



Budget Town Hall
Meeting
April 6, 2009

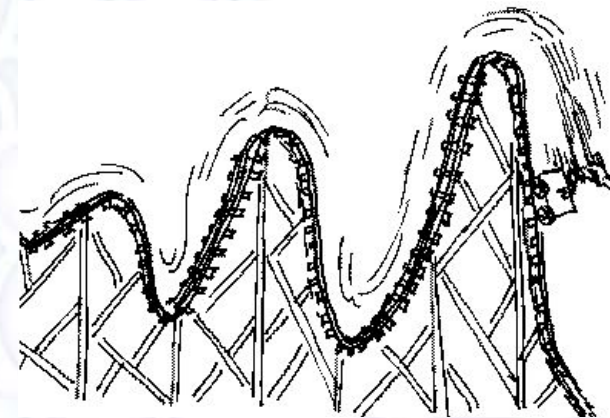
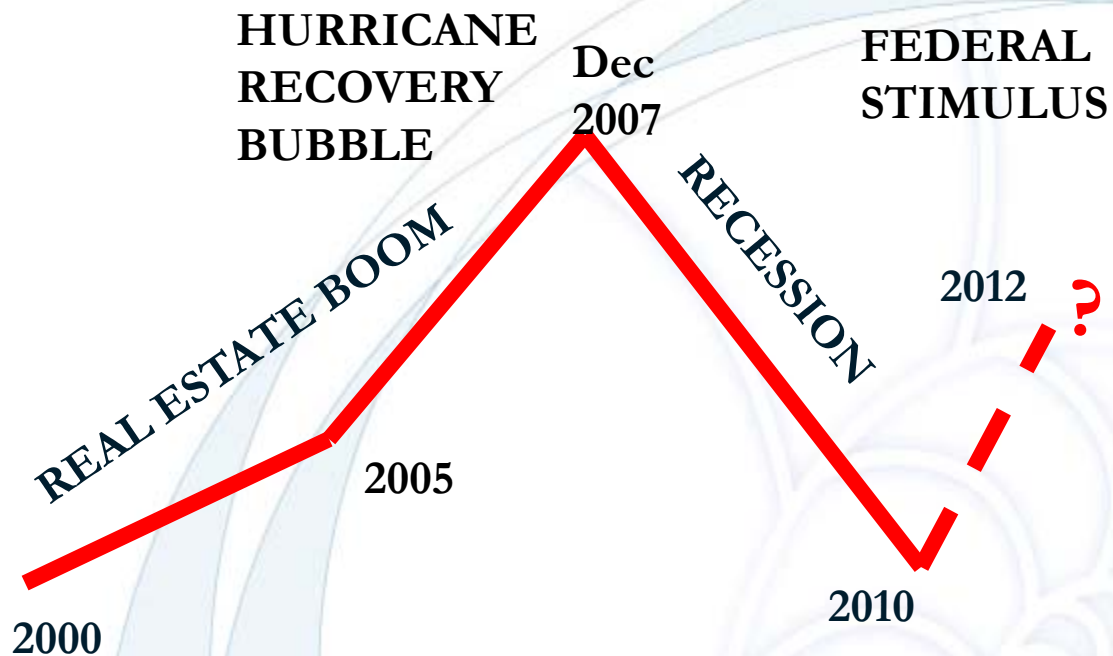
Topics

- Overview of State Financial Situation
- Overview of Legislative Budget Process
- Budget Assessment Results
- Budget Reduction Process 09/10
- Q&A

FLORIDA'S REVENUE PROBLEMS

- Based on **GROWTH** and **SPENDING**
- **PROBLEMS WITH NO GROWTH**
 - Population Decrease
 - Decrease In State Revenue
 - Sales Tax, Real Estate Transactions, Fees
- Effect Of The Post-Ivan “Bubble”

STATE BUDGET ROLLER COASTER



LEGISLATIVE BUDGET PROCESS

- Annual Budget is Based on a **Projection** of next year's income
- **March Estimate** is Used to Build the Next Year's Budget
- Revenue **Estimating** Committee Meets Quarterly

