FACT SHEET: Historical Trends in State University System Base Operating Funds

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BACKGROUND
The two recurring sources of funding for universities are state appropriations (from General Revenue often combined with Lottery) and student tuition. The portion of a university’s budget appropriated by Legislature and signed by the Governor is called E&G, or Education & General—also called state base operating funds. Historically, state appropriations have been approximately 30 percent of the total budget at an institution, with the other areas tied to specific purposes, such as grants, for instance. All of the components of the universities’ budgets are detailed in the brief Financial Context section of the Annual Accountability Report, with at-a-glance graphics. (E&G refers to instructional headcount funding at main and branch campuses; it does not include special budget units, such as medical schools, health science centers, or UF-IFAS, the Institute of Food & Agricultural Sciences.)

With a decline in state revenues the past six years, universities rely more on tuition for operating costs and for delivery of academic services and programs. During the past six years, the System has had a cumulative 45 percent total reduction in E&G, or state base operating funds. About 20 percent of that 45 percent, or $300 million, is in Fiscal Year 2012-13 alone, as universities will need to close branch campuses, reduce Colleges’ budgets and faculty, eliminate additional course sections, and face continued layoffs. As indicated in the chart on page 2, the tuition portion also is expected to exceed the total state base operating portion for the first time in history during Fiscal Year 2012-13.

Since FY 2007-08, the State University System has experienced more than $1 billion in recurring and non-recurring budget reductions—that translates to $736 million in recurring reductions from prior years and $300 million classified by the 2012 Legislature as non-recurring reductions for FY 2012-13. Although the base cuts exceed $1 billion, the net cut to the System may be about $755 million.¹

For the state base operating portion of a university’s budget (E&G), the chart on the next page reflects the total state appropriations provided to the State University System by the Legislature during the past 10

¹Subject to change, primarily due to $300 M in non-recurring budget reductions that are expected to revert by the 2013 Legislature for FY 2013-14 as well as various one-time line item appropriations provided by the Legislature for FY 2012-13.
years. The blue bar represents General Revenue and Lottery funds, and the green bar represents tuition budget authority.²

State funds appropriated for FY 2012-13 are about 20 percent less than state appropriations for FY 2003-04, a strong indication that Florida’s state universities continue to experience significant budget shortfalls. In the same timeframe, budget authority has increased substantially during the course of 10 years, which signals a heavy and growing reliance on tuition revenues by the State University System to support basic administrative and operational services. Each university has been diligent for many years in developing cost-saving strategies to help offset budget shortfalls. These measures have included reducing enrollments to cut costs or increasing enrollments to generate tuition revenue; utilizing more adjunct professors or graduate teaching students; closing Institutes; reducing or closing branch campus operations; merging units and departments; and outsourcing additional services. The impacts can include lower graduation rates, less national prominence for a program or for research faculty, less federal grant funding and much more.

² Budget authority is state terminology that authorizes a university to spend tuition that it collects and deposits in local financial accounts and not the state treasury.
Student access and increased degree attainment are top priorities in the Board of Governors’ 2025 Strategic Plan. As state base operating funds decrease, the Board of Governors and the universities expect student enrollments to increase by 20,000 during the next three years in order to increase degree attainment.

Additional data and graphics about historical trends and recent legislation can be found [here](http://www.flbg.edu) from leadership’s presentations in 2012.