



Item: AF: A-2-ii

AUDIT AND FINANCE COMMITTEE

Tuesday, August 28, 2007

SUBJECT: REQUEST FOR APPROVAL OF A \$6,960,314 REDUCTION TO FLORIDA ATLANTIC UNIVERSITY'S EDUCATIONAL AND GENERAL OPERATING BUDGET.

PROPOSED COMMITTEE ACTION

Recommend approval of a \$6,960,314 reduction to Florida Atlantic University's Educational and General Operating Budget in anticipation of reduced General Revenue collections for the 2007-08 fiscal year. Delegate to the University President the authority to amend this budget as appropriate during the fiscal year.

BACKGROUND INFORMATION

The 2007-08 Florida Atlantic University Educational and General Operating Budget was approved by the Board of Trustees on June 27, 2007. The approved budget reflected \$266,039,576 in revenue authority and \$260,637,592 in expenditures. On June 29, 2007, the University received correspondence from the Director of the Governor's Office of Policy and Budget, the Director of the Senate Fiscal Policy and Calendar Committee, and the Director of the House Policy and Budget Council that General Revenue for Fiscal Year 2007-08 will not be sufficient to support the appropriations approved by the legislature during the 2007 regular session.

As a result of lower General Revenue, quarterly releases of funding will be reduced from 25 percent to 24 percent, creating a 4 percent General Revenue reduction to Florida Atlantic University. Additionally, Universities and State Agencies were instructed to submit a budget plan reflecting a 10 percent reduction in General Revenue in anticipation of additional shortfalls in General Revenue. The Board of Governors submitted a system-wide 10 percent reduction plan on behalf of the universities on August 8, 2007.

The August 1, 2007 Revenue Estimating Conference Report for the General Revenue Fund shows continued deterioration in sales tax collections and documentary stamp tax and intangibles tax collections due to weaknesses in the housing market, business spending and consumer spending. Reduced housing construction and related spending, such as for furniture and appliances, are the primary reasons for the decline in sales tax revenues. The current conference report reduces 2007-08 General Revenue by 4 percent, or approximately \$1.4 billion, from the March 2007 estimate.

Florida Atlantic University started preparing for the budget reductions in early July, beginning with a notification to the university community of impending budget reductions and a freeze on non-essential positions and expenditures. Since that time, the University President and Executive Officers have been working on a detailed reduction plan to meet the pending shortfall of \$6,960,314. This amount reflects a reduction equal to 4.0 percent of General Revenue, or 2.9 percent of the Educational and General Budget which is comprised of General Revenue, Student Fees, and Lottery Enhancement funds.

Throughout the budget reduction process, FAU followed these priorities and strategies:

- Continued focus on FAU's *Strategic Plan*
- Minimize the impact on instruction and enrollment
- Ensure currently enrolled students maintain timely progress toward degree
- Maintain the integrity of our teaching, research and service missions
- Protect FAU's personnel, physical, and financial assets
- Eliminate duplication of effort in all areas
- Consolidate programs and activities to achieve economies
- Look to methods to improve efficiency
- Examine ways to shift costs to users and beneficiaries
- Examine ways to fund programs and activities from different funds
- Increase class size to the extent pedagogically acceptable
- Maximize efficient use of classrooms and offices
- Consider alternative work schedules to achieve savings and efficiencies
- Examine productivity of all units and programs
- Fill only critically needed positions
- Restrict travel to only essential meetings
- Limit number of individuals traveling to the same meeting—take notes!
- Examine assignments of faculty and staff to achieve maximum efficiency
- Maximize the use of distance education and video/telephone conferencing
- Collaborative discussions and decision-making regarding reductions

A special legislative session will begin on September 18, 2007 to formally address the budget reductions for 2007-08. The final budget reductions to FAU and the State University System will be known at the conclusion of the special session.

IMPLEMENTATION PLAN/DATE

Upon Approval of the Florida Atlantic University Board of Trustees. Effective July 1, 2007.

