

Frequently Asked Questions Related to the Budget Reductions

Fiscal and Budgeting Issues

1. When will the amount of the budget reduction be known?

We lost 4 percent in October. The next round is much more uncertain. Some say we won't know until the regular session of the Florida Legislature begins. But what we do know is the Governor's Office has already reduced by an additional 1 percent the funds we get each quarter—a move that will mean a combined loss of almost 8 percent. We know that revenue collections continue to decline. We believe it is better to prepare with six months remaining than to have to further reduce the budget three-fourths of the way through the fiscal year.

All academic units have developed plans for the expected second round of reductions. We believe a second cut is probably unavoidable and that a third cut is possible, so we are planning for three cuts at this time until information becomes available that the state has other options. The University has developed plans for the expected and probable additional state reductions.

2. I've heard there's a lot of “fat” that can be cut from higher education. Is this true?

The belief that eliminating the “fat” from higher education in general, and FSU in particular, can result in significant budget savings is incorrect. Since 1990-1991, FSU has taken \$65 million in budget cuts. That has made us more efficient, and FSU has been diligent in seeking out and implementing opportunities to become more efficient on an ongoing basis. We have a commitment to aggressively contain costs and to enhance the academic quality of the university. Over the last several years, we have invested in academic priorities including Pathways of Excellence, enrollment growth and health care supplements for graduate students.

We also have:

- provided classes for more than 1,000 additional unfunded full-time equivalent students;
- developed a new financial aid data system that has streamlined the process — more efficient and less costly;
- found savings in postage, printing and staff time;
- implemented online grading system and automated the instructional effectiveness oversight system;
- implemented set admission dates and online notification;
- implemented a mapping system to keep students on course for graduation and reduce excess courses;

- led the effort with other universities to share best practices;
- implemented a new graduate student recruitment system streamlining the application and tracking system;
- developed a shared library depository with several universities focusing upon a site in Gainesville;
- reduced travel and expanded the use of the campus purchasing card to cut paperwork costs;
- frozen vacant positions and shifted responsibilities to other staff;
- taken measures to reduce utility costs — our goal is nearly 8 percent of the current spending — shutting down on weekends and late evenings;
- notified all architects and contractors that professional fees will be reduced by 20 percent from the existing payment schedule — which was not increased a couple of years ago when the Department of Management Services increased its schedule.

3. How big are the cuts the university is facing?

Current estimates show the state has almost 8 percent less revenue in its general revenue fund than anticipated when the budget was enacted in the spring of 2007. This comes to more than \$2 billion. Further reductions are anticipated.

4. How do these cuts compare to those in 2001-2002?

The current reductions will cut more deeply into university operations than those in 2001-2002. That year, the reductions totaled \$25 million. However, most of the reductions were handled centrally from revenues recently appropriated and not yet committed. In this go-round, university reserves cannot absorb the reductions. Most of the cuts will have to be passed on to units throughout the university. So, the impact on operations and services will be greater.

5. What are the guiding principles established by the FSU Board of Trustees for reductions?

The priorities adopted are to:

- ✓ protect the integrity of the teaching, research and service mission of the university;
- ✓ continue to enhance the university's standing as one of the top research and graduate education institutions in the nation; and
- ✓ protect the financial integrity of the university;
- ✓ ensure the safety and security of students, employees and the campus.

6. Are all units in the university being cut equally?

No. Some services such as library acquisitions and student financial aid will not bear the brunt of the reductions and others such as relatively lower paid staff in the facilities area will be spared in large measure. Most other units, however, are being treated similarly in the short run. In the long run, there may be some reallocation of funds.

7. Are the administrative cuts proportional to those in the academic areas?

As mentioned in question 6, only two areas of the university received disproportionate cuts in the first round. At the request of the Faculty Senate, library acquisitions were not reduced. Since financial aid commitments to students were already made, the funding for student financial aid was also restored. In both cases, the administrative budgets in these areas were cut proportionate to the rest of the university.

8. Sidewalks are still being fixed around campus and statues are being erected to former presidents — why can't this money be used for salary increases or to offset the cuts?

