

**State University System
Foundation for a World Class System
2008-2009 Budget**

Total Budget Need: \$63.7M

The following provides a brief explanation of the issues presented to the Board for consideration in the 2008-2009 Legislative Budget Request.

1. Regional Medical Partnership w/UM - FAU - Final Year - \$3,300,000

- This is the final year of the phase-in of the regional medical partnership between Florida Atlantic University (FAU) and the University of Miami (UM) that was approved by the Board of Governors at the April 2005 meeting. This four-year regional program with UM Miller School of Medicine and FAU will produce 125 new residency positions.

2. Financial / HR Management Systems - \$23,591,269

- Prior to the universities devolving from the state accounting system, the State Comptroller held the only official accounting system for all state agencies. However, the universities had to purchase and install a Human Resource system to support and control the payroll functions that would be delegated to them in the future. The universities were given a target date of June 30, 2004, to have the systems purchased, installed and functional. Each university developed plans to migrate from the state systems to new Enterprise Resource Planning Systems (E.R.P.).
- By 2003, each university had purchased an E.R.P. product or had partnered with another University to share an E.R.P. product. Six universities (UF, FSU, USF, FAMU, UCF, & FIU) selected the PeopleSoft Suite of products. Five universities (FAU, UWF, FGCU, New College, UNF) selected the Banner/S.C.T. product. By June 2004, all universities had installed the Financial Management Systems and most had assumed the Human Resource and Payroll responsibilities. These E.R.P. systems were challenging to install and very expensive to implement.
- To date, no new state funding has been provided for these systems nor has any funding been provided for the added responsibilities that were associated with devolution such as payroll, tax services, I.R.S. liaison, banking operations, benefit administration, invoice processing, etc. The universities continue to install, enhance and improve these E.R.P. systems to achieve functionality. These "*devolution*" responsibilities

are costly and it is a struggle to find funding among the many priorities of the universities.

- This request seeks funds to assist each university with "remediation" projects to fully realize the benefits of new financial and human resources data systems. Universities continue to develop, modify and implement various components of their financial and human resource systems. The lack of sufficient resources have resulted in universities having to schedule various module implementations over several years, thus not all systems are currently fully functional. It is estimated that it would cost about \$70 million to implement the remaining modules to make the systems functional. This request represents 1/3 of the total cost.

3. 2007-2008 PO&M Phased-in Space - \$3,055,116

- This is the balance of resources required to support the operational costs for 938,642 million gross square feet of new space that will come on-line throughout 2007-2008.

4. 2008-2009 PO&M New Space - \$10,000,000 (estimated)

- During 2008-2009, the State University System expects to increase its facilities inventory. New facilities that will be completed based on the contract substantial completion date during 2008-2009 and that have been approved for construction by the legislature will be included in the new space issue request. Final information will not be available until the end of August.

5. Building Academic & Administrative Support Infrastructure - NCF - \$1,800,000

- Since becoming the eleventh member of the State University System in 2001, NCF has focused on start-up of an academic and administrative infrastructure capable of supporting a freestanding institution. An analysis (MGT of America, 2005) indicated that NCF is significantly under staffed and under funded in delivering all manner of academic and administrative support services to an institution its size. This request is the final year of a three year initiative aimed at completing start-up of a modest but reliable I&R and administrative support infrastructure to include additional staffing and operating expenses.

6. Operational Cost Increases for Libraries, Technology, Utilities, etc.- \$22,020,209

- Continuing increases in library materials, specialized supplies and equipment for teaching and research laboratories, scientific journals, specialized animal facilities, and technologies continue to erode the base budget of universities. In addition, some universities have

obtained FEMA designation as a Disaster Resistant University that carries with it extra costs. Without additional funds to address these types of increases, dollars will continue to be diverted from direct instructional needs to cover these types of increased costs.

- The standard inflation measure for higher education is the Higher Education Price Index (HEPI), which keeps track of the cost of a different "market basket" of goods and services needed by colleges and universities, such as communication and data processing services, scientific equipment, laboratory supplies, library books and journals, and faculty salaries.
- The cost of items in the higher education basket has risen much faster than those in the Consumer Price Index. Since 1983, the Consumer Price Index increased 85 percent while the education index increased 122 percent. Since 1999, the education index has outpaced the Consumer Price Index nearly 2:1. Three higher education items contribute significantly to this differential: scientific journals, laboratory equipment and faculty salaries.
- This calculation is made in accordance with the funding model adopted by the Board in May, 2004. The average higher education price index projection of 3.9% published by the Common Fund was used to calculate the increase on the non-salary base of the SUS educational and general budget.