



# Budget Committee

**Governor Tico Perez, Chair**

**January 24, 2008**

# **Governor's Recommended SUS 2008-09 Budget Increase**

- ✓ **E&G Core Budget Increase - \$68 M**
  - ✓ **\$52 M for 3,600 Students (\$33.4 M GR & \$18.6 M tuition)**
  - ✓ **\$9.3 M for Operations & Maintenance funding for New Facilities**
  - ✓ **\$3.3 M for FAU/UM Medical Partnership**
  - ✓ **\$1.8 M for NCF (final year of 3 yr request)**
  - ✓ **\$1.25 M for UCF/Burnham Contract**
  - ✓ **\$0.5 M for FAMU Federal Land Grant Matching**
  - ✓ **\$0.1 M Financial Aid Funds (replaces non-recurring funds during the fall special legislative session)**
- ✓ **No Tuition Increase**



# **Governor's Recommended SUS 2008-09 Budget Increase**

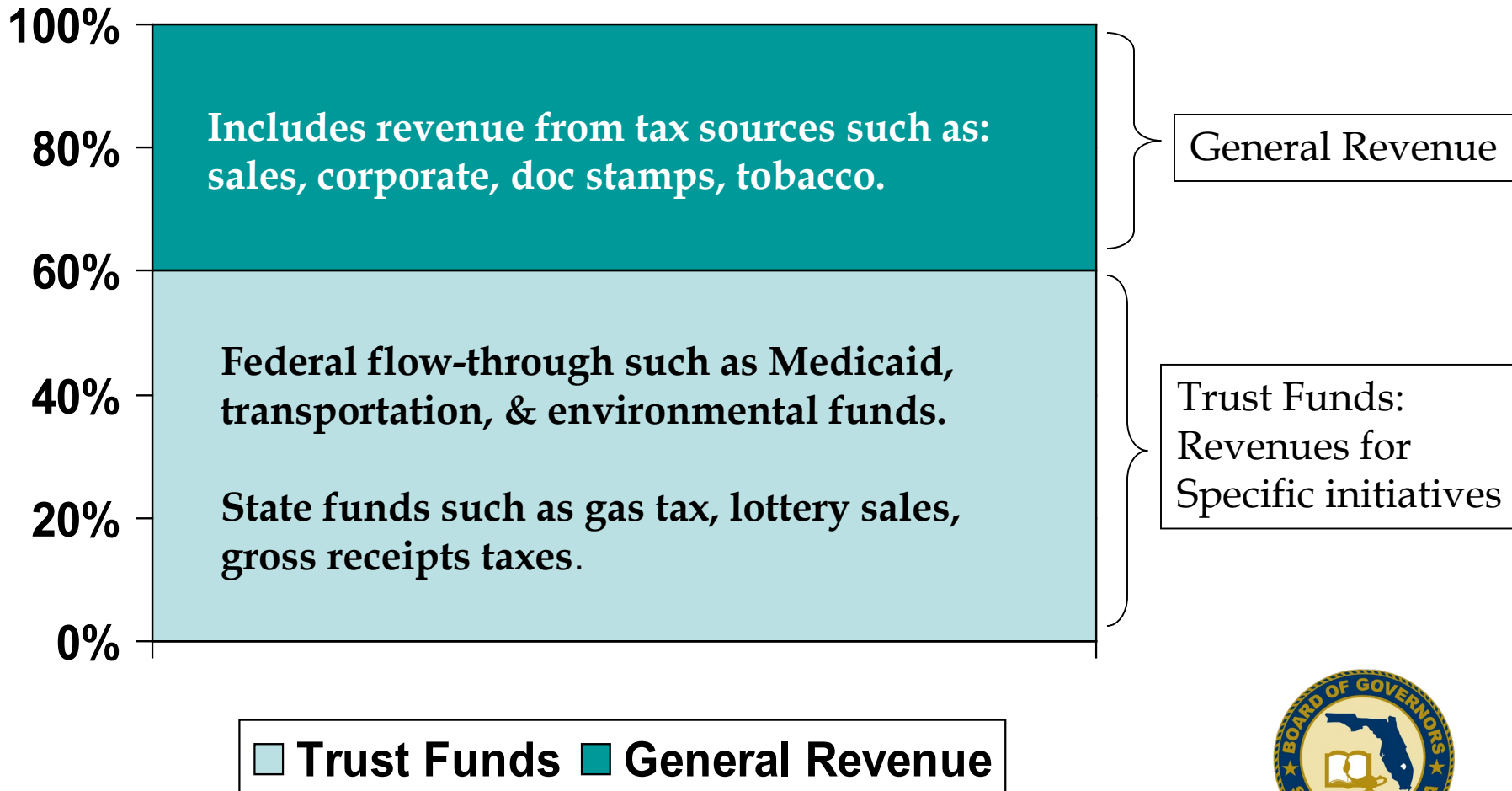
- ✓ **Special Units Budget Increase - \$21.9 M**
  - ✓ \$18.7 M for Year 2 UCF and FIU Medical Schools
  - ✓ \$3.2 M for FSU Medical School (replaces non-recurring funds received in 2007-08)
- ✓ **Other Initiatives - \$145.1 M**
  - ✓ \$74.9 M for Courtelis and Major Gift Matching Program (BOG to decide on allocation)
  - ✓ \$60.2 M for Centers of Excellence
  - ✓ \$10 M for FAU Ocean Energy Research (funded in the Department of Environmental Protection budget)