Sidewalks are typically repaired and widened using renovation funds provided by the Legislature. By law, these funds cannot be used for operating purposes. The FSU Foundation funded the statues on campus, and the cost totals a relatively small amount of money. They had been planned and paid for long before the budget reductions were known.

9. Why do FSU top administrators not seem to take FSU faculty seriously other than as a “cost item” and instead focus their attention on other matters, including growing and rewarding the FSU administration?

President Wetherell has lobbied for salary increases, even when this issue was being ignored elsewhere in the state. Faculty are integral to the university and are always a top priority. It is worth remembering that Florida institutions operate with thousands of dollars less per student than their counterparts around the country. As a consequence, for example, the library has less funding than those libraries to which we compare ourselves. Technology funding per student is 70 percent of that nationally. Across the board, the university has less money than its peers.

10. Is there concern that the university will not be able to meet payrolls or pay vendors in the current manner that now exists?

We will be meeting payroll and paying vendors in accordance with policies and statutes. We will not be able to address the exceptions or non-routine matters as quickly given the service cutbacks. Our plans are to retain sufficient resources to meet these basic business functions.

11. Does the university have permanent funds in reserve that can be used for reductions?

The Board of Trustees approved allocating a portion of the permanent reserve to the reduction. At this time the level of potential reductions looks to be very high, but we do not have all the facts yet from the Legislature. We are planning for high reductions.

12. Why can't FSU use its mandatory 5 percent reserve for the reductions and not reduce the departments?

The university is required by law to keep a 5 percent reserve. This is a non-recurring amount that should only be used for non-recurring needs. The reductions are permanent, and the 5 percent cannot solve permanent reductions. However, we have used \$6.8 million from the reserves plus \$3.2 million in non-recurring funds received from the Legislature in October. We have allocated this \$10 million to each of the divisions to help units make a transition into their permanent reductions.

13. Will there be a freeze on all out-of-state travel?

No. There will not be a prohibition on the use of general revenue (E&G) funds for out-of-state travel. However, many units will have considerably fewer travel dollars and the overall impact will be to cut back on out-of-state travel. Travel using contract and grants funds will not be reduced. Nor will other travel using non-E&G funds.

14. Is it too late to change Fall 2008 enrollment and save money that way?

Our current admission expectations are that we will have about 1,000 fewer students next Fall.

15. FSU said it was going to freeze enrollment last year, yet it is over-enrolled. How can this be?

At the time the decision was made to freeze enrollment, most admission decisions had already been made. The Legislature had not funded us for our prior over-enrollment, so before the freeze was announced we already had more than 1,000 students over our funded plan. We also implemented MAPPING, which increased student retention and shortened their time to graduation by increasing the number of hours taken each semester. The majority of the impact was felt by students wanting to transfer to FSU. For example, the Panama City campus has already experienced a dramatic decline in headcount enrollment.

16. Why not privatize more operations, especially in the support areas, to save money?

Several major functions have been privatized, including some not funded by general revenue such as food services, bookstores and elevator maintenance, but there is no guarantee that privatizing is cost effective. In

fact, we recently “de-privatized” trash removal because using FSU employees provided better services and savings. Privatization has a role in the university, but it must be approached carefully because services can suffer and there may not be savings.

17. Why can't FSU get funding similar to that which FAU received for Scripps and UCF received for Burnham?

In large part, these were political decisions. In addition, the economic environment in South and Central Florida is more conducive to attracting private companies to the area. FSU continues to court private companies to partner with our research endeavors. In any case, most of the funds they have received have been non-recurring. While such funds might help offset the cuts temporarily, they would not be a permanent solution.

18. I've got a grant. Can I use these funds to provide pay increases?

All federal grants and most other grants do not allow the grant to pay a different rate of pay than the person is paid from state funds.

19. Are other Florida universities being hit as hard?

Yes and no. All universities will receive the same proportionate reduction. However, several universities received substantially more appropriations last session than FSU. They may use such funds to offset the impact of the reductions just as FSU did in 2001-2002.

20. What sources are available to fund student services and non-academic facilities?

There are three sources to support student services and non-academic facilities: private contributions, facility fees and the Capital Improvement Trust Fund (CITF). CITF revenue is collected by the state and redistributed to universities approximately every five years. The allocation of funds to specific projects is determined in a process much like the Activity & Service fees. Our last allocation was \$16 million in 2004 and was used to build the intramural fields, the Student Success building (partial), and projects on the Panama City campus. The next release is expected in 2009 and is expected to be lower due to interest rates and market return.

