



Item: AF: A-2-i

AUDIT AND FINANCE COMMITTEE
Tuesday, August 28, 2007

SUBJECT: HISTORICAL PERSPECTIVE OVERVIEW ON FUNDING AND BUDGET REDUCTIONS.

PROPOSED COMMITTEE ACTION

Information Only.

BACKGROUND INFORMATION

This overview will provide historical funding per FTE and Credit Hour, as well as a listing of budget reductions.

IMPLEMENTATION PLAN/DATE

Not Applicable.

FISCAL IMPLICATIONS

Funding reductions limit the University's ability to fulfill strategic goals and objectives.

NOTE: This agenda item will be fully presented and discussed at the October BOT Audit and Finance Committee Meeting.

Supporting Documents: History of Budget Reductions; Funding per FTE; Cost Increase 2001-2007; CPI vs HEPI; History of Budget per Credit Hour; CPI E&G Dollars; and, HEPI E&G Dollars;

Presented by: Dr. Kenneth A. Jessell

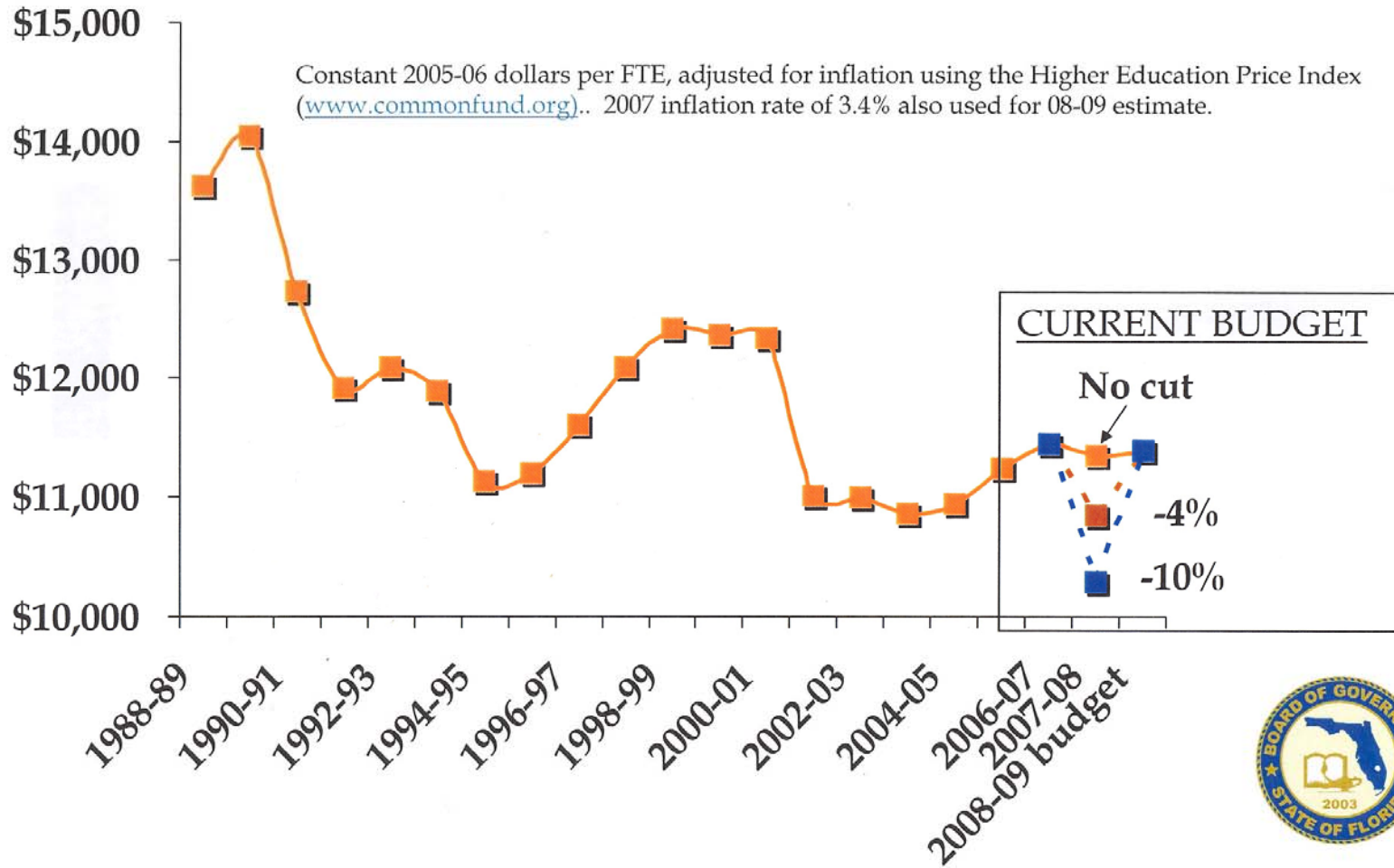
Phone: 561-297-3266

FLORIDA ATLANTIC UNIVERSITY

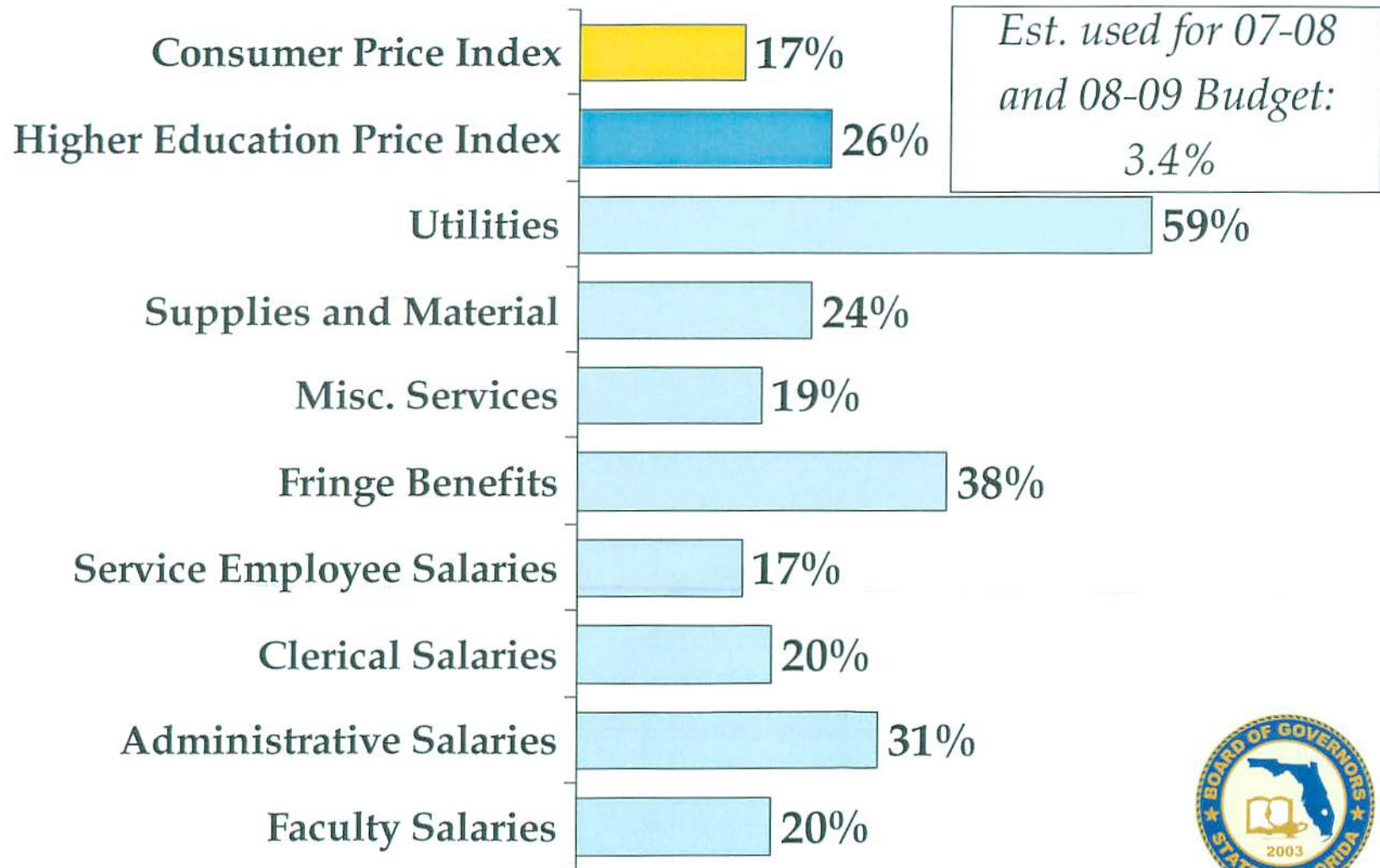
HISTORY OF REDUCTIONS IN RECURRING FUNDING 1991-92 TO 2007-08