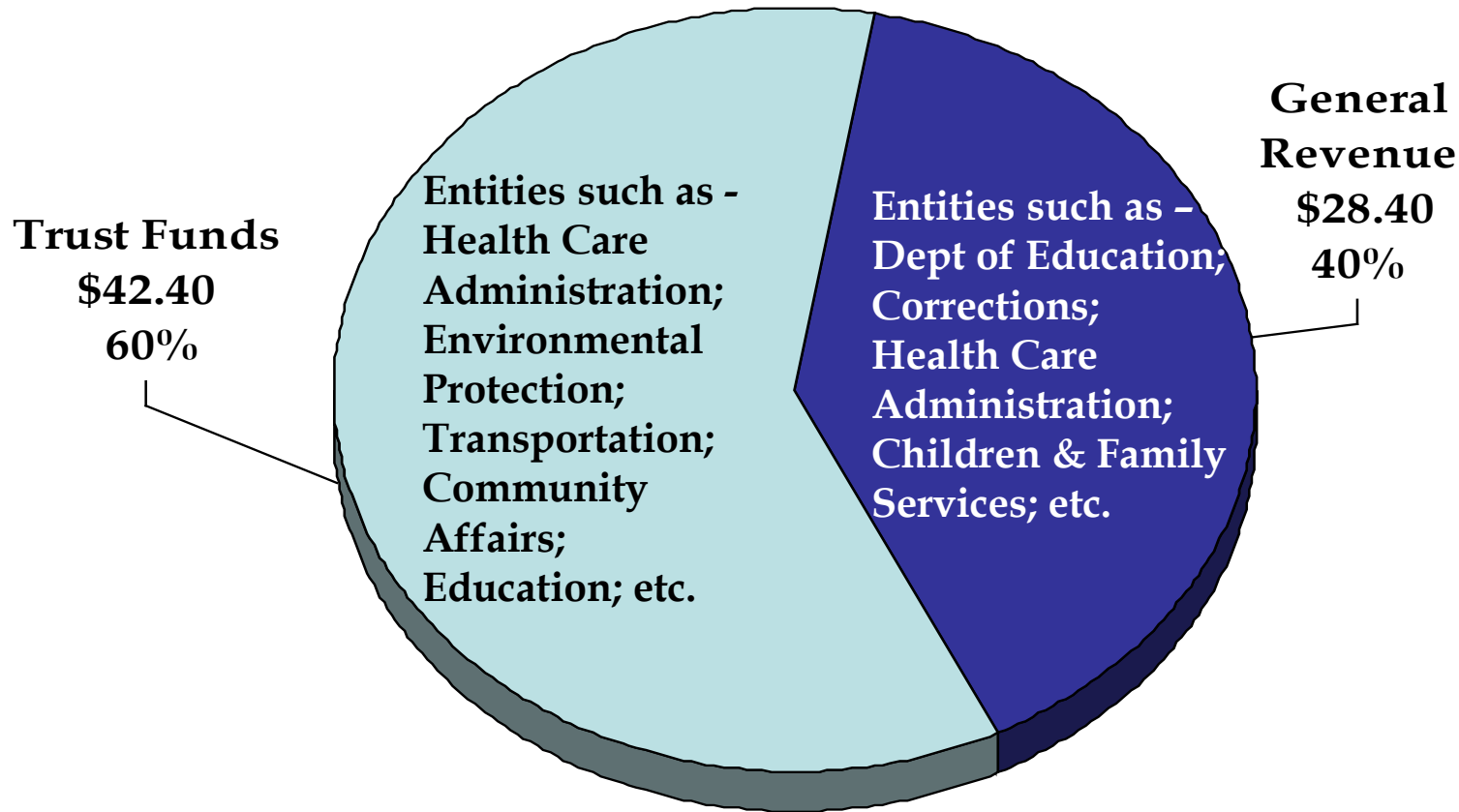
# Overview of State Financial Outlook & Potential Impact to the SUS

