



Item: AF: I-6

AUDIT AND FINANCE COMMITTEE

Wednesday, October 21, 2009

SUBJECT: DISCUSSION ON PROJECT VISION: BUDGET SCENARIOS FOR FEDERAL STIMULUS FUNDING.

PROPOSED COMMITTEE ACTION

Information Only.

BACKGROUND INFORMATION

To keep the Board of Trustees fully aware of the financial planning strategies being discussed to address known deficit issues in Florida Atlantic University future operating budget(s).

IMPLEMENTATION PLAN/DATE

Not Applicable.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation: PowerPoint Presentation: Visioning Scenarios for Federal Stimulus Funding.

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Visioning Scenarios for Federal Stimulus Funding

Report to the Audit and Finance Sub-committee

Board of Trustees

October 21, 2009



Visioning Scenarios for Federal Stimulus Funding

History/Background

- Federal Stimulus funding was included in each SUS institution's budget for 2009-10.
- FAU received a total of \$12,155,065 for 2009-10.
- A comparable amount is expected to be allocated for 2010-11.
- All Federal Stimulus funding is expected to cease by 2011-12.

Visioning Scenarios for Federal Stimulus Funding

Planning Assumptions

- Conservative approach: 2009-10 enrollment held constant for 2010-11 and 2011-12.
- Ability of the BOT to set tuition increase of up to 8% as in 2009-10.
- Tuition differential offers limited incremental revenues in the short term due to State of Florida restrictions on its applicability.
- No further reductions, nor operating increases, from the State of Florida.

Visioning Scenarios for Federal Stimulus Funding

Planning Limitations

- No concrete estimates of State funding or Federal Stimulus funding for subsequent years. No guarantee from State of Florida that year 2 of federal stimulus funding will materialize.
- State may limit tuition increases for undergraduate residents in future years.
- Current increase in enrollment/student credit hour productivity may not be sustainable.

Visioning Scenarios for Federal Stimulus Funding

Planning Priorities

- Mitigate the necessity for additional reductions in FAU E&G budget from current levels in subsequent years while offsetting a total of \$13.2M.
- Plan for recurring budget solutions; employ non-recurring/cash options sparingly.
- Plan conservatively to assure contingencies can be managed (i.e., no continued State funding).



Visioning Scenarios for Federal Stimulus Funding

Scenarios

Visioning Scenarios for Federal Stimulus Funding

Regardless of potential revenue production (which is too early at this juncture to predict) three options can be broadly discussed. They are:

- Scenario 1: Address Stimulus reduction in even amounts over two years.
- Scenario 2: Pay down Stimulus reduction heavily in year 1 leaving other FAU priorities to the second year.
- Scenario 3: Invest in pressing needs in year 1 pushing the larger share of stimulus deficit reduction to year 2.

Visioning Scenarios for Federal Stimulus Funding

- Scenario 1: Address Stimulus reduction in even amounts over two years.
✓ *Inherent Risk: Inability to address some issues in the shortest time span possible.*

- Scenario 2: Pay down Stimulus reduction heavily in year 1 leaving other FAU priorities to the second year.
✓ *Inherent Risk: Inability to address many issues in the shortest time span possible.*

- Scenario 3: Invest in pressing needs in year 1 pushing the larger share of stimulus deficit reduction to year 2.
✓ *Inherent Risk: Potential that inadequate funds will remain on-hand to cover stimulus roll-out years.*