21. When will the budget cuts end?

Economic downturns typically last up to three years. The current economic difficulties in the state result from a confluence of several factors. It has been hit especially hard by housing-related shocks. All this suggests the current difficulties will last into 2009 and, for budgeting purposes, perhaps into 2010.

Faculty and Staff Salaries

22. Why are there no annual faculty and staff raises this year?

It is the Legislature that provides the funding for annual faculty and staff increases. The university has to have a funding source for annual pay increases. This year, the university does not have the resources to supplant the legislative resources. Annual raises are provided when the Legislature appropriates the general revenue to do so. This year it did not. Only funds for non-recurring bonuses were provided.

23. You mean the university cannot do anything with regard to pay increases unless the Legislature authorizes it?

The university, with trustees' authorization, on a very limited basis can occasionally provide some increased level of annual increases. This is possible in years where there are enough resources obtained from state enrollment funding, tuition increases or other discretionary balances and when operational needs are met. It was not possible to do so this year because of the severe budget situation facing the university. Even some of the enrollment monies this year were provided by the Legislature as non-recurring. In any case, it would take all of a 5 percent undergraduate and graduate tuition increase to provide a 2 percent pay increase to faculty and staff.

24. How could Bobby Bowden's pay be increased to \$2.5 million and faculty and staff only receive a bonus?

These are two separate issues. About 90 percent of Coach Bowden's salary comes from Seminole Boosters, Inc., and from contracts that require Bowden to appear regularly on various radio and television programs. Seminole Boosters is a not-for-profit organization with a primary purpose of "providing financial support for the intercollegiate athletic program." Coach Bowden helps the Boosters raise tens of millions of dollars annually, and they reward him accordingly.

The university administration has no authority over the primary funding sources for faculty. The Legislature is the primary funding source for employee salaries and benefits. This year the Legislature provided only for a bonus. The state budget situation has prevented the university from providing supplemental funds.

25. Why is the President's salary more than \$225,000, and why can't some of those funds be used for salaries?

In Florida, state funds for public university presidents' salaries are capped at \$225,000, and most of their compensation comes from non-public monies provided by foundations. As a matter of fact, these funds are also used to supplement salaries of more than 50 FSU faculty members with funds donated to the FSU Foundation specifically for that purpose.

In light of budget cuts, President Wetherell turned down a year-end bonus for which he had qualified under his contract. Based on 2008 salary figures, there are seven SUS presidents whose salary is greater than President Wetherell's.

26. How can FSU construct buildings and not fund faculty and staff pay increases?

Building funds are provided by the Legislature from a separate revenue source known as PECO (Public Education Capital Outlay) funds. Those funds, which are available for K-12, community colleges and universities, are non-recurring and must be used by law only for building construction.

27. Why can't the revenue from a tuition increase be used to provide salary increases?

A 5 percent tuition increase for all students (undergraduate and graduate) generates approximately \$5.5 million per year. This would generate enough funds for about a 2 percent increase for faculty and staff. The Legislature controls the amount charged to resident undergraduate students. This source has been used for salary increases in the past but all budget obligations must be considered. It is important to note that the state has been struggling economically and is entering even more turbulent economic times. The chancellor of the State University System says universities will have experienced a 12 percent cut in state funding once the results of the next legislative session are in. This cut, should it occur, is the equivalent of closing eight colleges at this university.

Clearly, reallocating funds for meaningful salary increases from its existing budget would have catastrophic effects on programs across the university. Our first priority must be to protect the faculty, staff and students in current programs. Furthermore, the university cannot spend non-recurring funds for the recurring salaries, nor can it use construction money for salaries.

28. What about the Center for Professional Development (CPD) building? Those are university funds, why can't we use those resources for raises?

CPD is a unique case. The funds used are related to accumulated CPD funds and general revenue investment earnings that were credited to the 5 percent non-recurring reserves. CPD construction from this source was approved by the Board of Governors but since then the BOG has issued a regulation that will prevent the use of this source for future building construction.