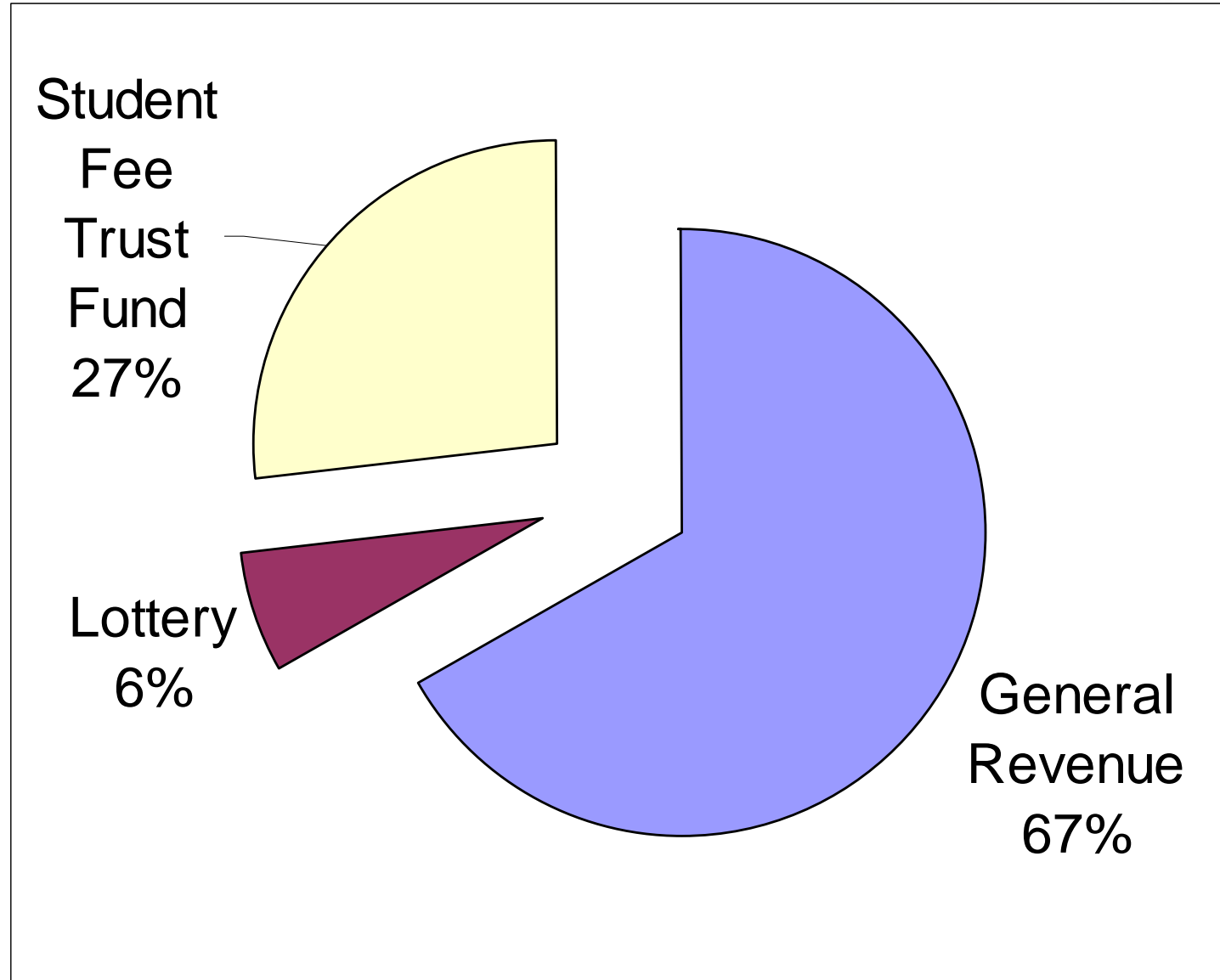
LEGISLATIVE BUDGET PROCESS AND TIMELINE

1. **JANUARY:** Governor Proposes a Budget
2. **MARCH-APRIL:** Legislature passes a budget bill
 - *Early April:* House and Senate pass budget bills
 - *Late April:* Joint Conference Committee Settles Differences
3. **May 1:** Legislature passes final budget bill
4. **May:** Governor's staff reviews Legislative Budget
 - Line item veto authority
5. **Late May-Early June:** Governor signs the budget
6. **July 1:** Budget is implemented

Getting Through the Fiscal Year

- New Budget July 1
- If a Shortfall is Suspected Funds are Held Back from the beginning (occurred last 2 years)
- If Revenue Collection is too **Low**, a Special Session Called to formally reduce budget
- 4TH Quarter (April-June) this year: **Holding Back 15%** from agencies— **cash flow problem**