Fiscal Year	Funding Reduction	Comments
1991-92	(\$ 8,245,317)	General Revenue Reduction
1992-93	(\$ 213,488)	Lottery Reduction
1993-94	(\$ 1,328,845)	Lottery, Efficiencies, Priorities Reallocation
1994-95	(\$ 377,035)	Redirect Classroom Activities
1995-96	(\$ 2,195,108)	Administrative Reductions, Lottery, Public Service, Distance Learning, Excess SCH
1996-97	(\$ 996,798)	General Revenue Reduction, Public Service, Efficiencies, Excess SCH
1997-98	(\$ 220,430)	Lottery, Efficiencies
1998-99	(\$ 641,447)	Lottery, SAMAS User Fee
1999-00	(\$ 1,181,868)	Lottery, Administrative Reductions, Corridor Reduction, Performance Incentives
2000-01		None
2001-02	(\$ 2,933,805)	Administrative Reductions, Lottery, Employee Courses, University Infrastructure, Class C Travel
2002-03	(\$ 7,083,583)	Session C – Recurring
2003-04	(\$ 3,329,073)	General Revenue Reductions, Change in Student Mix
2004-05	(\$ 592,205)	Change in Student Mix
2005-06		None
2006-07		None
2007-08	<u>(\$ 7,530,348)</u>	General Revenue Reductions, Change in Student Mix
Total	(\$ 36,869,350)	

Total Funding per Full-Time Equivalent Student, History & Proposed Budget



College & University Cost Increases 2001-2007, U.S. Averages



Consumer Price Index versus Higher Education Price Index

The Consumer Price Index (CPI) reports on purchasing power of the buyer by observing changes in prices paid for food, clothing, shelter, transportation and other goods and services that people buy for day-to-day living – family purchasing power. Such an index may not be appropriate for industries or commercial and business enterprises that buy substantially different goods and services involving different price changes; each sector is usually sufficiently unique to require its own measure of inflation.

The Higher Education Price Index (HEPI), an inflation index designed specifically for higher education, is a more accurate indicator for colleges and universities than the CPI. It is published by Research Associates of Washington, D. C. and has been utilized to measure inflation in higher education since 1961. HEPI measures the average relative level in the prices of a fixed market basket of goods and services purchased by colleges and universities each year (excluding expenditures for research).