# State Revenue Streams



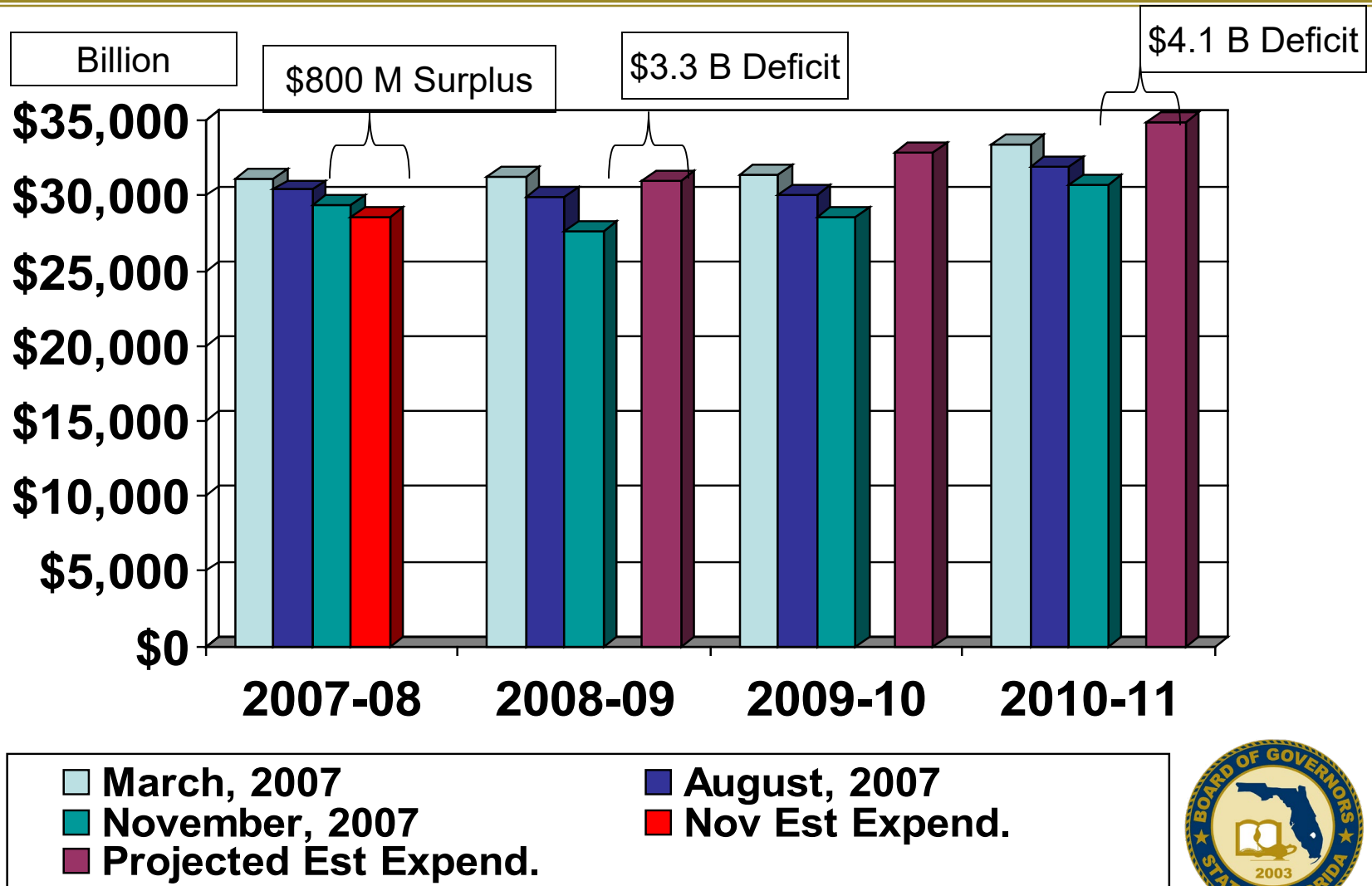
# 2007-08 State Budget - \$70.9 B

(after fall budget reduction of \$1.1 B)



