

State University System
2004-2005 Legislative Budget Request
Major Issue Summary
August 7, 2003

Attachment I

	Scenairo 1	Scenairo 2	Scenairo 3
1 2003-2004 Appropriation	\$1,916,275,784	\$1,916,275,784	\$1,916,275,784
2003-2004 Adjustments to the Base			
2 Retirement Rate Increase 7/1/03*	\$1	\$1	\$1
3 Salary Increases 12/1/03*	\$1	\$1	\$1
4 Health Insurance Adjustments 12/1/03*	\$1	\$1	\$1
5 2003-2004 Non-recurring Appropriations	(\$67,756,289)	(\$67,756,289)	(\$67,756,289)
2003-2004 Adjusted Base	\$1,848,519,498	\$1,848,519,498	\$1,848,519,498
<u>Cost-to-Continue Current Programs</u>			
6 Annualization of 12/1/03 Health Insurance Increase*	\$1	\$1	\$1
7 Annualization of 12/1/03 Salary Increase*	\$1	\$1	\$1
8 2003-2004 Phased-In Space	\$2,708,577	\$2,708,577	\$2,708,577
9 2004-2005 New Space **	\$10,000,000	\$10,000,000	\$10,000,000
10 Florida Center for Reading Research	\$1,593,600	\$1,593,600	\$1,593,600
11 Major Gifts Matching***	\$60,000,000	\$60,000,000	\$60,000,000
12 Florida Office of Civil Rights Agreement	\$2,500,000	\$2,500,000	\$2,500,000
Total Cost-to-Continue	\$76,802,179	\$76,802,179	\$76,802,179
<u>Access to Higher Education</u>			
13 Enrollment Growth/Over-Enrollments - 16,460 / 6,078 / 11,689 FTE	\$113,500,000	\$42,300,000	\$81,800,000
14 Medical Education - 60 FTE	\$4,313,564	\$4,313,564	\$4,313,564
15 Law School - 98 FTE	\$1,000,000	\$1,000,000	\$1,000,000
Total Access to Higher Education	\$118,813,564	\$47,613,564	\$87,113,564
<u>State Critical Needs</u>			
16 Nursing, Teaching, Information Technology	\$11,729,320	\$11,729,320	\$11,729,320
17 Targeted Program Enhancements	\$1,000,000	\$1,000,000	\$1,000,000
Total State Critical Needs	\$12,729,320	\$12,729,320	\$12,729,320
<u>Research/Economic Development/Graduate Education</u>			
18 Programs of Prominence	\$5,000,000	\$5,000,000	\$5,000,000
19 Centers of Excellence	\$20,000,000	\$20,000,000	\$20,000,000
20 Florida Lambda Rail Project - Internet 3	\$2,448,932	\$2,448,932	\$2,448,932
21 Research/Economic Development	\$19,903,509	\$19,903,509	\$19,903,509
22 Technological Expansion	\$1,575,640	\$1,575,640	\$1,575,640
Total Research/Economic Development/Graduate Education	\$48,928,081	\$48,928,081	\$48,928,081
Total Cost-to-Continue, Access, State Critical Needs, Research	\$257,273,144	\$186,073,144	\$225,573,144
Total 2004-2005 Budget Request	\$2,105,792,642	\$2,034,592,642	\$2,074,092,642
Increase over 2003-2004 Appropriation	\$257,273,144	\$186,073,144	\$225,573,144
% Increase Over 2003-2004 Appropriation	9.89%	6.17%	8.24%

*This is a placeholder until calculations of the universities' share of these resources is completed by the Executive Office of the Governor.

**Estimated

*** Section 1011.94(1) F.S. requires all appropriations for major gifts to be deposited in the Major Gifts Trust Fund. Therefore, additional budget authority totaling \$40 million will be requested.

**State University System
Executive Summary of the
2004-2005 Legislative Budget Request**

The following is a brief narrative of the issues in the 2004-2005 Legislative Budget Request for the State Universities. The numbers correspond to the issues on the Major Issue Summary document.

1. This issue, **2003-2004 Appropriation**, is the total amount appropriated in the Educational and General budget entity in the 2003 General Appropriations Act (GAA).
2. The State contribution for employee **Retirement Rates** has increased from 5.76% to 7.39% effective July 1, 2003. A Lump Sum appropriation for all agencies, including universities, has been made in the Administered Funds section of the GAA (Specific Item 1950B). These funds have not been released to the agencies at this time, therefore, this is a placeholder for the release of these funds.
3. State employees will receive a **Salary Increase** effective December 1, 2003. A Lump Sum appropriation for all agencies, including universities, has been made in the Administered Funds section of the GAA (Specific Item 1945L). These funds have not been released to the agencies at this time, therefore, this is a placeholder for the universities' share of the salary increase.
4. The States share of **Health Insurance** premiums are increasing effective December 1, 2003. A Lump Sum appropriation for all agencies, including universities, has been made in the Administered Funds section of the GAA (Specific Item 1947). These funds have not been released to the agencies at this time, therefore, this is a placeholder for the universities' share of the increase.