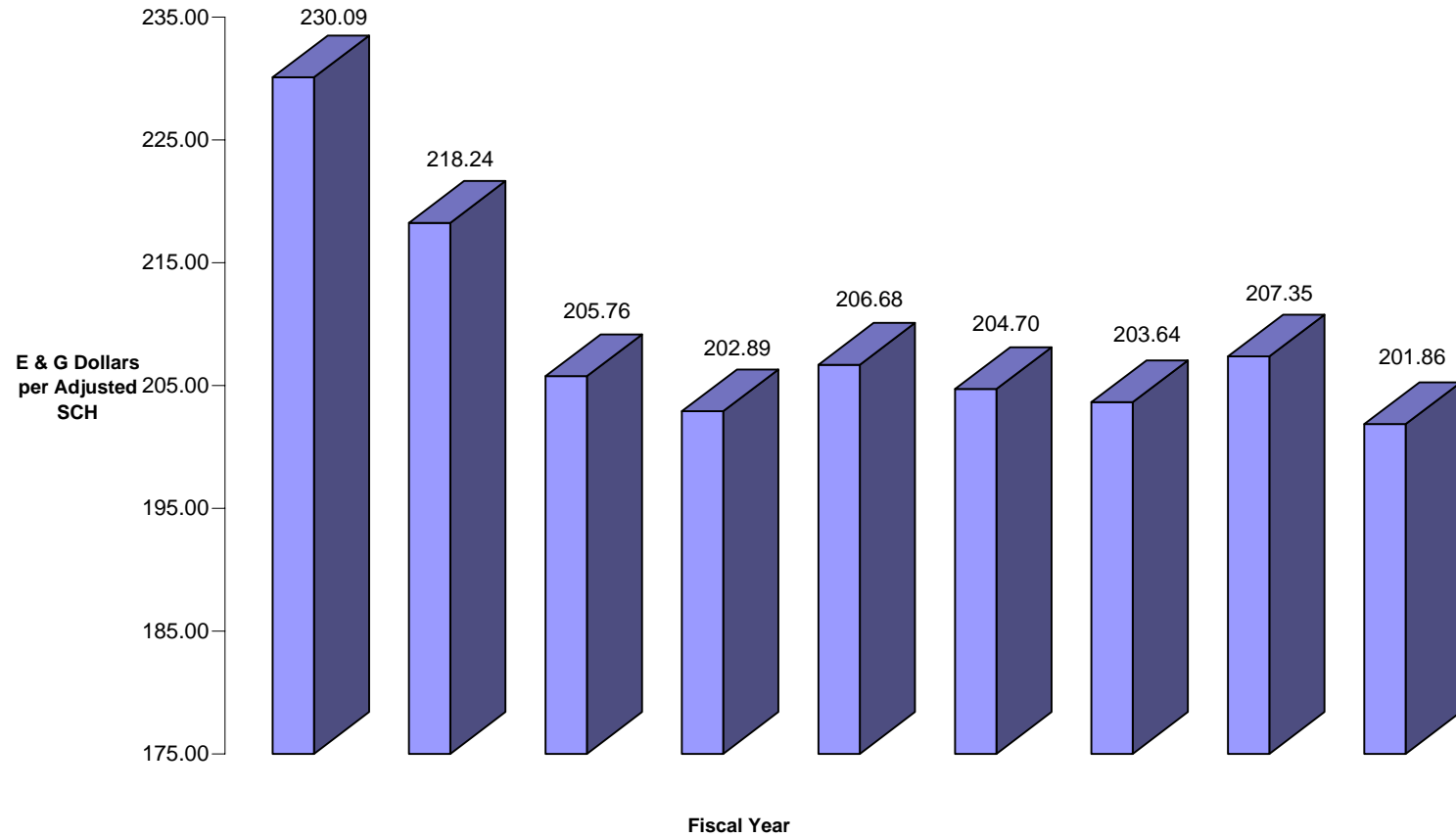
HEPI is based on the price data for 25 budget components: including professional salaries and fringe benefits for faculty and administrators and other service personnel; non-professional wages; salaries and fringe benefits for clerical, technical, service and other non-professional personnel; contracted service such as data processing; communication; transportation; equipment, library acquisitions; and utilities.