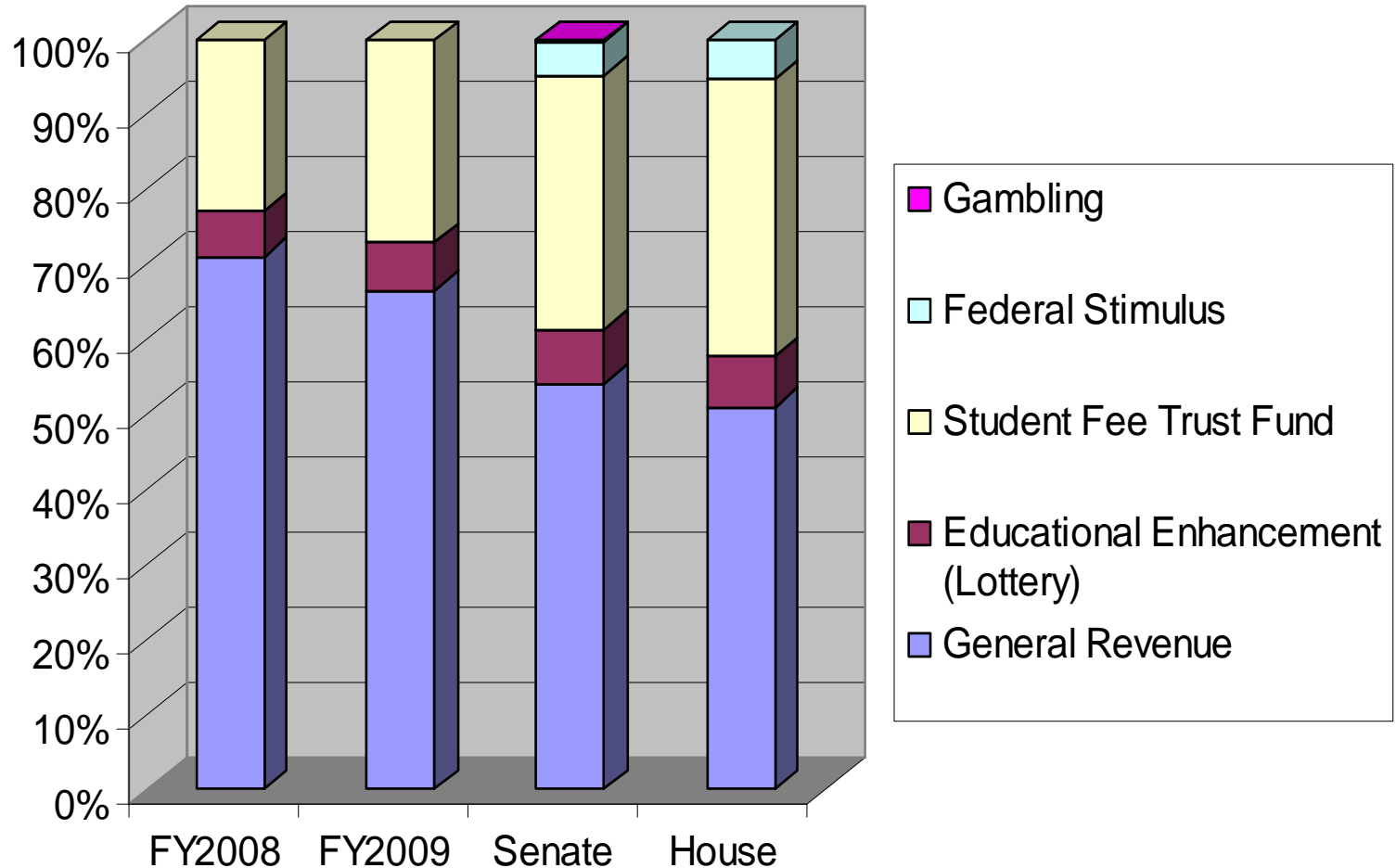
UWF Budget Make-up



Current Legislative Budget

Proposal	Senate	House
<u>Base</u> GR Reduction	9%	24%
Stimulus Funds	\$155,108,966 Non-recurring	\$164,934,967 Non-recurring
Tuition Increase	8% (all students)	7% (all students)
Tuition Differential	7%	8%
Expanded Gambling	\$10,000,000	None
Final Result	+5.57%	-3.41%

Budget Mix



We're Not Alone in Budget Reductions

<u>State</u>	<u>% Reduction in Funding</u>
Nevada	36%
Illinois	25%
Missouri	25%
Washington	19%
Virginia	15%
Iowa	15%
North Dakota	14%
Tennessee	13%
Idaho	12%
Georgia	12%
Louisiana	11%
Arizona	10%
California	10%

Our Financial Position

The Budget Assessment



Why?