5. **2003-2004 Non-recurring Appropriations** are deducted from the 2003-2004 appropriation resulting in the base budget to which new requests are added. The following issues totaling \$67,756,289 are funded with non-recurring resources:

a. Florida Center for Reading Research	\$ 1,593,600
b. Florida Center for Teachers	\$ 375,000
c. Challenge Grants	\$65,151,141
d. Minority Participation in Legal Education	\$ 636,548

Cost-to-Continue Current Programs

6. The appropriation for the health insurance premium increases going into effect on December 1, 2003 will only cover the seven months associated with this fiscal year. The additional five months needed for 2004-2005 is know as the **Annualization of 12/1/03 Health Insurance Increase**. This amount has not been determined at this time, therefore, this is a placeholder for the annualization of these funds.
7. The appropriation for the salary insurance increase going into effect on December 1, 2003 will only cover the seven months associated with this fiscal year. The additional five months needed for 2004-2005 is know as the **Annualization of 12/1/03 Salary Increase**. This amount has not been determined at this time, therefore, this is a placeholder for the annualization of these funds.
8. **2003-2004 Phased-In Space**, \$2,708,577 is the balance of resources required to support the operational costs for 1,513,513 gross square feet of new space that comes on-line throughout 2003-2004.
9. **2004-2005 New Space**, \$10,000,000 is the estimated need to support operational costs for new educational space that comes on-line during 2004-2005. These projects have substantial completion dates before June 30, 2005.

10. **Florida Center for Reading Research**, \$1,593,600 is requested for the continued support for this Florida State University Center whose mission is to discover, create, catalog, disseminate and apply the most current reading research in Florida Classrooms. This issue was funded with non-recurring resources in 2003-2004.
11. **Major Gifts Matching**, \$60,000,000 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. The backlog of gifts waiting to be matched exceeds \$100 million. This request embarks on a three year effort to eliminate the current backlog and keep up with new matching requests.
12. **Florida Office of Civil Rights**, \$2,500,000 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. This request would complete the funding identified in the Partnership Agreement.

Access to Higher Education

13. **Enrollment Growth**, funding is requested to support access to the state universities. Pursuant to Proviso in the 2003 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.
14. **Medical Education**, \$4,313,564 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:

Fiscal Year	Funding	Status
2000-2001	\$9,575,055	Appropriated
2001-2002	\$4,177,214	Appropriated
2002-2003	\$5,727,693	Appropriated
2003-2004	\$4,256,264 (less \$424,872 for budget reductions)	Appropriated
2004-2005	\$4,313,564	Requested
2005-2006	\$3,332,764	
2006-2007	\$2,299,700	
Total	\$33,257,382	

15. **Law School**, \$1,000,000 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:

Fiscal Year	Funding	Status
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	Requested
2005-2006	\$3,500,000	
2006-2007	\$1,887,500	
Total	\$15,000,000	

State Critical Needs

16. **Nursing, Teacher, Information Technology**, \$11,729,000 is requested to address the State of Florida's critical shortages of qualified personnel in the fields of Nursing, Teaching, and Information Technology.

17. **Targeted Program Enhancements**, \$1,000,000 is requested for financial incentives for targeted programs of enhancement (to be determined over the next year) that support the Board's vision. During the 2003-2004 fiscal year, the Board of Governors is developing the Strategic Plan for the universities. It is expected that the Board will target specific programs, services and/or activities that support the Board's long-range plan for universities in Florida.

Research, Economic Development, Graduate Education

18. **Programs of Prominence**, \$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.

19. **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, FAU).

20. **Florida Lambda Rail Project - Internet 3**, \$2,448,932 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 IT infrastructure essential to economic development. This project is scheduled for completion in 2008-2009 at an estimated cost of \$14.4 million.

21. **Research/Economic Development**, \$19,903,509 is requested for new and continuing research and economic development activities. Pursuant to a study completed by Florida State University, the State University System yields a return to the State's economy of approximately \$10 for every state taxpayer dollar invested. The university systems role in the new economy is vital to sustaining the economic prosperity of the State.

22. **Technological Expansion**, \$1,575,640 is requested to support initiatives at Florida Gulf Coast University and New College of Florida. This funding will enhance educational technology and delivery of instruction for faculty and students.