

**State University System
Special Units and State Initiatives
2008-09 Budget**

Total Budget Need: \$129.4M

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

1. IFAS Research / Extension Workload Issue - \$1,867,929

- This calculation is made pursuant to the funding model adopted by the Board in May 2004. The model generates the funds needed based on actual increases in the delivery methods of extension and research services provided by IFAS. For 2006, there was a total workload increase of 60% in the various delivery methods used to interact with the public.

2. Operational Cost Increases - \$3,213,042

- 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.

3. Base Funding Adjustment - UF/USF Medical Schools - \$16,382,662

- The cost of educating a medical student has been an issue of intermittent concern and frequent discussion/debate over the last several years. Recently a university medical education workgroup, chaired by BOG staff, was formed to develop a 10 year medical education cost plan and assist in determining the actual cost to educate a medical education student. Estimates of cost vary widely but as frequently is the case, much of the variance is a result of how the question is framed. Instructional costs are those costs that can be related directly to the medical doctor (MD) teaching program and its support. Total educational resource costs are those costs supporting all faculty deemed necessary to conduct MD education in all their activities of teaching, research, scholarship and patient care. Jones & Korn "On the Cost of Educating a Medical Student," Academic Medicine, Vol 72, No.3/March 1997, have reviewed studies spanning more than 20 years and find that instructional cost estimates of MD education fall within a fairly narrow range: most are between \$40,000 and \$50,000 per student (adjusted to 1996 dollars). By contrast, estimates of total educational resource costs show greater variation; approximately \$72,000 to \$93,000 per student (adjusted to 1996 dollars). The base cost analysis is based on instructional costs.
- UF and USF Colleges of Medicine financial data have been reviewed; UF has in place an extensive data base that focuses on asset management and cost allocation; USF is developing a similar data base. The UF expenditure per MD student based on this data base is approximately the mid-point of the range identified by Jones & Korn. The 1996 range updated to 2006 by the CPI is \$51,793 to \$64,742 with an average of \$58,267 (rounded to \$58,000 for the analysis).
- The workgroup agreed on the methodology and analysis used to determine the cost of educating a MD student. The total base cost was identified as \$58,000, including student tuition. After deducting for tuition, the state support would be between \$44,000 and \$45,000. This request supports the needs for additional funds for the UF and USF medical school over a 2 year period.

4. FSU College of Medicine - Replace 2007-08 Non-Recurring Funds - \$3,217,938

- This will restore the 2007-08 non-recurring funds to maintain current programs at the Panama City, Ft. Pierce, Daytona Beach and Immokalee medical sites.

- 5. FSU College of Medicine Additional Student Phase-in Costs - \$1,200,000**
 - Pursuant to FSU's enrollment plan for the college of medicine an additional 60 students will be enrolling in the fall of 2008. The additional costs associated with these students will be supported with state funds and student tuition. The state has already advance-funded the college of medicine, thus the additional cost associated with educating these 60 students will be borne by student tuition.

- 6. Medical School Implementation - FIU/UCF - Planning Year 2 - \$16,382,662**
 - This is to continue the second year implementation of the medical school which includes, but not limited to, hiring faculty and staff, developing curriculum, gathering and providing information to the accrediting agency.

- 7. Centers of Excellence (including an External Evaluation) - \$30,250,000**
 - To date \$130 million has been provided to this highly successful program. These funds will be used to provide matching funds to eligible institutions to construct and acquire cutting-edge, state-of-the-art science and engineering research facilities and specialized equipment to support research programs, foster economic development, and accelerate Florida's innovation economy as outlined in Section 1004.226(6), Florida Statutes. In addition, \$250,000 is requested to assist in the evaluation of previously allocated centers of excellence funding and to assist in the review of new potential centers of excellences.

- 8. Major Gifts - \$55,000,000**
 - The major gift matching program has been a successful private/public partnership that has generated over \$1.5 billion in university education endowments to support scholarships, libraries, professorships and eminent scholar chairs. The total estimated need from February 2007 to February 2008 is \$55 million.