# State Revenue Estimating Conferences

## Total General Revenue



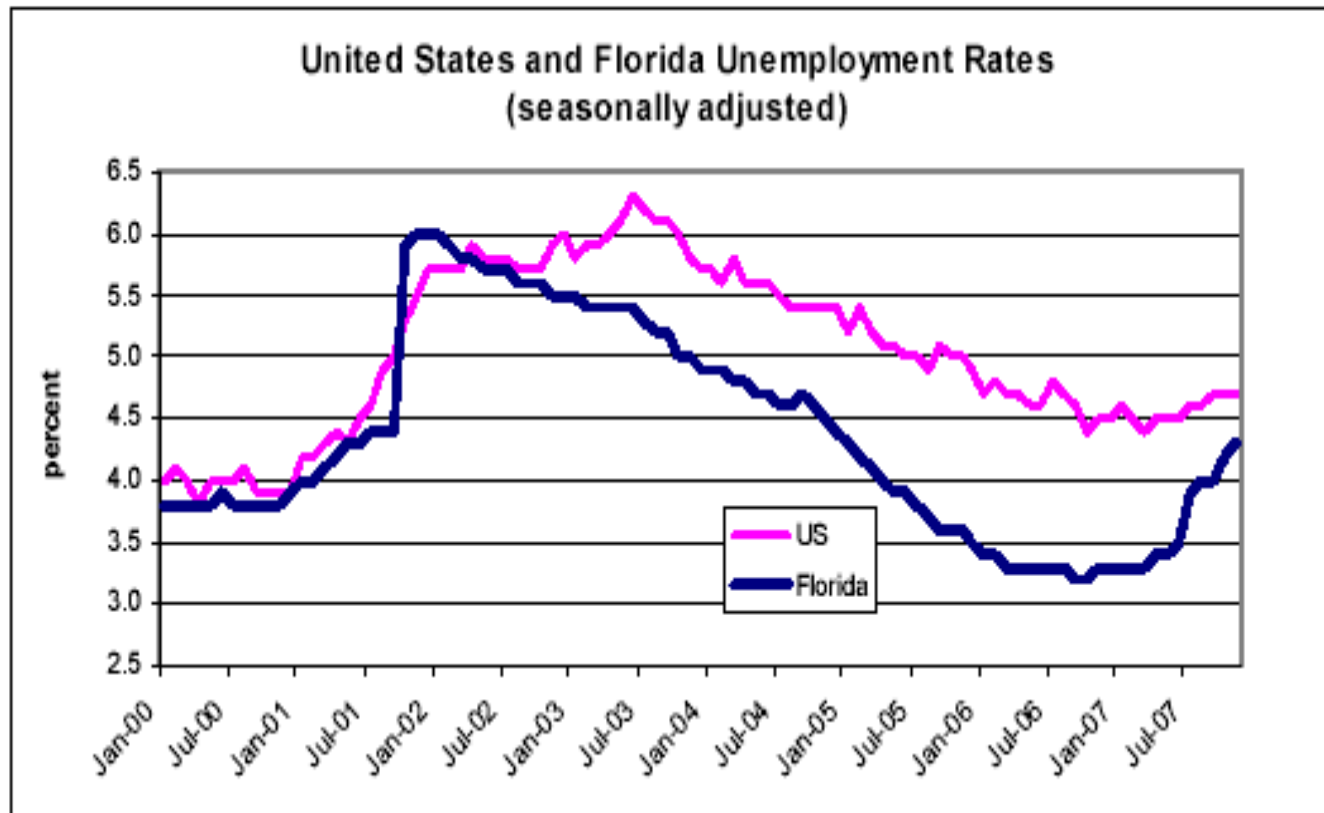
# Revenues Continue to Decline.... The Reason?

- Three major US economic shocks:
  - Home prices falling.
  - Financial markets experiencing worst credit crunch since late 1980s.
  - Record oil prices.
- Here in Florida:
  - Hit hard by the housing-related shocks.
  - Home sales are down.
  - Population growth has slowed.
  - Unemployment rates are inching closer to the US levels.