FISCAL IMPLICATIONS

The Educational and General Operating Budget is appropriated by the Florida Legislature and governs the University's expenditures from this fund. The University's budget cannot exceed the amount appropriated by the legislature.

Supporting Documents: Budget Reduction Plan by Area.

Presented by: Dr. Kenneth A. Jessell

Phone: 561-297-3266

FLORIDA ATLANTIC UNIVERSITY

STATE UNIVERSITY SYSTEM TARGET

4% BASE REDUCTION

2007-08

4% Reduction

SUS Recurring Base Target for FAU (General Revenue Only)	\$174,007,840	(\$ 6,960,314)
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2007-08 FAU Total E&G Base Budget	\$266,039,576	
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Less Programs/Amounts Held Harmless from Reductions

Unrealized Budget Authority/Non-Recurring Financial Aid	(\$ 13,957,997)	
Graduate Waivers	(\$ 4,691,056)	
Title IX	(\$ 4,297,600)	
Casualty Insurances	(\$ 247,246)	
Sub-total	(\$ 1,777,324)	
	(\$ 24,971,223)	

Sub-total FAU Base Budget and Reduction Amount	\$241,068,353	
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Less Harbor Branch Oceanographic Institute @ 4%	(\$ 8,500,000)	(\$ 340,000)
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Remainder FAU Base Budget and Reduction Amount	\$232,568,353	(\$ 6,620,314)
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Adjusted Percentage of SUS General Revenue target reduction (\$6,620,314) on remainder of FAU Base Budget (\$232,568,353)		2.9%
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FLORIDA ATLANTIC UNIVERSITY
SUMMARY OF E&G BASE REDUCTIONS
BY AREA
2007-08

<u>AREA</u>	<u>Reduction</u>	<u>Budget</u>
President	\$ 94,363	\$ 3,314,920
Academic Affairs	\$ 5,006,040	\$175,859,716
Broward Campus	\$ 287,525	\$ 10,100,618
Treasure Coast Campus	\$ 80,486	\$ 2,827,443
MacArthur Campus	\$ 84,462	\$ 2,967,094
Financial Affairs	\$ 280,302	\$ 9,846,853
Advancement	\$ 55,696	\$ 1,956,588
Student Affairs	\$ 86,956	\$ 3,054,734
University Architect and VP Facilities	\$ 596,565	\$ 20,957,030
Communications	\$ 47,919	\$ 1,683,357
Grand Total	<hr/> <u>\$ 6,620,314</u>	<hr/> <u>\$232,568,353</u>

PRESIDENT'S OFFICE

TARGET REDUCTION: \$94,363

	<u>Reduction</u>	<u>Budget</u>
Reduction in Unfilled Positions	\$ 43,000	\$ 2,599,140
Refrain from hiring an Associate General Counsel and a secretary in Government Relations.		
Reduction in OPS	\$ 9,000	\$ 10,000
Elimination of one office intern.		
Reduction in training seminars.		
Reduction in Expenses	\$ 42,363	\$ 705,780
Cancellation of memberships in the American Council of Education and American Association of State Colleges and Universities.		
Reduced Travel and reimbursement for staff and BOT members.		
Total	<hr/> \$ 94,363	<hr/> \$ 3,314,920

Note: Title IX funds not reduced.

ACADEMIC AFFAIRS

TARGET REDUCTION: \$5,006,040

	<u>Reduction</u>	<u>Budget</u>
College of Science Adjust faculty assignments; cancel low enrollment courses; reduce staff support.	\$ 300,000	\$ 23,695,765
College of Biomedical Science Reduce additional library support and services; reduce expenses.	\$ 642,301	\$ 11,722,150
College of Arts and Letters Leave faculty vacancies unfilled.	\$ 250,000	\$ 24,415,815
College of Business Reduce staff positions; modify summer school schedule.	\$ 300,000	\$ 25,609,800
College of Education Use adjuncts to fill vacant faculty positions; reduce general expenses.	\$ 800,000	\$ 17,157,248
College of Engineering Reduce summer; leave faculty and staff vacancies unfilled; reduce expenses.	\$ 839,833	\$ 15,373,275
College of Nursing Personnel savings; reclass positions; travel; supplies and expenses.	\$ 307,077	\$ 5,616,998
College of Architecture, Urban and Public Affairs 40% reduction of the Center for Urban & Environmental Solutions; eliminate Center for Urban Redevelopment & Education.	\$ 515,000	\$ 9,559,920
Honors College Reduce staffing; reduce scholarships; leave faculty and staff vacancies unfilled.	\$ 278,406	\$ 5,094,596
Library Reduce purchasing of new books.	\$ 72,312	\$ 8,911,492