Sources: College and University, Higher Education Price Index, 2004 Update (website) and www.commonfund.org

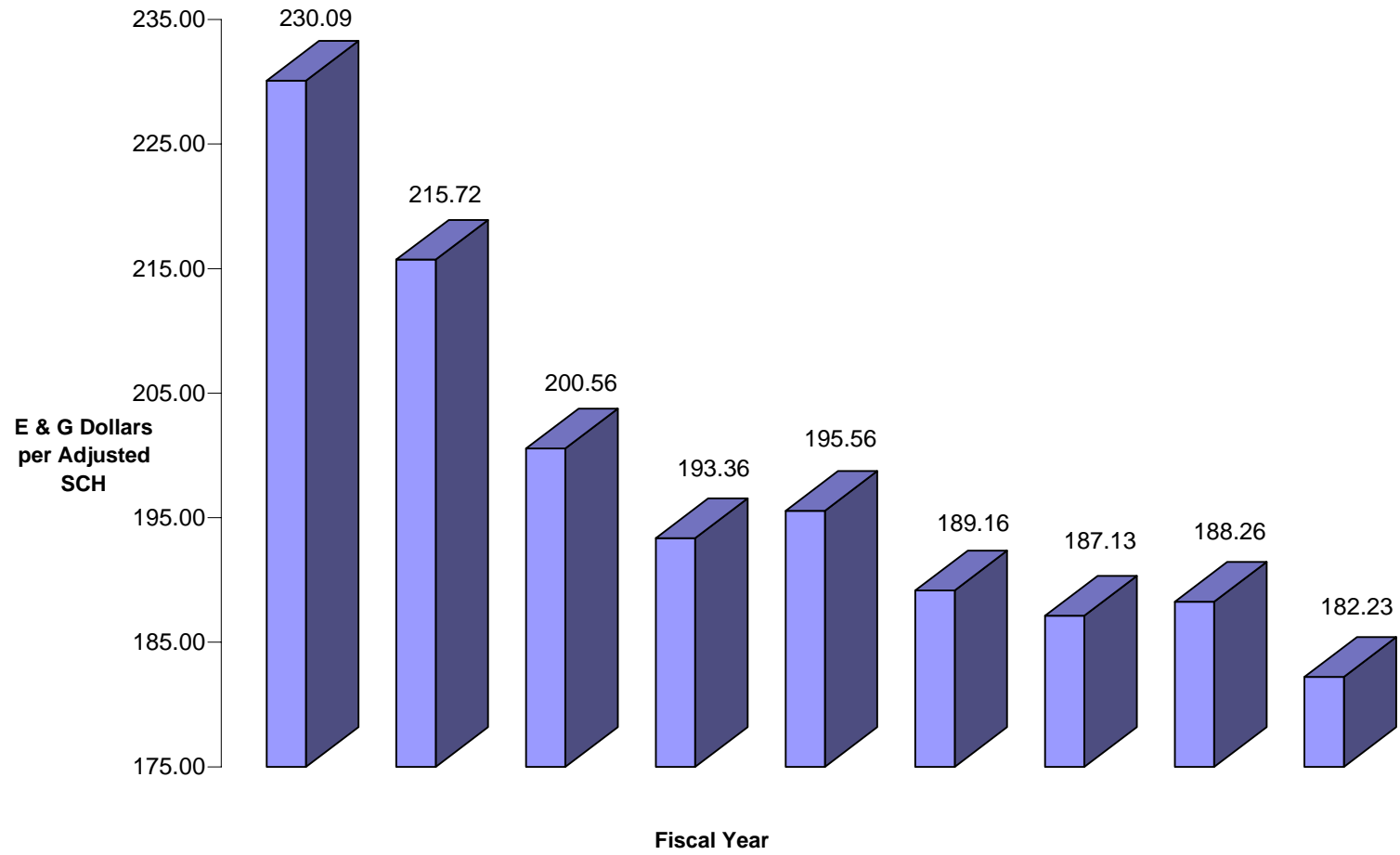
**History of Student Credit Hours, FAU Operating Budgets, Special Allocations and CPI/HEPI Adjustments
1999-00 to 2007-08 (estimated)**