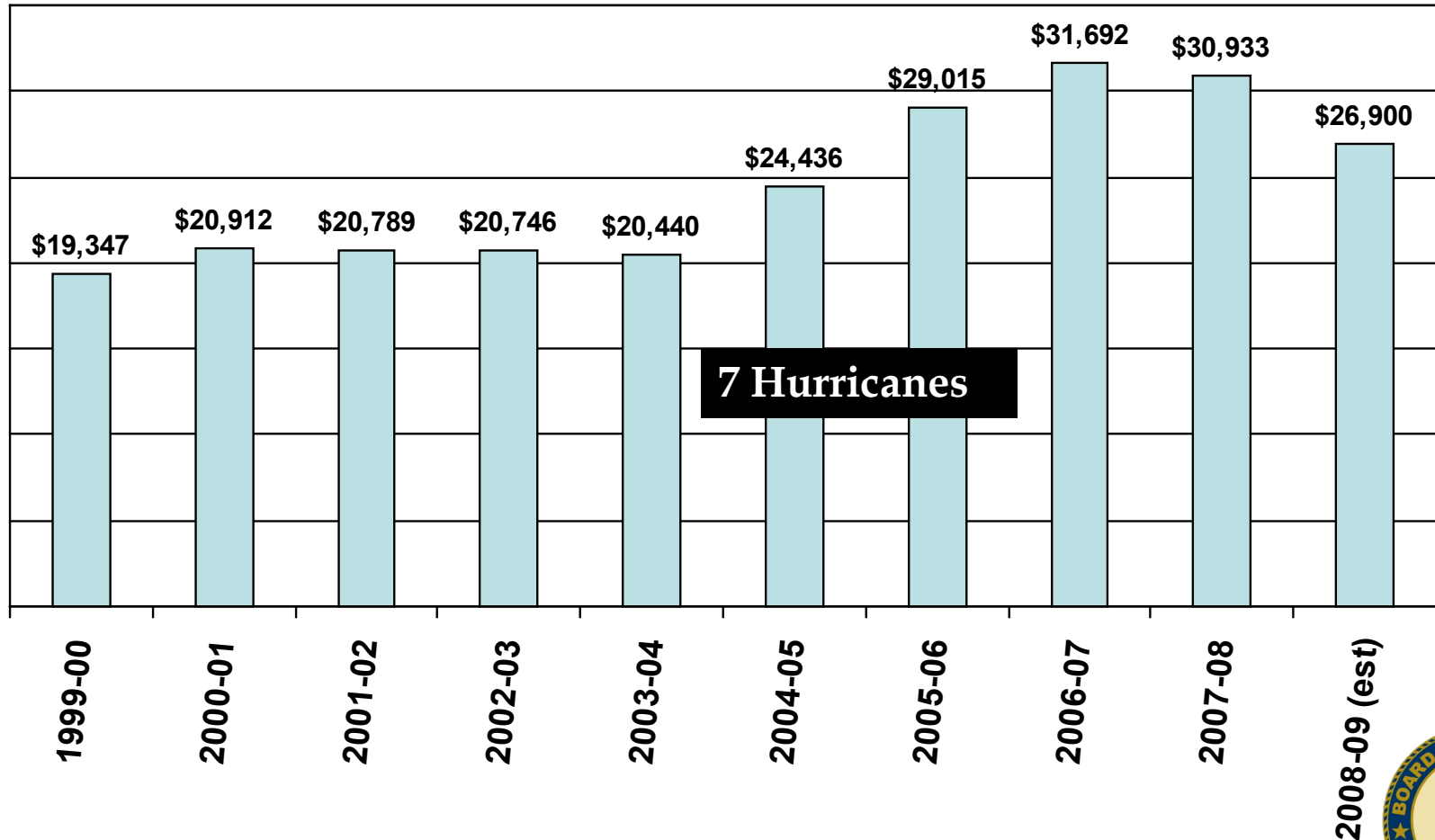


# Revenues Continue to Decline..... The Reason?



# State GR Estimates

## Spring Estimating Conferences



# General Revenue Appropriations Before and After Fall Reductions

	Original GR 2007-08 Appropriation (Billions)	Adjusted GR Appropriation after Fall Special Session (Billions)	GR Reduction (millions)
Education	14,916	14,507	(409)
Health/Human Svcs	7,863	7,662	(201)
Nat'l Resources, Environ., Transp.	575	559	(16)
Criminal Justice	3,875	3,781	(94)
Judicial	469	460	(9)
General Government	1,517	1,478	(39)
<b>Total</b>	<b>\$29,215</b>	<b>\$28,447</b>	<b>(\$768)</b>



# General Revenue Receipts since the Nov. Estimating Conference

	November Revenue Over/(Under) Estimate	Prel. December Revenue Over/(Under) Estimate	Over/(Under) Since November Rev. Est. Conference
Sales Tax	(\$16.1)	(\$25.0)	(\$41.1)
Corporate Tax	9.7	26.4	36.1
Doc Stamps	0.0	(45.9)	(45.9)
Ins. Premium	(10.5)	(0.7)	(11.2)
Intangibles Tax	(6.3)	(6.6)	(12.9)
All Others	8.2	(21.2)	(13.0)
<b>Total GR</b>	<b>(15.0)</b>	<b>(73.0)</b>	<b>(88.0)</b>
Refunds	6.7	2.9	9.6
<b>Net GR</b>	<b>(\$21.7)</b>	<b>(\$75.9)</b>	<b>(\$97.6)</b>

Source: Presentation to House Policy & Budget Council – 1/8/08



# 2008-09 Funds Available

FY 2008-09	Recurring	NR	Total
Beginning Balance	\$0	\$796.2	\$796.2
Revenue Estimate	26,512.9	370.2	26,883.1
Base Budget	(26,615.0)	0	(26,615.0)
Reserve for Ending Balance		(200.0)	(200.0)
Reserve for Downside Risk in Forecast	(500.0)	(250.0)	(750.0)
Funds Available Above Base	(\$602.1)	\$716.4	\$114.3
<b>Must Fund Issues</b>	<b>(\$1,248.7)</b>	<b>(\$910.6)</b>	<b>(\$2,159.3)</b>
<b>Ending Balance / Deficit</b>	<b>(\$1,850.8)</b>	<b>(\$194.2)</b>	<b>(\$2,045.0)</b>

Examples of must fund issues: Medicaid (\$475); K-12 public schools (\$300), Prisons (\$495), property tax amdt impact to public schools (\$161); employee health insurance (\$56)