ACADEMIC AFFAIRS (continued)

TARGET REDUCTION: \$5,006,040

	<u>Reduction</u>	<u>Budget</u>
Academic Affairs Reduce staffing costs; travel; supplies and expenses.	\$ 40,000	\$ 4,319,448
Undergraduate Programs Staff reductions; eliminate vacant positions; reduce expenses.	\$ 186,859	\$ 3,397,431
VP Research Personnel savings; travel; supplies and expenses.	\$ 54,531	\$ 997,978
IRM/ULR Reduce charges by Northwest Regional Data.	\$ 419,721	\$ 12,902,280
Other Units/Programs		\$ 7,085,530
Total Units Reductions and Budget	\$ 5,006,040	\$175,859,716

Note: Student Financial Aid and Tuition Waivers not reduced.

BROWARD CAMPUS

TARGET REDUCTION: \$287,525

	<u>Reduction</u>	<u>Budget</u>
Reduce Positions	\$ 66,912	\$ 3,974,973
<p>Registrar - The Testing and Evaluation officer will be cross-trained to cover registration duties at the Davie Campus. Open position remains unfilled.</p> <p>Administrative Services - 50/50 split position between D15000 & T06000 for staff member in mailroom/copy center (50% E&G Auxiliary).</p> <p>Cashier Position-reduce hours to 50% at FTL Campus 2PM-6PM.</p>		
Elimination OPS and Temporary Personnel	\$ 14,000	\$ 207,965
<p>This reduction will reduce service in Student Affairs through eliminating OPS personnel.</p>		
Reduction Expense Budget	\$ 206,613	\$ 5,917,680
<p>Reduce Life Long Learning offerings. Decrease allocations for sponsorships and memberships. Eliminate travel. Reduce non-emergency repairs/deferred maintenance. Reduce electrical use. Close academic buildings on Davie Campus-Sunday. Reduce security in conjunction with building closure. Redirect marketing allocations in community relations. Reduce Broward Campus Newsletter (Update) publishing three, rather than four, times annually. Reduce library allocation for materials.</p>		
Total	<hr/> \$ 287,525	<hr/> \$ 10,100,618

Note: Student Financial Aid not reduced.

TREASURE COAST CAMPUS

TARGET REDUCTION: \$80,486

	<u>Reduction</u>	<u>Budget</u>
Reduce Positions in Administration and Human Resources	\$ 22,447	\$ 1,735,504
<p>Administrative offices will need to absorb duties related to services in Human Resources, Advising, and other areas.</p>		
OPS		\$ 17,383
Reduce Expenses	\$ 58,039	\$ 1,074,556
PO&M		
University Support		
Student Services		
Library		
Total	<hr/> \$ 80,486	<hr/> \$ 2,827,443

MACARTHUR CAMPUS

TARGET REDUCTION: \$86,462

	<u>Reduction</u>	<u>Budget</u>
Elimination and Reduction of Positions	\$ 84,462	\$ 2,584,196
<p>Senior Secretary Position – Position is in Faculty Suite. Functions will be performed by Coordinator, Academic Programs, and Graduate Assistant.</p> <p>University Development Position – Unused dollars.</p> <p>Student Services Support – Position will be filled at clerical level.</p>		
OPS		\$ 76,301
Expense		\$ 306,597
Total	\$ 84,462	\$ 2,967,094

FINANCIAL AFFAIRS

TARGET REDUCTION: \$280,302

	<u>Reduction</u>	<u>Budget</u>
Elimination of Budget Planning Position in University Budget Office:	\$ 83,156	\$ 7,980,192

Functions will be absorbed by Assistant VP/University Budget Director and VP for Financial Affairs.