29. Why can't the Foundation or Contracts and Grants pay for faculty salary increases?

Individuals donate funds to the university with the stipulation that it be invested, and the principal remain intact. More often than not, funds are donated to the university for a specific purpose. Many colleges within the university benefit from having endowed professorships and endowed scholarships.

The majority of the funds provided for contracts and grants must be used for their specified purpose. The university does collect some indirect cost funds related to the contracts and grants. These funds are used to pay most of the employees in the Office of Research and to support the basic infrastructure supporting these programs, such as the controller's shop, purchasing and utilities. From a practical perspective, both the Foundation and Contract and Grant funds have specific purposes that preclude their use for general salary increases.

30. Is there anything that can be done for senior professors with proven records of excellence in teaching and research to be paid more competitively, given the fact that many recently hired assistant professors earn more? Bowden's agent says his new salary is competitive in the "market" of NCAA coaches. Shouldn't the administration apply a similar market value to faculty? The FSU market equity study confirms the average FSU faculty member is below market by about \$10,000 per year.

The administration is very aware of the adverse competitive position of salaries for senior faculty across the university. However, it is not able to provide the resources needed to address this issue in the current fiscal environment. The Seminole Boosters have been able to raise the funds necessary to increase Coach Bowden's salary.

Staffing and Academic Programs

31. This year, FSU has asked departments to cut their budgets by 4 percent, with a possible second cut this spring. This translates into a significant portion of each unit's discretionary spending. Students are working on old computers and outdated equipment in labs. Deans have limited research and travel money for faculty. How does the university still expect research output and national and international scholarly participation from the faculty?

The Board of Trustees adopted guiding principles in response to the budget shortfall. The priorities adopted were to protect the integrity of the teaching, research and service mission of the university; continue to enhance the university's standing as one of the top research and graduate

education institutions in the nation; protect the financial integrity of the university; and ensure the safety and security of students, employees and the campus. Non-academic programs and lower priority programs are being affected first. It is not possible; however, to take the kind of reductions being imposed solely in non-academic areas since more than 77 percent of the total general revenue budget is in the academic area of the university. We are asking everyone to pitch in, and all will have to do more with fewer resources.

32. Should we expect major reorganization, closing of departments, termination of faculty and staff, and other such dramatic actions because of the budget reduction?

It's important that every action be carefully considered to reduce costs without hindering the future of FSU. This could result in combining units, terminating programs and employees in those programs.

33. Can employees enrolled in DROP be laid off or terminated?

Yes. An employee's employment status is not guaranteed by their DROP participation. He/she may quit his/her job or the University may layoff or terminate the employee in the same manner as before his/her participation in DROP began. [FRS DROP Brochure dated September 2006]. An employee's participation in DROP will not be a factor in decision making related to budget reductions.

34. How many people will actually lose jobs due to the budget cuts?

We have not filled vacant positions unless they were critical. However, there will be several reductions in the work force from filled positions. In the first round of cuts Academic Affairs terminated 44 people and the division of Finance and Administration terminated 17 people. Student Affairs also terminated one person. We will attempt to relocate these employees elsewhere if critical vacancies occur, and some of these positions will be funded by non-general revenue. Should the second reduction occur, it may result in many more employees losing their positions.

35. Are alternatives to layoffs being considered?

Yes. In fact, in anticipation of budget reductions, many units are:

- eliminating positions that are vacated through terminations; voluntary or involuntary.
- not renewing time-limited positions,
- changing positions from full-time to part-time,
- changing full year positions to flex or academic year appointments,
- considering working retirement proposals,
- reallocating duties among employees.

In addition, units are using a wide range of other methods to save resources including reorganizing/consolidating functions to gain economies, moving costs off of general revenue, using technology to streamline processes, eliminating work, collaborating across units to leverage resources.

36. What sort of notice is required if there are going to be layoffs?

The current collective bargaining contract with faculty requires the administration of the university to notify the local UFF Chapter and the UFF state office no less than 30 days prior to taking action involving layoffs as a result of adverse financial circumstances, reallocation of resources, reorganization of degree or curriculum offerings or requirements; reorganization of academic or administrative structures, programs, or functions; or curtailment or abolition of one or more programs or functions. This notice also applies to faculty at FSUS.

