

# "REMARKS"

by: Modesto A. Maidique

Thursday, September 6, 1990

**Location:** UH-150 at 3:30 p.m.

FIU Speeches

## UNIVERSITY MEETING ON BUDGET

GOOD AFTERNOON. I CALLED THIS SPECIAL MEETING OF THE UNIVERSITY COMMUNITY TO PERSONALLY SHARE WITH YOU THE LATEST DEVELOPMENTS IN THE STATE'S BUDGET SITUATION AND THE WAYS IN WHICH THEY WILL IMPACT FIU.

c: President Anthony Catanese  
Florida Atlantic University —

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**Word Count:** 962

**Estimated speech time:** 5 minutes

AS YOU ALL KNOW, FIU IS A VERY UNIQUE UNIVERSITY. OUR HISTORY HAS BEEN CHARACTERIZED BY A RATE OF GROWTH THAT IS VERY RARE IN AMERICAN HIGHER EDUCATION. THAT GROWTH HAS BEEN PARTICULARLY EXPLOSIVE DURING THE PAST FEW YEARS. OUR ENROLLMENT JUMPED FROM 16,000 IN FALL 1987 TO MORE THAN 22,000 THIS SEMESTER, AN INCREASE OF APPROXIMATELY 37 PERCENT. OUR BUDGET HAS ESCALATED TO KEEP PACE WITH THIS GROWTH, FROM \$104 MILLION IN 1987-88 TO \$150 MILLION FOR THE CURRENT ACADEMIC YEAR, NEARLY A 50 PERCENT INCREASE DURING THESE YEARS WE'VE MANAGED TO UPGRADE QUALITY THROUGHOUT THE UNIVERSITY WHILE ACCOMMODATING THIS UNPARALLELED GROWTH.

THESE HAVE BEEN VERY SPECIAL YEARS FOR THE UNIVERSITY. WE'VE DONE EXTREMELY WELL, AND OUR SUCCESSES WILL BE REMEMBERED AS THE BASIS FOR FIU IN THE 21ST CENTURY. HOWEVER, I BELIEVE WE ARE NOW CONFRONTED BY A TEMPORARY SETBACK THAT WILL SLOW OUR DEVELOPMENT THIS YEAR -- BUT WILL NOT CHANGE OUR LONG-RANGE FUTURE COURSE. THAT BRINGS ME TO THE ISSUE AT HAND.

I AM SURE YOU HAVE HEARD THAT THE STATE OF FLORIDA IS FACED WITH A DIFFICULT FINANCIAL SITUATION WHICH WILL REQUIRE THAT ALL OF US TIGHTEN OUR BELTS FOR THE FORESEEABLE FUTURE. AT THE PRESENT, THE MAGNITUDE OF THE PROBLEM HAS NOT BEEN ACCURATELY DEFINED. NONETHELESS, IT IS SERIOUS ENOUGH THAT WE MUST PROCEED THOUGHTFULLY AND PRUDENTLY IN THE ACTIONS WE TAKE OVER THE NEXT MONTH, AT WHICH TIME THE IMPACT WILL BE MORE FULLY KNOWN.

SINCE LAST APRIL, OVERALL GENERAL REVENUE FOR THE STATE HAS BEEN NEARLY \$87 MILLION BELOW FORECASTED PROJECTIONS, AND THE BUDGET PEOPLE IN TALLAHASSEE BELIEVE THAT GENERAL REVENUE COLLECTIONS FOR THE FISCAL YEAR WILL FALL BELOW CURRENTLY AUTHORIZED GENERAL REVENUE APPROPRIATIONS FOR THE YEAR.

THERE ARE A NUMBER OF REASONS FOR THE FINANCIAL SHORTFALL AND THE WAY IT IMPACTS FIU.

•TRADITIONALLY, FLORIDA HAS NOT HAD ADEQUATE REVENUE SOURCES TO FUND ITS RAPIDLY GROWING EDUCATION AND SOCIAL SERVICE DEMANDS. SINCE THIS A MAJOR ELECTION YEAR IN THE STATE, POLITICIANS HAVE BEEN SPECIALLY RELUCTANT TO LEVY NEW TAXES;

•THE CONSTITUTION AND STATUTES OF THE STATE REQUIRE A BALANCED BUDGET;

•THERE IS INCREASED PESSIMISM ABOUT THE NATIONAL ECONOMIC OUTLOOK BECAUSE OF THE POTENTIAL FOR WAR IN THE MIDDLE EAST AND THE RECESSION WE APPEAR TO BE ENTERING. THIS IS COMPOUNDED BY FLORIDA'S GEOGRAPHICAL LOCATION AND ITS DEPENDENCE ON TOURIST DOLLARS. THE IMPACT OF RAPIDLY RISING OIL PRICES ON TRAVEL WILL HAVE AN ADDITIONAL NEGATIVE EFFECT ON STATE REVENUE.

