

**State University System  
Executive Summary of the  
2005-2006 Legislative Budget Request Issues  
July 16, 2004**

The following is a brief narrative of the issues identified on the Major Issue Summary document.

1. The **2004-2005 Educational & General (E&G) Appropriation**, is the total amount appropriated in the E&G budget entity in the 2004 General Appropriations Act (GAA), less vetoes.
2. State employees will receive a **Salary Bonus** effective December 1, 2004. A Lump Sum appropriation for all agencies, including universities, has been made in the Administered Funds section of the GAA (Specific Item 2065A). These funds have not been released to the agencies at this time; therefore, this is a placeholder for the universities' share of the salary bonus.
3. The State's share of **Health Insurance** premiums is increasing effective January 1, 2005. A Lump Sum appropriation for all agencies, including universities, has been made in the Administered Funds section of the GAA (Specific Item 2067A). These funds have not been released to the agencies at this time; therefore, this is a placeholder for the universities' share of the health insurance increase.
4. A Lump Sum appropriation for **Casualty Insurance Premium Increases** for all agencies, including universities, has been made in the Administered Funds section of the GAA (Specific Item 2067). The adjustments to the premiums have not been released to the agencies at this time; therefore, this is a placeholder for the universities' share of the casualty insurance premiums. These additional funds are provided to the universities with payment made to the State Division of Risk

Management for increases in workers' compensation and general liability insurance costs.

- 5. **2004-2005 Total E&G Appropriation.** This will be the total appropriation once all of the administered funds have been distributed.
  
- 6. **2004-2005 Non-recurring Appropriations** are deducted from the 2004-2005 appropriation resulting in the recurring base budget. The following issues totaling \$186,827,429 were funded with non-recurring resources for 2004-2005:

a. Project "E"	\$ 3,200,000
b. St. Lucie Charter Lab School	\$ 500,000
c. Major Gift Matching	\$93,151,519
d. Major Gift Trust Fund Authority	\$78,497,352
e. Phillips Center for the Performing Arts	\$ 250,000
f. Enhancement Funds	\$ 8,000,000
g. Office for Civil Rights Agreement	\$ 1,000,000
h. Balm Facility Equipment	\$ 843,218
i. Putnam County Hospital Contract	\$ 500,000
j. Minority Participation in Legal Education	\$ 885,340

**Cost-to-Continue Current Programs**

- 7. The appropriation for the health insurance premium increases going into effect on January 1, 2005 will only cover the six months associated with this fiscal year. The additional six months needed for 2005-2006 is known as the **Annualization of 1/1/05 Health Insurance Increase**. This amount has not been determined at this time; therefore, this is a placeholder for the annualization of these funds.

- 8. 2004-2005 PO&M for Phased-In Space;** \$2,393,127 is the balance of resources required to support the operational costs for 1.7 million gross square feet of new space that comes on-line throughout 2004-2005.
- 9. 2005-2006 PO&M for New Space;** \$10,000,000 is the estimated need to support operational costs for new educational space that comes on-line during 2005-2006. These projects have substantial completion dates on or before June 30, 2006. The analysis to complete this review will not be finalized until August.
- 10. Ratio of in-state to out-of-state students;** \$14,368,079. The proportion of out-of-state students enrolling in state universities continues to decline, and the proportion of in-state students continues to increase. General Revenue funding decisions made by the Legislature are based on anticipated tuition revenue using the prior year's ratio of in-state to out-of-state students. If the ratio of out-of-state students declines, then the university receives less revenue than anticipated. This issue requests the state support needed to off-set the loss in revenue.
- 11. Increased Cost of Operations;** \$9,308,231 is calculated based on Florida's Office of Economic and Demographic Research consumer price index projection of 1.43% for 2005-2006. The calculation is made in accordance with the new funding model adopted by the Board in May, 2004.
- 12. Florida Office for Civil Rights Agreement;** \$1,500,000 will be used for initiatives identified in the Florida/OCR Partnership Agreement. In 1995, Governor Lawton Chiles and Secretary of Education Richard Riley developed a collaborative approach to evaluate access of minority students to higher education. In the 2004-2005 legislative budget submission, \$2,500,000 was requested with \$1,000,000 being appropriated. This request for \$1.5 million would complete the funding identified in the Partnership Agreement.

**13. IFAS Research / Extension Workload;** \$1,628,167. The mission of the Institute of Food and Agricultural Sciences (IFAS) is to develop and deliver knowledge to the public. The knowledge is generated, interpreted, and made available by faculty and staff located on the UF campus, in each of the state's 67 counties, and in research and education centers throughout the state. There has been little done to measure changes in research and extension workload. The growth and change of Florida's population and need for extension services has placed a strain on the IFAS budget. The model developed by IFAS uses documented delivery methods (educational material, field consultation, group learning, office consultation, telephone consultation) that are common across all counties, easy to collect, and can be documented through an existing record keeping system. The funding needed to support ongoing IFAS activities was calculated using the funding model adopted by the Board in May 2004.