Layoffs occur at a unit level. The layoff unit may be at an organizational level of the university, such as a campus, division, college/unit, school, department/unit, area, program, or other level of organization as the University deems appropriate. There are specific criteria that must be taken into consideration in a layoff. Specifically, the order and selection of faculty members in the layoff unit to be laid off will be determined as follows:

- (a) No tenured faculty member shall be laid off if there are untenured faculty members in the layoff unit.
- (b) No faculty member in a non-tenured position in the layoff unit with more than five years of continuous University service shall be laid off if there are any non-tenured faculty members with five years or less service in the layoff unit.

The provisions of the five staff collective bargaining contracts typically do not call for such a formal period of notice, unless conditions permit. University policy does call for notice in some circumstances. For example, the Office of Human Resources, Employee/Labor Relations is to be notified of a pending layoff at least 45 days in advance of the date that a USPS position is to be abolished. If the employee does not find alternative employment the employee shall be given an official notice of layoff at least 14 days prior to the layoff date, or two weeks pay at the employee's current regular hourly rate, or a combination of notice and pay.

37. If there are layoffs of faculty and staff, will bumping rights be honored?

Neither staff nor faculty have bumping rights. The staff provisions were changed to allow administrators to act in the best interest of the university.

Although faculty members do not have bumping rights, the layoff process calls for a certain order and process to follow as outlined in #35 above.

38. Is faculty recruitment going to be stopped?

Recruitment will not be discontinued as a matter of general university policy. However, some units will discontinue recruitment as a way of dealing with budget reductions. This will occur on a case-by-case basis.

39. Will there be a hiring freeze?

No. The university will still fill critical positions. Many vacant positions will be eliminated, however. The overall effect will be to slow university hiring.

40. How can staff members continue to work effectively with added responsibilities and no new help?

The university administration is asking that the guiding principles be applied to all areas of the work force. Work related to instruction, the financial integrity of the institution and safety should take precedence over other work responsibilities. Further, the University encourages all employees to seek more efficient and effective ways to get work done.

41. Why can't we eliminate programs that do not produce jobs in national or state demand?

It is shortsighted to think that a liberal arts education doesn't do that. The programs and courses are designed to allow students to gain a broad educational base that comes from being versed in the principles and methods of various arts and sciences, rather than only concentrating in one specific area. These courses are designed to help students develop competencies in writing, critical reading, mathematical reasoning and computation. University programs are not designed to be vocational in nature.

As an example, psychology is sometimes cited as a degree that is not needed. However, psychology has recently been ranked in the Top 10 highest demand fields, and a degree in this field provides access to a variety of careers and graduate programs including business, medicine, law, rehabilitation counseling and special education.

42. Are we going to continue Pathways of Excellence?

Yes. Pathways of Excellence will be continued and existing commitments honored. The Pathways initiative remains key to the university's future and continues to be a top priority of the university.

43. Why can't programs such as the Panama City Campus, Ringling and International Programs be closed where students are limited and use these dollars to support the few students going to Chipola

and Gulf Coast Community Colleges and use the remainder to offset budget reductions of the FSU operations?

The decision for the Panama City campus and Ringling cannot be made at the local level; it must be legislatively decided. International programs are self-supporting programs and once you eliminate the students, you've eliminated the revenue. Any and all expenses are being examined to determine which cuts are least detrimental to FSU's future.

44. Could we redirect funding for the FSU College of Medicine sites to help reduce the impact on the main campus?

The funding that supports the College of Medicine is in a separate line item in the General Appropriations Act. This means that the Legislature has put special conditions on these funds and they can only be used for expenditures directly related to the College of Medicine. It should be noted that the College of Medicine also has had budget reductions.

45. How will the College of Engineering be treated in this round of cuts? It already is in poor shape with many priorities ignored. Will it be cut by FAMU and FSU?

The College of Engineering can expect some cuts from each university on the proportionate revenues it receives. The cuts should not affect the more fundamental governance issues at the college. We have proposed many solutions to the Legislature and Board of Governors including separating the schools or simply transferring fiscal control. Many of these solutions are out of our power and require legislative action.