1. Part of the Presidential transition
2. Budget is VERY decentralized
3. Need to establish common definitions
4. Many misperceptions about our budget
5. Transparency issue
6. Understand previous budget reductions

THE ASSESSMENT TEAM

- Headed by **Dr. Susan Stephenson**, Executive Director of the UWF Foundation
- The Team was all the Budget Managers from all four Divisions, Internal Auditing, President's Office, and Financial Affairs
 - Angela Wallace; Betsy Bowers; Colleen Asmus; Shelly Blake; Tammy McGuckin; Valerie Moneyham; Kimberly Spear

Significance of this Budget Assessment

1. **FIRST** in the history of the University
 - Comprehensive, transparent, coordinated
2. **Definitions** established
 - Our budget is **VERY DECENTRALIZED**
 - Essential to internal comparison
3. **AGREEMENT AND TRUST** between all budget managers

The Report

- **378 pages:** 39 text, 339 spreadsheets in Appendices
- Everything is available on the Budget website

<http://www.uwf.edu/president/budgetinfo.com>

Results : Highlights

- Sound financial health
- All questions were addressed
- All University cash is properly accounted for
- No duplicate counting of cash
- Annual State Attorney General audits

Two Types of Money

- Recurring:
 - Recurs every year
 - If unspent, it carries forward to next year
 - General revenue
 - Tuition (amount varies with enrollment and student mix)
 - Lottery (amount varies)
- Non-recurring
 - Does not recur; when it is spent it is gone

Budget Reduction 07-08

Reductions	Dollar Amount	Percentage of FY2008 Budget
Phase I	\$2,484,032	2.45%
Phase II	\$2,601,203	2.56%
Phase IIIa	<u>\$1,777,165</u>	1.75%
Subtotal All Phases	\$6,862,400	6.76%
07/08 Total State Budget Reductions	(\$5,068,045)	4.99%
Establish Central Recurring Reserve (Phase II)	(\$1,599,258)	1.58%
Divisional Holdback (Phase IIIb) for 2008-09	(\$1,963,171)	1.93%
Additional Divisional Holdback (for 08-09)	(\$233,337)	0.23%

Reductions 08-09

Divisional Holdback	\$1,963,171
Unallocated Central Recurring Funds	673,267
Total	\$2,636,438