DUE TO THIS FINANCIAL PICTURE AND TO LIMIT ADDITIONAL EXPENDITURES BEFORE REVISED REVENUE ESTIMATES ARE MADE, THE STATE CABINET LAST WEEK VOTED TO INSTITUTE THE FOLLOWING TEMPORARY ACTIONS, EFFECTIVE SEPTEMBER 1ST:

**FIRST** -- NO POSITIONS VACANT AS OF SEPTEMBER 1 SHALL BE FILLED EXCEPT IN INSTANCES ESSENTIAL FOR HEALTH, SAFETY AND WELL-BEING OF THE UNIVERSITY COMMUNITY. THIS APPLIES TO ALL FULLY OR PARTIALLY-FUNDED GENERAL REVENUE POSITIONS.

**SECOND** -- ALL TRAVEL SHALL BE LIMITED TO THE MINIMUM NECESSARY FOR OPERATIONAL REQUIREMENTS.

**THIRD** -- NO OCO OBLIGATIONS MAY BE MADE.

**FOURTH** -- PURCHASES OF SUPPLIES MUST BE LIMITED TO ONLY THOSE NECESSARY FOR THE IMMEDIATE OPERATION OF UNIVERSITY DEPARTMENTS.

**FIFTH** -- EMERGENCY DEVIATIONS FROM THESE PROVISIONS CAN ONLY BE APPROVED BY THE COMMISSIONER OF EDUCATION.

I WANT TO ASSURE YOU THAT THESE ACTIONS WILL ONLY SLOW THE PROJECTED GROWTH WE WERE ANTICIPATING FOR THIS ACADEMIC YEAR. THEY WILL NOT RESULT IN ANY CUTBACKS THAT WILL AFFECT THE POSITIONS OF CURRENT EMPLOYEES. THERE WILL NOT BE ANY LAYOFFS NOR WILL THESE ACTIONS AFFECT THE SALARY INCREASES APPROVED BY THE LEGISLATURE IN JUNE. (REPEAT)

YOU MAY BE WONDERING HOW WE CAN CONTINUE WITH THE CONSTRUCTION OF NEW BUILDINGS DURING A TIME OF CUTBACKS. QUITE SIMPLY, THE UNIVERSITY RUNS ON TWO TYPES OF DOLLARS. CAPITAL CONSTRUCTION IS FINANCED WITH "PECO" FUNDS, WHICH ARE GENERATED BY THE SALE OF STATE BONDS. THESE DOLLARS ARE USUALLY COMMITTED BY THE STATE ONE TO TWO YEARS BEFORE ANY CONSTRUCTION EVER TAKES PLACE. ON THE OTHER HAND, OUR FISCAL EMERGENCY IS DUE TO A SHORTFALL IN CURRENT GENERAL REVENUE DOLLARS -- THE DOLLARS THE STATE COLLECTS THROUGH SALES TAXES AND OTHER SOURCES OF REVENUE.

THE MEASURES THE STATE HAS IMPLEMENTED WILL BE IN EFFECT THROUGH SEPTEMBER 25TH -- THAT IS FOR THREE WEEKS -- AT WHICH TIME IT IS EXPECTED THAT THE CABINET OF THE STATE OF FLORIDA WILL MEET AND DIRECT EACH STATE AGENCY TO CUT ITS GENERAL REVENUE BUDGET. IT IS ANTICIPATED THAT THE IMPACT WILL BE BETWEEN 2 TO 5 PERCENT. FOR FIU, THIS COULD BE BETWEEN \$1.5 AND \$3.5 MILLION.

ALTHOUGH WE'LL HAVE A BETTER IDEA OF PRECISELY WHERE WE STAND AFTER THE CABINET MEETING, IT'S CLEAR THAT WE'LL ALL HAVE TO MAKE SOME SACRIFICES DURING THE COMING YEAR. THESE CUTS WILL INFLUENCE EVERY UNIT THROUGHOUT THE UNIVERSITY, AND TOGETHER WITH MY COLLEAGUES ON THE EXECUTIVE COUNCIL I HAVE BEEN LOOKING AT WAYS TO TRIM THE BUDGET IN A MANNER THAT WILL MITIGATE THEIR EFFECT. WE'LL ALSO BE LOOKING TO YOU TO HELP US BE FLEXIBLE AND CREATIVE IN THE WAYS WE TRIM OUR COSTS. I WANT TO REASSERT, HOWEVER, THAT THE NUMBER ONE PRIORITY OF FIU IS ACADEMICS. THEREFORE, WE WILL TAKE ANY NECESSARY ACTIONS TO ENSURE THAT THIS FISCAL CRUNCH HAS A MINIMAL IMPACT ON OUR TEACHING AND RESEARCH ACTIVITIES.

I KNOW I CAN COUNT ON ALL THE MEMBERS OF THE FIU FAMILY TO HELP US WEATHER THE TOUGH BUDGET TIMES AHEAD AND TO DO ALL THEY CAN TO CONTINUE PROVIDING THE HIGHEST LEVEL OF SERVICE TO ALL OUR CONSTITUENCIES WITHIN OUR RESOURCE LIMITS.

NOW, I'D BE PLEASED TO ANSWER ANY QUESTIONS YOU MAY HAVE.