



Item: **BF: I-1**

BUDGET AND FINANCE COMMITTEE

Tuesday, May 16, 2017

**SUBJECT: PRESENTATION OF THE FLORIDA ATLANTIC UNIVERSITY 2017-18
PROPOSED OPERATING BUDGET.**

PROPOSED COMMITTEE ACTION

Presentation of Florida Atlantic University's 2017-18 Proposed Operating Budget to the Board of Trustees (BOT). The Operating Budget consists of Educational and General (General Revenue, Student Fees, and Education Enhancement); Student Financial Aid; Grants and Contracts; Auxiliary Enterprises; Athletics Local; Student Government; and, Concession. Delegate to the University President, the authority to amend these budgets as appropriate during the fiscal year consistent with Legislative, Board of Governors' and Board of Trustees' directives and guidelines.

BACKGROUND INFORMATION

The University President is required to prepare an annual budget for approval by the BOT. Authority for the University President to amend the budget is necessary to accommodate changes in revenues, expenditures, statutory budget changes, salary increases, health insurance increases, retirement rate increases, and technical amendments without the need for the Board of Trustees' approval each time these modifications are made.

IMPLEMENTATION PLAN/DATE

July 1, 2017.

FISCAL IMPLICATIONS

The operating budget governs the University's expenditures during the year.

Supporting Documentation: Powerpoint Presentation: 2017-18 Proposed Operating Budget

Presented by: Mr. Art Kite, Interim VP for Financial Affairs

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FLORIDA ATLANTIC UNIVERSITY



2017-18 PROPOSED OPERATING BUDGET

May 16, 2017

2017-18 OPERATING BUDGET EXECUTIVE SUMMARY

The 2017-18 Operating Budget of Florida Atlantic University (FAU) is comprised of seven budgetary components:

Educational and General

Student Financial Aid

Contracts and Grants

Auxiliary Enterprises

Athletics Local

Student Government

Concessions

Budgets are reviewed and evaluated at multiple levels within the organization, from departmental units to the President's Executive Leadership Team and the Board of Trustees.

FAU's 2017-18 Operating Expenditure Budget totals \$780,473,166 an increase of 2.6% over the prior year. In order to accurately reflect total revenues within each budgetary component, the 2017-18 budget reflects inter-fund transfers between units.

Educational and General:

The Educational and General (E&G) Budget supports the academic mission of the university through expenditures for instruction, research, library and learning resources, student services, university support, and physical plant.

Proposed Revenue Budget

The 2017-18 E&G Revenue Budget, including the College of Medicine, totals \$341,125,237 which reflects an increase 1.8% over the previous year including non-recurring funds and tuition budget authority of \$12,265,019.

Proposed Expenditure Budget

The 2017-18 E&G Expenditure Budget totals \$328,860,218 which excludes \$12,265,019 budget authority to collect student tuition with allocations to take place, pending actual enrollments.

Student Financial Aid:

The Student Financial Aid Budget is comprised of funding from student financial aid fees, support from federal and state financial aid awards, institutional programs, as well as numerous private scholarships. The Student Financial Aid Budget totals \$200,859,417 in projected expenditures, an increase of 1.5% over the prior year due to anticipated increasing private and alternative lending and Bright Futures.

Contracts and Grants:

The Contracts and Grants Budget is comprised of funding from many sources, including federal, state and local governmental agencies and private organizations, FAU and HBOI Foundation endowment distribution and A. D. Henderson University School. The Contracts and Grants budget totals \$62,484,912 in projected expenditures, an increase of 3.3% due to anticipated increasing Sponsored Research activities and Henderson School enrollment.

Auxiliary Enterprises:

The Auxiliary Enterprises Budget is comprised of business and enterprise operations that are self-supporting through user fees, payments, and charges. The range of operations include auxiliaries such as Food Service, Traffic and Parking, Medical School GME and Residency Programs, Market Rate programs, and HBOI auxiliary operations. Also included in this budget are the expenditures and revenues for the student technology fee. The Auxiliary Enterprises Budget totals \$148,209,958 in projected expenditures which reflects an increase of 4.3% over 2016-17.

Athletics:

The Athletics Budget is comprised of funding from student athletic fees, ticket sales to athletic events, game guarantees, corporate sponsorships, National Collegiate Athletic Association distributions and private support and gifts. The Athletics Budget totals \$29,331,205 in projected expenditures, an increase of 8.2% over the prior year due to an increase in salaries, contractual obligations and recruiting.

Student Government:

The Student Government Budget is comprised of funding from the activity and service fee paid by students and well as other types of club and program income. The Student Government Budget totals \$10,102,456 in projected expenditures, an increase of 6.4% over the prior year.

Concessions:

The Concessions Budget is comprised of funding derived from concessions operations such as soft drink and snack vending machines. The Concessions Budget totals \$625,000 in projected expenditures due to the negotiated contract from Coca-Cola and remains the unchanged from 2016-17.