Fiscal Years:	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Funded Student Credit Hours									
Lower	133,239	137,200	143,753	162,441	162,440	177,640	180,561	186,680	189,121
Upper	244,441	245,080	265,620	281,800	281,800	304,720	315,840	326,481	331,920
Graduate I	45,183	45,375	50,077	54,337	54,336	62,463	60,064	60,543	61,984
Graduate II	3,552	5,760	5,760	7,328	7,328	8,416	8,415	8,415	9,024
Total	426,415	433,415	465,210	505,906	505,904	553,239	564,880	582,119	592,049
Adjusted Credit Hours									
Lower = 1.00	133,239	137,200	143,753	162,441	162,440	177,640	180,561	186,680	189,121
Upper = 1.263	308,729	309,536	335,478	355,913	355,913	384,861	398,906	412,346	419,215
Graduate I = 2.387	107,852	108,310	119,534	129,702	129,700	149,099	143,373	144,516	147,956
Graduate II = 3.367	11,960	19,394	19,394	24,673	24,673	28,337	28,333	28,333	30,384
Total	561,779	574,440	618,159	672,730	672,727	739,937	751,173	771,875	786,676
University Operating Expenditure Budget	150,859,867	153,425,321	162,808,925	173,012,357	183,150,784	203,504,317	212,045,779	234,887,611	260,637,592
Less:									
4% base reduction August 2007									(6,960,314)
Plant, Operations & Maintenance	(11,985,015)	(12,167,357)	(14,083,399)	(13,879,983)	(14,866,895)	(16,957,304)	(18,380,295)	(21,241,048)	(21,529,898)
Library/Learning Resources	(9,615,576)	(11,177,112)	(11,389,001)	(10,488,262)	(11,415,232)	(12,401,087)	(13,412,560)	(14,127,295)	(14,943,288)
Non-Credit Producing Operations									
Challenge Grant					(2,978,152)				
Medical Sciences FAU/UM		(1,050,000)				(2,300,000)	(2,000,000)	(5,000,000)	(4,700,000)
Harbor Branch Marine Science			(950,000)	(750,000)					(8,500,000)
BioMedical			(1,000,000)						
Florida Institute for Advancement of Teaching Profess									(500,000)
St Lucie Charter School						(500,000)			
Center for Disaster & Emergency Health Care								(750,000)	
Florida Israel Institute								(200,000)	(50,000)
Torrey Pines									(6,000,000)
Net Operating Budget	129,259,276	129,030,852	135,386,525	147,894,112	153,890,505	171,345,926	178,252,924	193,569,268	197,454,092
\$ Per Adjusted Credit Hour	230.09	224.62	219.02	219.84	228.76	231.57	237.30	250.78	251.00
Consumer Price Index (1984=100)	167.6	172.5	178.4	181.6	185.5	189.6	195.3	202.7	208.4
CPI Adjusted Net Operating Budget	129,259,276	125,365,628	127,190,480	136,492,584	139,040,693	151,464,015	152,970,763	160,050,367	158,797,053
CPI Adjusted \$ Per Credit Hour	230.09	218.24	205.76	202.89	206.68	204.70	203.64	207.35	201.86
Net Operating Budget	129,259,276	129,030,852	135,386,525	147,894,112	153,890,505	171,345,926	178,252,924	193,569,268	197,454,092
\$ Per Adjusted Credit Hour	230.09	224.62	219.02	219.84	228.76	231.57	237.30	250.78	251.00
CPI for higher education as represented by Higher Education Price Index (HEPI)	189.1	196.9	206.5	215	221.2	231.5	239.8	251.9	260.5
HEPI Adjusted Net Operating Budget	129,259,276	123,919,422	123,978,653	130,078,031	131,558,293	139,963,346	140,565,588	145,311,427	143,353,718
HEPI Adjusted \$ Per Credit Hour	230.09	215.72	200.56	193.36	195.56	189.16	187.13	188.26	182.23

**E & G Dollars per Adjusted SCH
Utilizing the Consumer Price Index
1999-2000 to 2007-08**



**E & G Dollars per Adjusted SCH
Utilizing the Higher Education Price Index
1999-2000 to 2007-08**



Consumer Price Index (CPI) Compared to the Higher Education Price Index (HEPI)