# State University System 2007-08 GR Budget Impact

Fall 2007 Special Session	Recurring	NR	Total
Fall Special Session - SUS	3.6% (\$82.9)	\$24.7	(\$58.2)
Fall Special Session - Other SUS		(\$6.5)	(\$6.5)
Total	(\$82.9)	\$18.2	(\$64.7)

2.5%

Potential Spring Legislative Action		
Current EOG Holdback - SUS	3.8%	(\$88.7)
Current EOG Holdback - Other SUS		(\$3.7)
Total		(\$92.4)

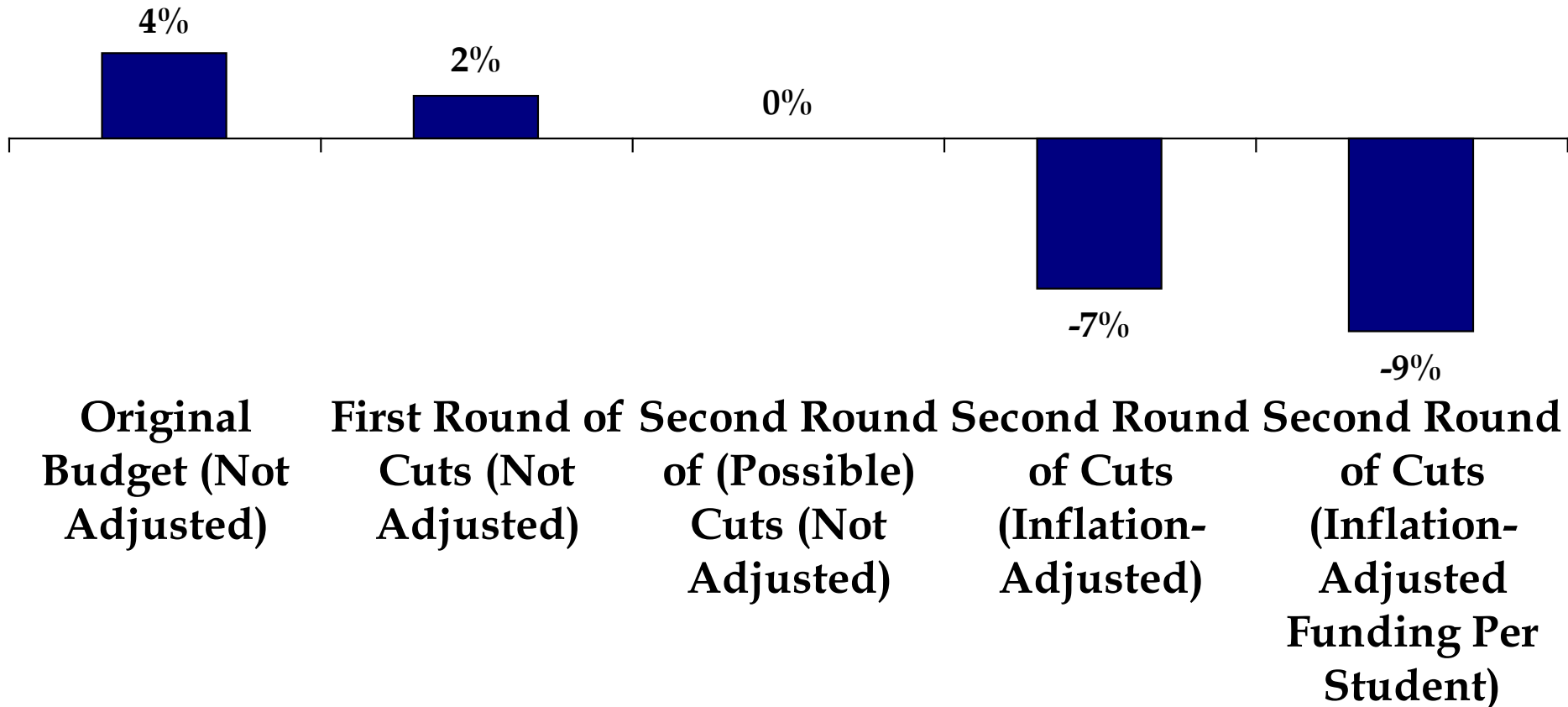


Potential Total 2007-08 Reduction	(\$157.1)
Potential Total 2008-09 Reduction	(\$171.6)

Other SUS = Centers of Excellence, Research Commercialization, Performance Funding