Budget Reduction Summary

Total Reduction in our state-supported E&G

07-08 \$6,862,400

08-09 \$2,636,483

\$9,498,883 = 12.1%

Primary Source of Budget Reductions

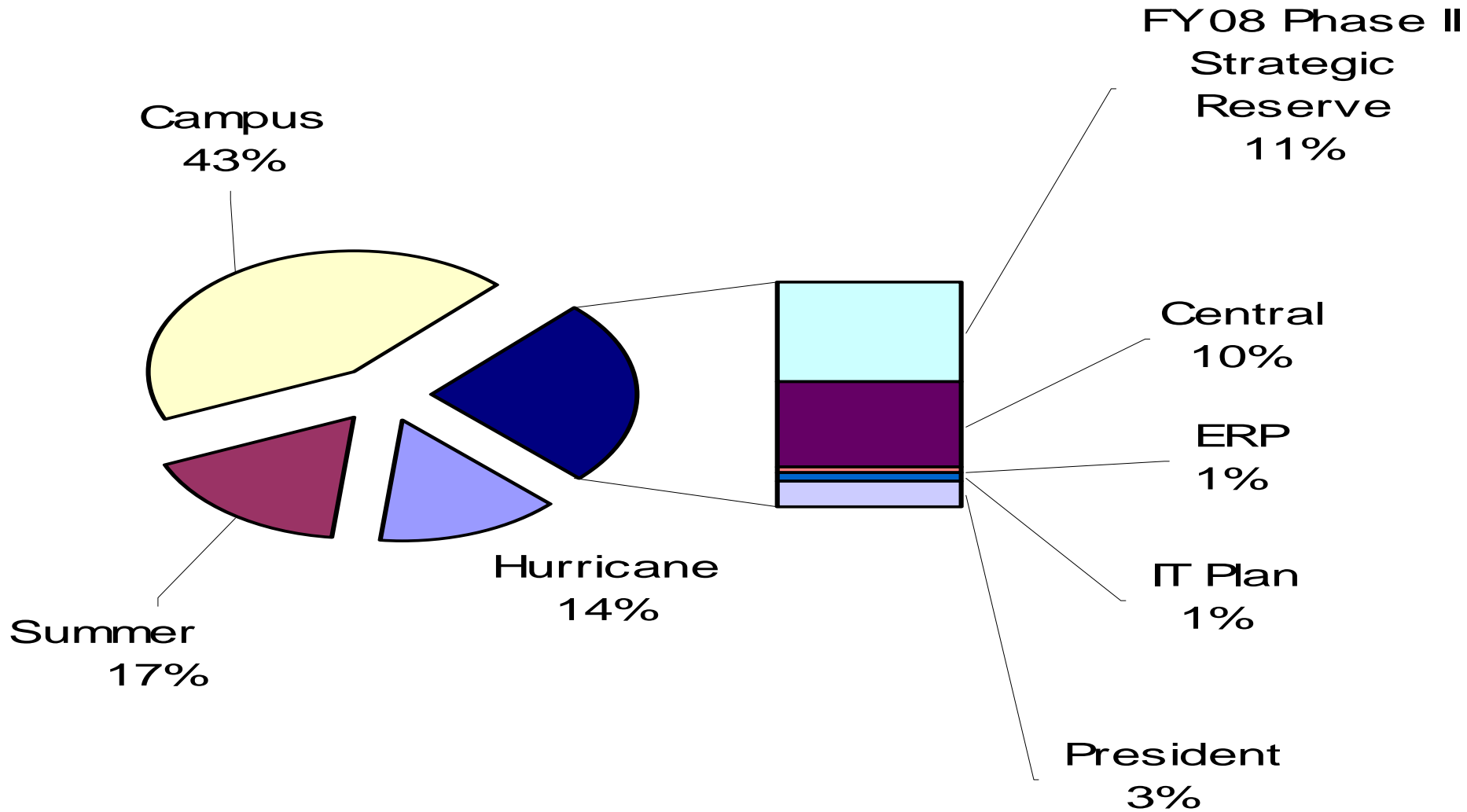
PEOPLE-FRIENDLY APPROACH

- 79 Vacant positions
- 22 unused positions
- 16 affected positions

What's left in Central Recurring Reserve

Central Strategic Reserve	\$1,599,258
Unallocated Tuition Increase	<u>165,135</u>
	\$1,764,393

Carry Forward Cash = 1 Time Savings





The Current Budget Reduction Process

The Process

- ✓ **Board of Trustees Retreat (Aug 23, 2008)**
- ✓ **Guiding Philosophies & Principles**
- ✓ **Strategic Plan**
- ✓ **Budget Input Session**
- ✓ **Budget Website**
- ✓ **Budget Assessment Report**
- **Follow the Legislative Session & Prepare for Possible FY2010 Budget Reductions**

Guiding Philosophies & Principles

1. The **UWF Strategic Plan** will guide the process.
2. Reductions will be made strategically; **not** across the board.
3. Instruction, direct support for instruction, student services and critical areas will receive a **discounted** rate of reduction.
4. The Divisions are working on 7% and 12% reduction models.

Why Do Budget Reduction Planning?

- Amount of reductions to next year's budget will not be known until June
- Could be more reductions during 2009-10
- The reductions to General Revenue (already 12.1%) will NOT be returned when the economy comes back
- Tuition increases have a limit (tipping point)
- State universities are going from **state supported** to **state assisted**--- we must have a different business plan for the University based on performance, workforce needs, graduation rates, placement of graduates

Questions

- Pay cuts, pay raises?
 - All terms and conditions of employment are subject to duly noticed collective bargaining meetings or HR Policy
- Reduction of overhead?
 - it is under review in the budget reduction exercises
- How can we increase enrollment and reduce faculty?
 - We will try our best to maintain our low faculty-student ratio if we increase enrollment; we are confident our ratio will remain the lowest in the SUS

Questions

- Will there be layoffs?
 - Not ruling them out; if they occur, we will work within collective bargaining and HR policies. There could be consolidations, program reductions, eliminations, etc.

Questions

- Tuition increase? Yes
 - Authority to increase tuition comes from legislature
 - 2 types of increases:
 - state increase (all students) and differential (Board of Trustees)
 - “Big 5” Universities have had authority to raise tuition last 2 years; raised it 30-40%
 - Tuition Bill in legislature will allow up to 15% increase
 - Part state (7-8%) rest up to Board of Trustees
 - BOT tuition increases can be selected for residents, out of state, undergraduate and graduate students

Questions

- Emerald Coast Campus Plan?
 - We are a **regional University** with a mandate to serve West Florida from Pensacola to the Apalachicola River
 - Without the Emerald Coast, it will become the “University of Pensacola” and very vulnerable
 - We are looking critically at all aspects of operations just as we are on the main campus

Questions

- When will we know whether jobs will be impacted by budget cuts?
 - Early June

Any More Questions?

