



Item: BF: A-M

BUDGET AND FINANCE COMMITTEE

Tuesday, June 2, 2020

SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES FOR THE APRIL 21, 2020 BOT BUDGET AND FINANCE COMMITTEE MEETING.

PROPOSED COMMITTEE ACTION

Initiate roll call to document member participation to ensure appropriate quorum numbers are achieved and to approve the minutes of the April 21, 2020 Budget and Finance Committee meeting.

COMMITTEE MEMBERS

Mr. Robert Stilley, Chair	_____
Mr. Brent Burns, Vice Chair	_____
Mr. Shaun Davis (ex-officio)	_____
Mr. Mary Beth McDonald	_____
Mr. Abdol Moabery (ex-officio)	_____
Mr. Robert Rubin	_____
Dr. Kevin Wagner	_____

BOT MEMBERS

Mr. Kevin Buchanan	_____
Dr. Malcolm Dorman	_____
Dr. Jeffrey Feingold	_____
Mr. Brad Levine	_____
Ms. Elycia Morris	_____



**BUDGET AND FINANCE COMMITTEE
DRAFT MINUTES
Tuesday, April 21, 2020**

BF: A-M. Roll Call and Approval of Minutes for the December 6, 2019 BOT Budget and Finance Committee Meeting.

Mr. Robert Stilley, Chair of the Board of Trustees (BOT) Budget and Finance Committee, convened this meeting at 11:45am. Roll call commenced with the following Committee members, in addition to Mr. Stilley, participating: Mr. Brent Burns, Vice Chair; Mr. Shaun Davis (ex-officio), Ms. Mary Beth McDonald, Mr. Abdol Moabery (ex-officio), Mr. Robert Rubin and Dr. Kevin Wagner.

Other Trustees attending the meeting included: Dr. Michael Dennis, Dr. Malcolm Dorman, Dr. Jeffrey Feingold, Mr. Brad Levine, Ms. Elycia Morris and Mr. Kevin Buchanan.

The following University officials participated: Dr. John Kelly, President; Mr. Jeff Atwater, Vice President for Strategic Initiatives & CFO; and Dr. Larry Faerman, Acting Vice President Student Affairs & Enrollment Management.

Upon call, a motion was made and seconded to approve the minutes of the December 6, 2019 Budget and Finance Committee meeting without change or correction. The motion passed unanimously.

BF: A-1. Request for Approval of Delegation of Authority to Amend the University's 2019-20 Operating Budget to Receive and Expend FAU's Portion of the Funds Provided by the CARES Act.

Mr. Atwater explained that on March 27, 2020 President Trump signed the CARES Act into law. The legislation provides approximately \$2.2 trillion dollars in relief to several sectors of the economy, including creating a \$30.75 billion education stabilization fund that designates roughly \$14 billion in emergency funding from the U.S. Department of Education (DOE) to colleges and universities. The majority of the higher education funding will flow to institutions through the Title IV disbursement system based on a formula that considers the number of full time equivalent Pell Grant recipients and non-Pell students not exclusively enrolled in distance education prior to the coronavirus emergency.

FAU's allocation is \$22,429,874 and half of that funding, approximately \$11.2M, must be provided to students for emergency financial assistance to offset expenses related to the disruption of campus operations due to the coronavirus (including eligible expenses under a student's cost of attendance, such as food, housing, course materials, technology, healthcare, and child care). The other half of the

funding is for the institution to allocate as it deems appropriate to address the significant changes of delivery of instruction due to the Coronavirus.

Upon question, Mr. Atwater explained that workgroups at each University within Florida's SUS are in communication and there are common themes, but the BOG is allowing each University to come up with their own plan. The funds come directly from Federal Department of Education and the primary driver of the allocated amount for each University was based on population and percentage of Pell grant recipients within the student body.

Dr. Danilowicz advised that there will be consistency across the SUS regarding the plans for getting funds into the hands of students. The FAU Cares Account has been set up and process has been put in place. Currently 1,285 students already expressed financial need. The expectation is that the University may receive up to 16,000 students that are eligible to apply and request need. If the amount is kept at \$500 per student, there is enough funding to cover that, it would be approximately \$7.5M of the \$11.2M allocated.

Dr. Flynn advised that FAU provides dollars up front to students and then would be reimbursed by the Department of Education once invoices were provided.

With no further questions, a motion was made and seconded to approve the delegation of authority to amend the University's 2019-20 Operating Budget to receive and expend FAU's portion of the funds provided by the CARES Act. The motion passed unanimously.

BF: I-1. Financial Update.

Mr. Atwater provided a financial update regarding the first 9 months of the fiscal year as well as the impact of COVID for the last quarter of the year. The discipline of the strategic plan has played a major role. Mr. Atwater highlighted tuition which has steadily increased in FY20 notwithstanding a continued increase in state mandated waivers. This has been led by strong growth in both in-state and out-of-state credit hours. More FTICs are completing their degree at FAU resulted in an increase in student credit hours as well. College of Nursing revenues are up 152% compared to March of last year due to the launch of a self-sustaining program in Davie.

In regard to COVID-19 impacts, Mr. Atwater reviewed financial performance projections in revenue and expense. Losses in revenues include the closure of the Student Union and cancellation of events, reduction in bookstore commissions and meal plan contracts for summer, as well as cancellation of or postponed Foundation events that directly relate to fundraising. Increases in expenses in E&G include additional technology needed to transition to online classes and expenses incurred due to COVID-19. Increases in auxiliary expenses include refunds issued to students for housing/dining and cancellations for events in Lifelong Learning. Savings include positions, a pause on additional compensation and a pause on travel which will account for \$13.5M, as well as \$3.5M from the Finance Corporation back to the University from a reserve fund from a refinance, and the \$11.2M from federal government for students and an additional \$11.2M for needs that have arisen due to COVID-19.

Upon query, Mr. Atwater explained that the Fiscal Task Force creates assumptions and processes to help keep expenses down and provide information to Tallahassee.

Upon question, regarding tech fees, Dr. Danilowicz explained that online courses and remote courses are quite different. Online courses take a full year to develop, have a large cost associated and require additional teaching support that is not required with face to face classes. Remote instruction was an emergency response by faculty and did their best to communicate with their students.

Mr. Atwater presented current Summer/Fall admission information and noted that FTIC deposits are slightly down at -1% (-33 students) over the same time last year which is mostly attributed to a decline in Non-Florida Resident deposits which are down 18% or 55 students. Transfer deposits are currently up 16% and the new FAU Pathway Programs are seeing a high amount of interest with 895 deposits. Registration for the entire University is up 13.3% for Summer and down 2.2% for Fall currently compared to this time last year.

The credential of our students and quality of our faculty as well as our location and increase in high school graduates in this area are all positives which maximize opportunities for students to choose FAU.

With no further questions or comments put forth, a motion was made and seconded to adjourn the meeting. **The meeting was adjourned at 12:45 p.m.**