 M ($1 M each medical school) in non-recurring is provided for basic medical program support.
- $14.5 M is provided for plant operations and maintenance funding for new facilities coming on-line in 2010-11.
- $3.9 M is provided for Year 4 phase-in of the UCF & FIU medical schools.
- $14.5 M is provided for plant operations and maintenance funding for new facilities coming on-line in 2010-11.
- $14.5 M is provided for Year 4 phase-in of the UCF & FIU medical schools.
- $16.8 M to cover contribution increases in the employer share of the Florida Retirement System.
- $18.8 M in recurring general revenue was provided to help offset federal stimulus.
- $146 M was provided for Year 2 federal stimulus ($161 M was provided in 2009-10).

Board General Office Summary:
- For the General Office, the budget will increase about 10% over the 2010-11 budget. The major points are as follows:
  - $1.5 M in federal stimulus funds remain in our budget.
  - $566,000, as requested in the amended LBR, is provided.

PECO Summary:
- PECO will be discussed on Thursday, beginning at 5:30. Each College and University has been requested to speak about the projects recommended for funding. We are in the process of coordinating these presentations.

Since the budget conference process is not officially over, there could be tweaks to the budget, proviso or conforming bills. However, all budget and proviso work must be completed by next Tuesday, thus allowing the Legislature to vote on the appropriations bill on Friday, April 30. We will send out further updates as information becomes available.

HIGHER EDUCATION PROVISO HIGHLIGHTS
(“Proviso” is a stipulation attached to funds appropriated by the Legislature, which provides guidance and/or requirements on the use of the funds; the guidance and/or requirements are only good for one fiscal year.)

**Agreed Upon Proviso Issues**

1. **State University Medical Schools (UF, USF, FSU, UCF, FIU)** – Earmarks a portion of General Funds to provide $55,000 in base state support for each resident FTE enrolled in the MD degree program. Requires the university to submit an expenditure plan to the Board of Governors by October 1st. Will be phased-in and language has been modified.
2. **Reprioritization of Funds To Key State and Regional Needs** – Removed from consideration.

3. **Automated Library Search** – Requires the College Center for Library Automation (CCLA) and the Florida Center for Library Automation (FCLA) to develop a search function to enable a user to search simultaneously all CCLA & FCLA library holdings.

4. **Student Life Facilities Survey** – Requires the Board of Governors to conduct a needs assessment of the state university system of student life facilities and develop recommendations to address unmet renovation or new facility needs identified by the survey. The recommendations shall specifically consider the impact of existing policies, statutory provisions, and regulations in meeting these needs and the unique challenges of smaller institutions or branch campuses.

**Proviso Bump Issues** (Unresolved proviso issues that will be referred (or bumped) to the appropriations chairs for resolution)

1. **Travel to Terrorist States** – Prohibits the use of funds appropriated to Florida colleges and state universities to support travel to nations designated as state sponsors of terrorism.

2. **Embryonic Stem Cell Research** – Prohibits the use of funds appropriated to state universities to support embryonic stem cell research.

3. **Florida College Baccalaureate Program Funding** – Transfers baccalaureate funds to the Community College Program Fund making the funds available for AA & AS programs.

4. **Transition Plan for Consolidation of Library Computing Services** – Requires CCLA & FCLA to develop and submit a transition plan for the relocation and consolidation of their computing services and associated resources to the Northwest Regional Data Center.

**HIGHER EDUCATION CONFORMING BILL HIGHLIGHTS**
(The conforming bill aligns Florida Statutes with the General Appropriations Act and is developed in conjunction with the budget.)

**Agreed Upon Conforming Bill Issues**

1. **State University Student Fees (A&S, Health, Athletics)** – Authorize all universities to increase the sum of the activity and service, health, and athletic fee up to 15% in FY 2010-11. Authorize the sum of these fees to
increase each year by 5% or the same percentage increase in tuition authorized by the Legislature, whichever is greater.

2. **Florida Colleges Use of Resources** – Prohibits a college in the Florida College System from using its resources, including staff, faculty, land and facilities, from being used to support the development or operation of any separate or independent nonpublic educational institution. Should any institution use resources to develop any separate or independent nonpublic institution, the Division of Florida Colleges shall notify the President of the Senate and the Speaker of the House. The Legislature shall review the need for the continuation of state funding for such college at the next legislative session.

3. **Block Tuition & DSO and Auxiliary Enterprises Bonding Authority** – authority to implement block tuition and enhanced definition of “auxiliary enterprise” are contained in the governance bill (HB 7237 & SB 1786).

4. **Community College and State University Facility Enhancement Challenge Grant Program** – Establishes October 15 as the transmittal date for the list of projects that are eligible for the Challenge Grant Program.

5. **Electronic Libraries** – Provides requirements for licensing electronic library resources; establishes a core category identification process; establishes requirements for statewide postsecondary core resources.

6. **Bright Futures** –
   a. Requires applicants to complete a Free Application for Federal Student Aid (FAFSA) and expected family contribution.
   b. Raises SAT/ACT percentile score thresholds for Academic (from 87th to 89th percentile) and Medallion (from 44th to 56th percentile) award recipients on a phased-in basis until 2014. Home schooled students are treated in a manner consistent with current statutes.
   c. Reduces the number of credit hours covered from 110% to 100%.
   d. Authorizes students who graduate in seven semesters or less to use remaining academic or medallion scholarship funds toward one semester (15 hour max) of graduate study.

7. **Waiver of Tuition Differential for Students Using a Prepaid Postsecondary Tuition Scholarship** – Authorize state universities to utilize funds from the 30% tuition differential set-aside for need-based financial aid.

8. **Textbook Affordability** – Inserts requirement that open-access textbooks must be considered when instructors adopt new textbooks and
encourages instructors and academic departments to participate in the development, adaptation, and review of open-access textbooks.

9. **Distance Learning Consortium** – Requires the development of a plan by December 2010 for implementing a streamlined, automated registration process by the 2011-2012 academic year, identifies components the plan is to address.

**Conforming Bill Bump Issues** (Unresolved conforming bill issues that will be referred (or bumped) to the appropriations chairs for resolution)

- **Funding of Baccalaureate Degree Programs** – House proposes to remove specific appropriation provisions for funding baccalaureate degrees at community colleges; establishes that upper-division and lower-division enrollment estimating and expenditure reporting shall be done separately.

Once again, I hope you will join me in thanking our Legislators for the hard work they have done to support the State University System. This is further proof that we have entered a new era of partnership with the Florida Legislature — one built on trust and respect — a new era that will see the advent of a new Florida.