Elimination of OPS and Temporary Personnel	\$ 65,000	\$ 168,203
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These reductions will reduce service levels in Human Resources, Controller's Office, Purchasing Department and University Budget Office.

Reductions in Expense Budget	\$ 132,146	\$ 1,698,458
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Elimination of practically all travel, including SUS Inter-Institutional committees; reduction in partner campus travel; elimination of participation in job fairs, benefits fairs, minority business fairs; minimization of mailing checks, 1099s, 1098s, W-2s, billing statements, vendor payments; instituting charges for mailing duplicates or special requests. Will work with Purchasing Department to require vendors to accept ACH checks: modifications to BANNER for self service.

Total	<hr/> \$ 280,302	<hr/> \$ 9,846,853
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Note: Police Budget of \$2,182,463 is salary and benefits; \$68,512 in OPS, and \$288,838 expense will not be reduced.

Casualty Insurances not reduced.

University-wide – establish credit card user fees to redirect interest earnings into operations. Under review by a task force.

University – wide – review of office supplies; elimination of non-generic purchase options; recycled printer cartridges; standardized named products.

ADVANCEMENT

TARGET REDUCTION: \$55,696

	<u>Reduction</u>	<u>Budget</u>
Eliminate Administrative Assistant	\$ 55,696	\$ 1,883,749
Position vacated due to retirement in December One-half year covered with miscellaneous savings.		
Expense		\$ 72,839
Total	<hr/> \$ 55,696	<hr/> \$ 1,956,588

STUDENT AFFAIRS

TARGET REDUCTION: \$86,956

	<u>Reduction</u>	<u>Budget</u>
Eliminate Positions	\$ 82,586	\$ 2,773,981
Career Counseling Position - Move the position to Auxiliary Enterprises and cover costs with fees.		
Career Development Activities - Move the position to Auxiliary Enterprises and cover costs with fees.		
OPS	\$ 4,000	\$ 139,655
Today and Beyond		
Expense	\$ 370	\$ 141,098
Today and Beyond		
Total	<hr/> \$ 86,956	<hr/> \$ 3,054,734

UNIVERSITY ARCHITECT AND VICE PRESIDENT FOR FACILITIES

TARGET REDUCTION: \$596,565

	<u>Reduction</u>	<u>Budget</u>
Salary and Benefits	\$ 36,894	\$ 6,493,339
<p>Delay filling open positions within division. Review organization and distribution of duties of open positions to existing staff.</p>		
OPS		\$ 75,933
Reduction of Expense Budget	\$ 559,671	\$14,387,758
<p>Reduction of all emergency utility service contracts, while not compromising the maintenance of the equipment.</p> <p>Reduction in specials regarding grounds, custodial and routine building maintenance. Across-the-division reduction of office supplies, cuts in all travel, and limiting training to meet critical needs.</p> <p>This will be accomplished by raising temps to 76 degrees campus wide, setting electric heaters down to 68 degrees, raising chilled water temps at night to 48 degrees. In addition field check all tertiary pumps & shut off pumps where supply pressure is above 60 lbs. Reduce on-peak sports field lighting off-peak charging of golf carts. Set hot water boilers to 160 degrees in plant, set arena boilers for 140 to 130 and lessen use of pool heater.</p>		
Total	\$ 596,565	\$20,957,030

Note: Meeting reduction of the utilities budget is dependent upon the fluctuating cost of power. Adjustments to the overall departmental budget may be needed should utility costs exceed the revised budget amount.

COMMUNICATIONS

TARGET REDUCTION: \$47,919

	<u>Reduction</u>	<u>Budget</u>
Reduce Community Engagement Position	\$ 47,919	\$ 1,250,004
OPS		\$ 24,822
Expense		\$ 408,531
Total	<hr/> \$ 47,919	<hr/> \$ 1,683,357