46. Is any racial or ethnic group among FSU's employees being disproportionately affected by the budget cuts?

We are looking at the university's priorities in determining the elimination/reduction in services that will have the least impact on the university community. Our cuts will be made in accordance with our guiding principles and layoff processes, which includes an impact analysis.

Impact on Students

47. Will a student be able to get the classes needed to graduate on schedule?

Unfortunately, one of the consequences of the budget cuts will be fewer course offerings. After all other non-instructional options have been maximized, support for faculty adjuncts and graduate assistants will be deleted first, followed by a reduction in faculty. We will increase class size to the extent possible, but this is limited by the availability of large classrooms and whether the course content can be appropriately delivered in large class sections.

48. Are there any specific plans for summer?

The plans for the summer are still under consideration. Many units will have to scale back their offerings, but major changes will not impact Summer 08.

49. Will library hours be cut again?

No. The president committed to the new hours as part of the increased tuition and fees implemented this semester.

50. Will any student fees be going up because of the cuts?

Not directly. Some material and equipment fees are being increased. However, these increases are justified by increased costs of materials in specific courses, not related directly to the budget cuts.

51. Are teaching assistants and graduate assistant stipends affected?

Yes. Many units will reduce funds previously dedicated to such stipends. While the stipend levels generally will be retained, the number of such stipends will decline.

52. What are we doing about future enrollments?

The current restrictions on enrollments will be retained. Only students with an in-state AA degree will be accepted as transfer students. The freshman class will be further reduced.

53. Will students, now being asked to pay more in tuition, see a reduction in available services?

Unfortunately, there will be reductions both in classroom offerings and basic services. It's unavoidable with the termination of staff. But, we will attempt to retain as many of the high priority services as possible. Certainly, if a second round of budget reductions is imposed on FSU, the reductions in both personnel and services will be noticeable.

54. Tuition has been increased several times recently. How does it compare to public universities across the country?

Undergraduate tuition and fees for Florida residents is \$3,471 for 30 credit hours. This is almost half the national average and ranks Florida at the bottom of public universities nationally.

Athletics Funding

55. Why is Athletics seemingly exempted from the budget cuts?

The athletic budget is not funded by the Legislature and receives minimal general revenue funds. In fact, the athletic budget, from time to time, has

funded additional tuition waivers and library resources for the university. The president has directed Athletics to reduce its administrative expenditures by \$500,000. If university enrollment has to be reduced, Athletics will lose revenues as there will be fewer student credit hours generated and Athletic fees collected will be less. This would apply to other university activities that have a general student fee as part of their revenues (Health, Activity and Service, Parking and a few others).

56. The single most important factor in the quality of a university education is the faculty. Doesn't offering large raises to coaches when there are no raises for most faculty and staff send a message to students, faculty and the broader community that academic achievement is secondary to sports and celebrity? What about the university's aspirations to join the AAU (American Association of Universities)?

AAU membership has been a part of the university discourse for the past decade and is a central goal of the Pathways of Excellence initiative, which was launched in September 2005. Our investments in resources and accountability focus on research productivity and graduate education. A University-wide Strategic Plan is being constructed that will formally embrace these goals. FSU is making significant progress. Over the past two years there has been an 18.6 percent increase in external grant awards, the lion's share of which has come from federal agencies (more than 70 percent). There has been a 26 percent increase in the number of Ph.D. graduates over the past two years. The Pathways initiative has authorized the hiring of 56 new faculty in nine clusters, seven of which are in Science, Technology, Engineering and Mathematics (STEM) disciplines.

As stated before, the pay increases for coaches is a separate issue. Funds are not being diverted from faculty to pay coaches' salaries. The university holds all students to high academic standards. E&G monies are generally not used for Athletics and vice versa; it has to do with the purpose of the funds.

57. If the Boosters have true Seminole pride, might they consider investing in programs that serve the FSU and Tallahassee community in substantive ways, beyond entertainment on the weekends?

The Seminole Boosters have contributed to the university in areas outside of athletics. They have provided funding for the library, student academic scholarships, parking, and support for the FSU Foundation to entice contributions for academic purposes, among other things. Moreover, the Boosters have substantial commitments already in place, including ongoing bond payments that cannot be deferred. The mission of the

Boosters is to raise monies for athletics; they help academics when they can but that is not their mission.