Managing the Budget

Matthew Fajack
VP and Chief Financial Officer
November 12, 2008
Campus Community Council
The Greatest University in the World

... If we weren’t financially handicapped by the State of Florida
Almost the Greatest University in the World

Student GPA and SAT
Number of college credit hours
Retention rate
Graduation rate
Student/Faculty ratio
University of Florida compared to AAU Peers

Mean Math SAT Scores

<table>
<thead>
<tr>
<th>Year</th>
<th>Mean Math SAT Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>590</td>
</tr>
<tr>
<td>1998</td>
<td>600</td>
</tr>
<tr>
<td>1999</td>
<td>610</td>
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<tr>
<td>2000</td>
<td>620</td>
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<td>2001</td>
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<td>2002</td>
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<td>2003</td>
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<td>2005</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
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<tr>
<td>2007</td>
<td></td>
</tr>
</tbody>
</table>
University of Florida compared to AAU Peers

Second-Year Retention Rate

- University of Florida's second-year retention rate has improved over the years, reaching 95% in 2005.
- AAU Peer Median shows a consistent trend, with slight variations.

Years: 1997 to 2005
Retention Rates: 89% to 95%
University of Florida compared to AAU Peers

Six-Year Graduation Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>University of Florida</th>
<th>AAU Peer Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>75%</td>
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</tr>
<tr>
<td>1999</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>80%</td>
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</tr>
</tbody>
</table>
University of Florida compared to AAU Peers

U.S. News Reported Student to Faculty Ratio

University of Florida
AAU Peer Median
State Economic Outlook

Sales Tax aka General Revenue

Lottery aka Education Enhancement Trust Fund

What it might mean for UF
Latest estimation are $1.8 billion below April forecast and growing.

Next revenue estimating conference is November 21. Experts are predicting a shortfall of $2 billion to $3 billion.
Lottery

- Estimation is $55 million below budget.
- Legislature is using Unclaimed Property Trust Fund to fill hole.
Economic Impact

- State Economy
  - General Revenues
  - Lottery
- What could happen?
Rainy Day Fund
Economy Stabilizes
Legislature Diversifies Tax Base or Redistributes Revenues
What does that all mean for UF
State Appropriation and Tuition Revenue per Full-time Equivalent Student
AAU Public Average vs. UF

<table>
<thead>
<tr>
<th>Year</th>
<th>AAU</th>
<th>UF</th>
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<tbody>
<tr>
<td>1989-90</td>
<td>$28,000</td>
<td>$26,000</td>
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<tr>
<td>1991-92</td>
<td>$24,000</td>
<td>$22,000</td>
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<tr>
<td>1993-94</td>
<td>$20,000</td>
<td>$18,000</td>
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<tr>
<td>1995-96</td>
<td>$16,000</td>
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<td>2001-02</td>
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<td>2003-04</td>
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<td>2005-06</td>
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<td>2007-08</td>
<td>$4,000</td>
<td>$0</td>
</tr>
<tr>
<td>2009-10</td>
<td>$4,000</td>
<td>$0</td>
</tr>
</tbody>
</table>
The Machen
1½ oz. rum
1 oz. blackberry brandy
1 oz. banana liqueur
1 oz. lime juice
½ oz. grenadine syrup
Pour over crushed ice.
Garnish with Florida orange slice.

May I have another, please?

No, no, no . . . One MACHEN is enough
AAU Peer Institution FT Resident Undergraduate Tuition

- University of Florida (Florida)
- University of North Carolina (UNC)
- University of Wisconsin
- University of California, Berkeley (U of C, Berkeley)
- Texas A&M University (Texas A&M)
- University of Texas (U of Texas)
- Indiana University (Indiana)
- Ohio State University (Ohio State)
- University of Michigan (U of Michigan)
- University of Illinois
- Pennsylvania State University (Penn State)
Why is Tuition Low in Florida?

Bright Futures
A popular program that artificially keeps tuition low.

Facts

› Pays 75-100% tuition
› 94% entering freshman
› 70% of all undergraduates
› Pays 132 semester hours regardless of incoming credits
› Does not pay for summer semester
Higher Education Dilemma
Access versus Quality

- Normal business operations
  - High Demand (26,000 applications for 6,500 slots)
    - Increase price, or
    - Increase production
- Price and subsidy is regulated
- Marginal revenue less than marginal cost
- Therefore, the higher education dilemma is out of balance
UF’s Multiple Missions

- Joe the Plumber (and Berko) only focus on the teaching mission
- Three missions:
  - Teaching
  - Research
  - Public Service
Research

- Driver of economic development
- Driver of quality of life
Research Activity Economic Impact

- Funding - $583 million
- Business activity generated - $1.256 billion
- Jobs created – 10,691
- Total wages created - $481 million
RTI Biologics Inc.

- Formed in 1998 by Professor Jamie Grooms
- Leading provider of sterile biological implants
- Improves the lives of over 200,000 people per year
- Revenues of $150 million
- UF’s equity interest resulted in the construction of the Genetics and Cancer Research Building and the Orthopedics Surgery and Sports Medicine Institute
Axogen, a biomedical start-up company developing regenerative nerve products, has raised more than $20 million in venture capital and employs more than 40 people.
Verenium Corporation has licensed cellulosic ethanol technology developed in the lab of UF Distinguished Professor Lonnie Ingram. Ingram that results in ethanol from agricultural waste. BP — one of the world's largest energy companies — recently agreed to invest $90 million in Verenium as part of a strategic partnership to advance cellulosic ethanol development.
ViewRay’s Renaissance technology allows radiologists to control the exact dose of radiation delivered to a tumor while sparing surrounding tissue. It also offers the first real-time imaging of a tumor during treatment. ViewRay recently received a $25 million from five prominent Wall Street and Californians.
Researchers and doctors at UF have long pursued ways to continue cancer’s downward trend, but this year, they gained a uniquely powerful ally: the Tampa-based H. Lee Moffitt Cancer Center and Research Institute. In January, UF announced a new partnership with Moffitt designed to harness the combined critical mass of our two institutions to reach a new level of success in cancer diagnosis, treatment and research.
234,000 youth participate in 4-H enrichment programs throughout Florida donating 2 million hours of community service
Florida’s Forest Stewardship Program
Florida Master Gardener Program
Florida Yards & Neighborhoods Program
Green Communities
What you can do!

- Call and write your legislature
- Call and write the governor
- Tell your friends and family the importance of UF to the local, state and national economy