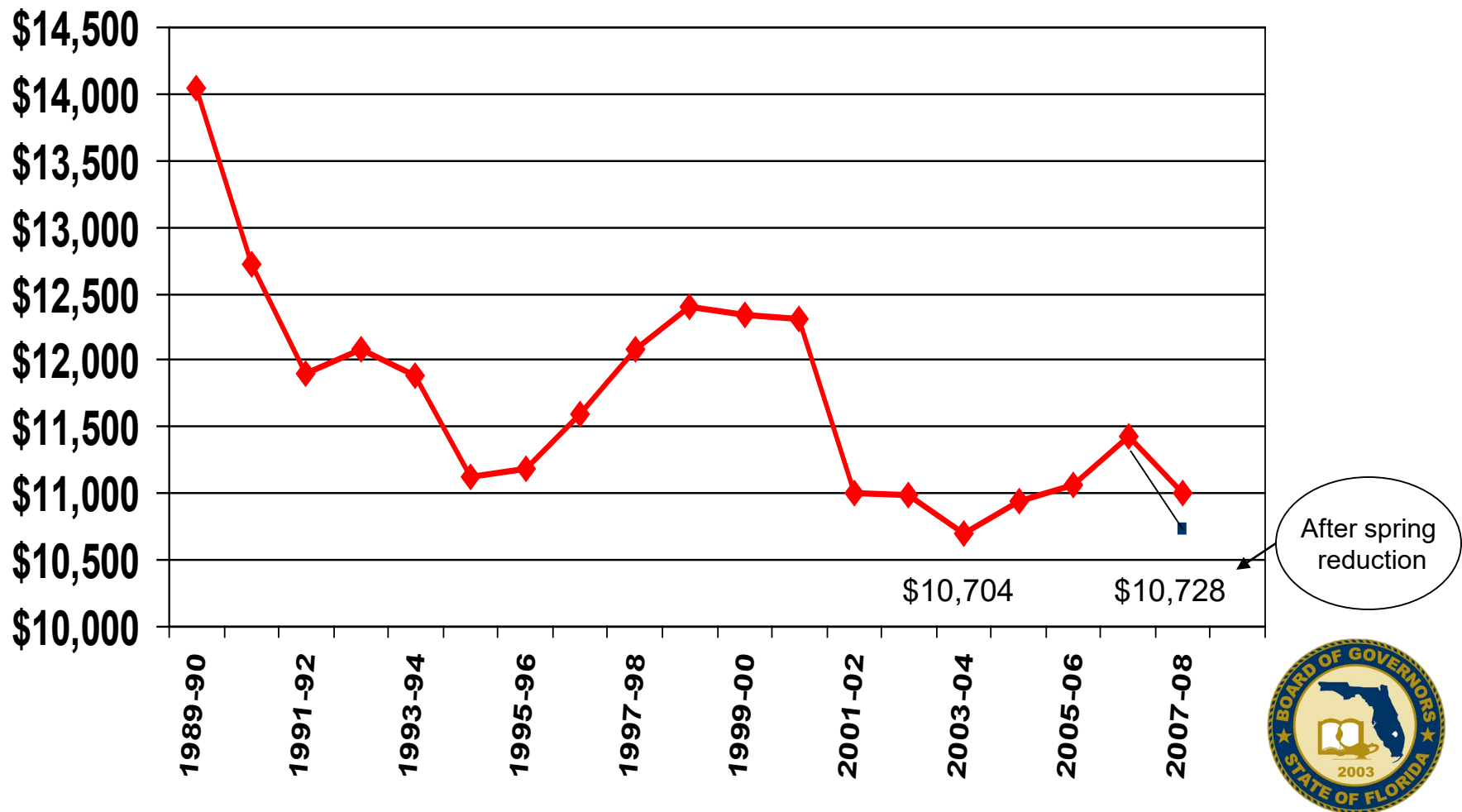
# Budget Cuts Are Compounded by Inflation and Enrollment Growth



