May 11, 2009

TO: 
Members of the Florida State University community

FROM: Lawrence G. Abele  
Provost and Executive Vice President of Academic Affairs  
Chair of the Budget Crisis Committee

SUBJECT: Budget Update

Over the last few days, I have received comments and e-mails from many of you regarding the outcome of the budget negotiations in the Legislature. Like you, I welcomed the move of the negotiators away from the most drastic positions taken during the session. I am pleased that employee health benefits were once again funded, for example, and that university employees were spared the 2% salary reduction enacted for most other state workers. I believe the Legislature reinforced a valuable precedent when they provided the operating funds for previously funded facilities now coming on-line. While the monies for new facilities were not all we had hoped, we received funding to begin planning a number of critical projects including the construction of a new library addition and the renovation of much needed laboratory space. Perhaps most important, the legislature continued our ability to charge differential tuition, establishing the basis in the long run for improved funding prospects.

Having said all this, it is important to stress that most of the published reports as well as comments by members of the Board of Governors are misleading about the dire budget situation still facing Florida State University. Rather than the optimistic scenario sketched in many reports, the Legislature left us with a daunting task in the coming weeks to reduce our spending. Even though the overall funding of the State University System was up slightly after the reductions mandated in the Legislature’s January special session, Florida State will see decreases, not increases. Fundamentally, the details of our FSU budget are sobering and disappointing. Basically, the Legislature funded our continuing operation costs with non-recurring funds.

The real financial situation we are facing can be seen in Figure 1, which outlines our cuts since 2007. Since 2007, FSU’s budget has been cut just under $82 million.

Through careful planning, the Board of Trustees positioned the university to absorb the 2007 and 2008 budget cuts. Now we must deal with a new reduction of $44 million in recurring funds on top of the cuts of $12 million enacted in January – a total of $56
million from the 2009-10 budget dollars that support the educational needs of our students. In addition to these cuts, our College of Medicine is also cut another $3.6 million. (While Florida State is facing this new $44 million cut, UF is facing a $54 million cut, UCF, $38 million, and USF, $32 million.) This $44 million reduction is twice the size of any cut the university has ever had to face. By way of comparison, one day’s furlough saves just over $1 million – a tiny amount when compared to the amount that must be cut. A reduction of this size will touch every aspect of campus and, if it is to be resolved without damaging our institution, will require all the dedication, creativity and energy of everyone on campus in the days ahead.

Some of the difficulties created by these reductions will be eased by the Legislature’s use of federal stimulus funds. This coming year, and perhaps the year after next, the university will receive about $22 million in non-recurring funds to help deal with the dislocations caused by the recurring budget cuts. These funds will allow us to cushion the impact of reductions somewhat through the use of one-time monies. But the federal stimulus is only a short-term fix that will allow us to ensure that students are able to finish their courses of study and provide adequate paid notice to affected faculty and staff. However, the stimulus is not itself a solution.

Nor is tuition. The projected tuition collections are vastly overstated. The Board of Governors, at the direction of the Legislature, estimated additional tuition revenue of approximately $21 million for 2009-10 budget year. In fact, FSU’s estimate has been more accurate than the Board of Governors’ for many years. We are projecting that only an additional $5.8 million will be collected, of which $1.2 million must be dedicated to need-based aid. The generous tuition estimates assume more overall students as well as more students paying out-of-state tuition. Additionally, differential tuition will be phased-in for students holding prepaid tuition contracts. At this point, we cannot count on more than about $4.6 million in new tuition revenues – about a fourth of what some thought would be available. In the short run, tuition is also not the solution to our problems.

If the State is not going to step up and fully fund the university system, we must find the solution to our budget shortfall within our own current structures. That will be our task over the coming weeks as we develop a three-year spending plan. I have already begun meeting with the academic deans to solicit their recommendations. At the direction of the President, vice presidents will continue working with their department heads. I trust you will share your views with them and to the degree possible participate in the deliberations ahead. The Budget Crisis Committee will continue its meetings. Our aim is to work through the reductions in a way best tailored to meet the needs of our students and preserve all that is best about Florida State University. This means dealing in the most productive way possible with next year’s reductions in light of the cuts that have already been made – an 82 million dollar chasm.

The general contours of these changes will have to be sketched quickly. This schedule will undoubtedly affect the time in which views can be solicited and accommodated. So, again, I urge you to attend to the plans unfolding in your area. Ultimately, the President
will make recommendations to the Board of Trustees on June 17th. However, I anticipate that our work will continue far beyond our Board meeting and will demand the concerted thoughtfulness of everyone for sometime to come. Working together, I remain confident about the future of our programs and institution.
Legislative Reductions to Date*
Cumulative Total = $(81,857,004)

2007-08

October
Special Session
$(11,050,517)

March
Session
$(3,911,106)

July
Beginning
Appropriations
$(11,193,391)

2008-09

January
Special Session
$(12,389,953)

July
Beginning
Appropriations
$(43,312,037)

2009-10

Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun

July 1, 2007

*Recurring Reductions to FSU E&G Appropriations (General Revenue, Lottery)