**14. Major Gifts Matching;** \$32,000,000 is requested to support the major gift matching program. The program provides state matching funds which are an incentive for private support for university scholarships, professorships, and endowed chairs. Funding was provided during the 2004 Legislative session to completely fund the backlog through December 31, 2003. Since that time matching requests totaling \$23.2 million have been received. This request of \$32 million, along with the \$1.7 million in the base, will provide ongoing support for the matching program.

#### **Access, Retention & Graduation**

**15. Access to Higher Education;** Funding of \$78,238,506 is requested to support access to the state universities. Pursuant to Proviso in the 2004 GAA, the Chancellor shall submit a revised five-year enrollment plan by lower, upper, graduate I and graduate II levels to the Florida Board of Governors. The Chancellor has worked with universities to develop this five-year enrollment plan

and recommends funding to support an additional 7,292 full-time equivalent students. The funding needed to support these students was calculated using the funding model adopted by the Board in May 2004.

**16. FSU Medical Education;** \$3,332,764 is requested for the continued implementation of the College of Medicine at Florida State University. This non-traditional model of medical education focuses on a partnership with existing community hospitals, physicians, and other health care providers. The scheduled funding phase-in is as follows:

<b>Fiscal Year</b>	<b>Funding</b>	<b>Status</b>
2000-2001	\$9,575,055	Appropriated
2001-2002	\$4,177,214	Appropriated
2002-2003	\$5,727,693	Appropriated
2003-2004	\$4,256,264	Appropriated
2004-2005	\$4,313,564	Appropriated
2005-2006	\$3,332,764	Requested
2006-2007	\$2,299,700	
Total	\$33,682,254	

**17. FAMU Law School;** \$3,500,000 is requested for the continued implementation of the Florida A&M University Law School located in Orlando. The scheduled funding phase-in is as follows:

<b>Fiscal Year</b>	<b>Funding</b>	<b>Status</b>
2000-2001	\$2,500,000	Appropriated
2001-2002	\$2,500,000	Appropriated
2002-2003	\$2,312,500	Appropriated
2003-2004	\$1,300,000	Appropriated

2004-2005	\$1,000,000	Appropriated
2005-2006	\$3,500,000	Requested
2006-2007	\$1,887,500	
Total	\$15,000,000	

**18. Florida Education Fund (FEF) – Centers of Excellence Program - \$150,000;**

This program was established in 1985 to identify and motivate historically underrepresented elementary and secondary students to subscribe to academic skill development, career awareness, and increased exposure to higher education. In 1988, the funding was increased to \$300,000 and has remained at this level. These additional funds would provide continued support for various FEF activities, such as the statewide Brain Bowl competition.

**Meeting Statewide Professional & Workforce Needs**

**19. Targeted Critical State Needs;** \$24,640,804 is requested to address the State of Florida’s critical shortages of qualified personnel in the fields of Nursing, Teaching, Engineering, and Information Technology. Additional detail is provided in Attachment II.

**Building World-Class Academic Programs & Research Capacity**

**20. Academic Enhancements;** \$87,507,136 or \$105,531,243. These funds would focus on the Board of Governor’s Strategic Plan to continue building world class academic programs and research capacity. These funds would give the universities flexibility to address issues such as research and economic development, graduate research and teaching assistant health insurance, recruiting and keeping quality faculty and staff, and/or community or institutional issues

needed to meet the Board's Goals and Objectives. At a minimum, institutions will be expected to improve graduation rates, minimize the number of excess hours, implement programs and services that expedite student movement from access to graduation, provide incentives for students to graduate in a timelier manner, efficiently utilize buildings, and implement policies that strongly support the Strategic Plan. Each university would be required to provide a report to the Board on the intended use of these funds to meet the goals of the Board.

**21. Florida Center for Library Automation;** \$4,144,056 is requested for new and improved services. The growth in student enrollment requires more computer capacity as the demand for library services increases. These funds will be focused on providing access to library material in the disciplines of science, technology and medicine. A portion of these funds (\$2.1 million) will be non-recurring and used for the one-time purchase of back files, such as the Elsevier Electronic Journals, Web of Science files from 1945 – 1991, and CQ Research from 1991 to the current year.

**22. Programs of Preeminence;** \$5,000,000 will create a competitive pool of dollars for enhancing specific academic programs to the status of national prominence. This is predicated on the assumption that when dollars go directly to the targeted program in question, and with clear outcome expectations, fewer dollars are needed to make a substantial impact with respect to achieving national prominence for a select set of programs across Florida. For the purposes of this project, a program is said to be “preeminent” when it has (1) documented high quality; (2) documented external recognition of its high quality; and (3) documented national or international prominence. To be considered preeminent, a program must meet all three of these criteria.

**23. Centers of Excellence;** \$20,000,000 will be used to identify and pursue opportunities to promote the research required to develop commercially promising, advanced, and innovative technologies and to transfer those

technologies to commercial sectors. In 2002-2003, \$30,000,000 was awarded to three state universities (UF, UCF, and FAU).

**24. Florida Lambda Rail Project - Internet 3;** \$2,781,492 is requested. This project is part of a larger national network, the National Lambda Rail Project, linking research institutions around the country. This initiative would establish the next-generation networks needed to support large-scale research, education outreach, public/private partnerships and information technology infrastructure essential to economic development.