*2007-08 Core Revenues (Tuition Plus State Appropriations) Change from 2006-07*

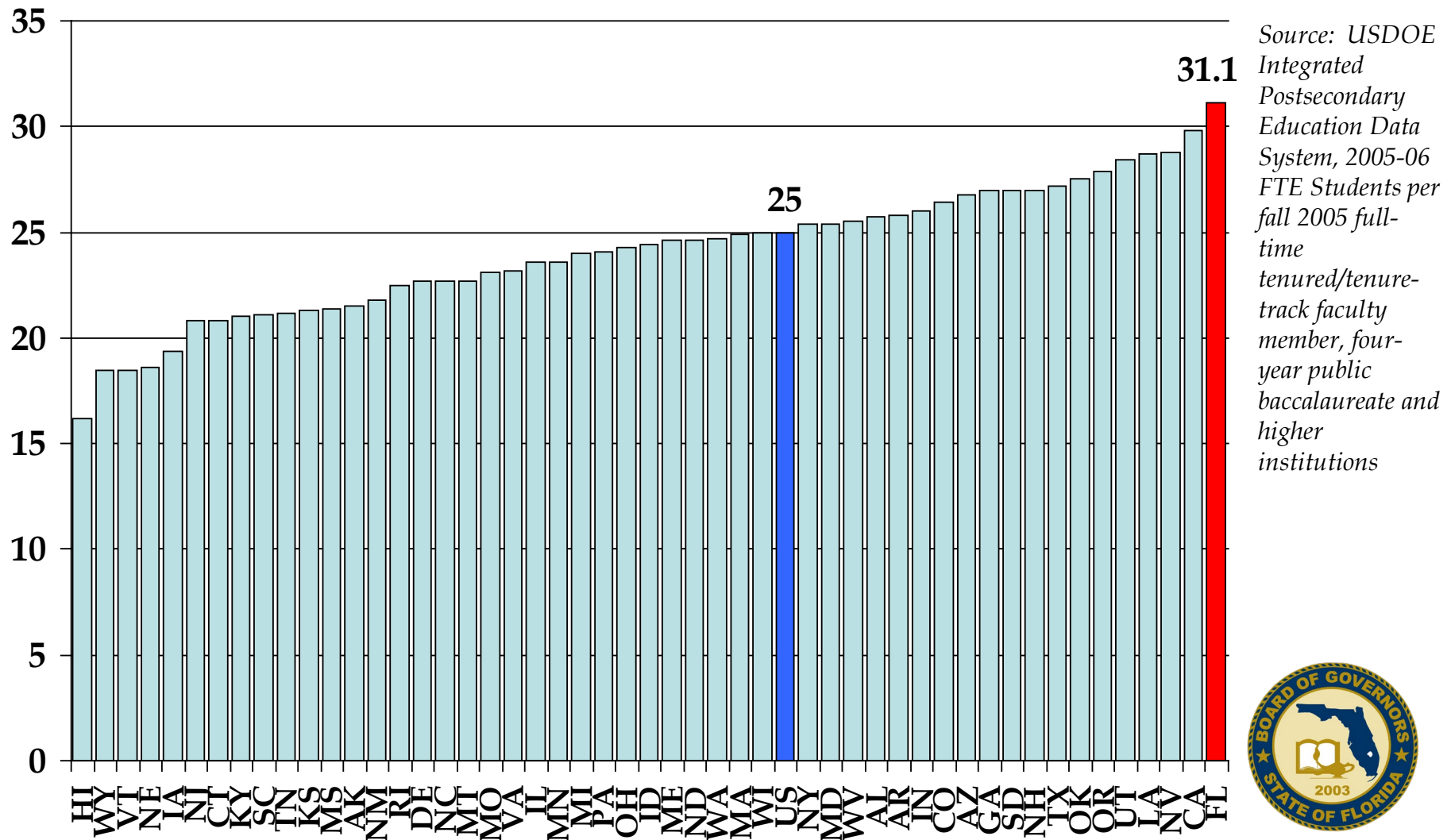


# Total Funding per Full-time Equivalent Student





# Florida Has Worst Student/Faculty Ratio in the United States



# Board General Office

## 2007-08 GR Budget Impact

Fall 2007 Special Session	Positions	Total
Salaries & Benefits (total 65 positions)	(2.0)	(\$158,000)
Other Expenses		(\$137,000)
<b>Total</b>	<b>(2.0)</b>	<b>(\$295,000)</b>

Potential Spring Legislative Action		
Salaries & Benefits (total 63 positions)	(5.0)	(\$186,000)
Other Expenses		(\$91,300)
<b>Total</b>		<b>(\$277,300)</b>

<b>Potential Total 2007-08 Reduction</b>	<b>(7.0)</b>	<b>(\$572,300)</b>
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8.3%

Other SUS = Centers of Excellence, Research Commercialization, Performance Funding





# Appropriate & Predictable Funding

# Appropriate & Predictable Funding

- State revenues continue to decline.
- University costs continue to increase.
- Inflation is on the up-swing:
  - Higher Education Price Index – 3.4%
  - Consumer Price Index – 4.3%
- SUS needs \$100 M to maintain 2007-08 funding level in real dollars.



# Appropriate & Predictable Funding

- Increase total funding to the level necessary to ensure that students have access to a high-quality undergraduate education comparable to that available at peer institutions nationally, as evidenced by such indicators as reduced student-faculty ratios, adequate numbers of courses, and adequate numbers of advisors to facilitate successful progression to a timely graduation.
- Develop a predictable enrollment growth funding formula that promotes access to and expansion of the State University System.
- Develop a revised funding formula that rewards retention and graduation.



# Appropriate & Predictable Funding

- Chancellor has identified four university presidents to develop recommendations.
- University presidents should provide an update to the Budget Committee in March.
- University presidents should present their proposal to the Budget Committee in June.



# An \$88.7 M Cut Amounts to:

<b>Student Enrollment Reduction</b>	<b>15,000</b>
<i>Or</i>	
<b>Faculty Reduction</b>	<b>900</b>
<i>Or</i>	
<b>Library Books not Purchased</b>	<b>1,300,000</b>
<i>Or</i>	
<b>Support Personnel: Police Officers, Counselors, Advisors, Other Student Support</b>	<b>1,800</b>