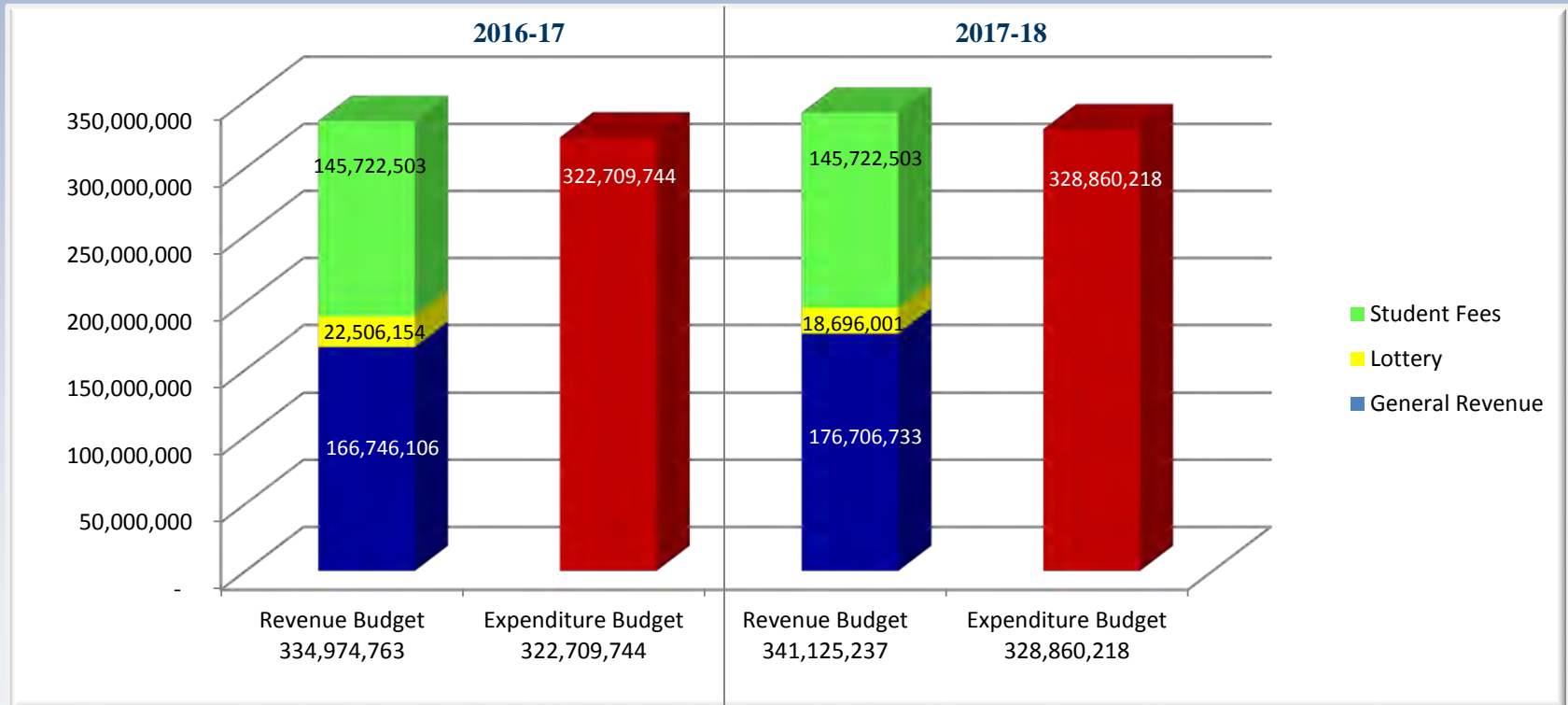
2017-18 Educational and General Proposed Budget

	<u>University</u>	<u>Medical School</u>	<u>Total FAU</u>
2016-17 BOG Revenue Budget	\$ 310,632,598	\$ 24,342,165	\$ 334,974,763
Net Budget Changes	5,922,711	227,763	6,150,474
2017-18 BOG Revenue Budget	<u>\$ 316,555,309</u>	<u>\$ 24,569,928</u>	<u>\$ 341,125,237</u>
2016-17 Expenditure Budget	\$ 298,367,579	\$ 24,342,165	\$ 322,709,744
2016-17 Performance Funding - Non-recurring	(25,346,748)	-	(25,346,748)
2017-18 New Allocations:			
Performance Funding - Non-recurring (Estimate)	19,000,000	-	19,000,000
World Class Faculty & Scholar Program	4,389,709	-	4,389,709
SUS Professional & Graduate Degree Excellence Program	2,248,951	-	2,248,951
Health Insurance increase & Florida Retirement System Contributions	3,436,519	227,763	3,664,282
FAU - Florida Energy Consortium Reduction **	(2,187,500)	-	(2,187,500)
Drug Discovery & Translation Research Partnership w/Scripps *** (non-recurring)	2,031,780	-	2,031,780
FAU-Secondary Robotics Team Support ** (non-recurring)	150,000	-	150,000
FAU - Honors College (non-recurring)	1,000,000	-	1,000,000
Tech Runway * (non-recurring)	1,200,000	-	1,200,000
Total	<u>31,269,459</u>	<u>227,763</u>	<u>31,497,222</u>
2017-18 Proposed Expenditure Budget (less tuition authority)	<u>\$ 304,290,290</u>	<u>\$ 24,569,928</u>	<u>\$ 328,860,218</u>

*FAU will receive the funding through the Dept. of Economic Opportunity

** Pass Through

Educational & General Proposed Operating Budget with Prior Year Comparison



Five-year Legislative Revenue Budget Summary 2013-14 to 2017-18 Proposed Budget

<u>University</u>	2013-14	2014-15	2015-16	2016-17	2017-18	1 year % Change
General Revenue	\$ 119,757,792	\$ 121,094,914	\$ 140,635,926	\$ 152,052,188	\$ 161,785,052	* 6.4
Lottery	16,731,350	20,785,531	19,994,203	22,506,154	18,696,001	* (16.9)
Tuition and Fees **	<u>124,973,462</u>	<u>129,145,158</u>	<u>129,369,909</u>	<u>136,074,256</u>	<u>136,074,256</u>	<u>-</u>
Subtotal	261,462,604	271,025,603	290,000,038	310,632,598	316,555,309	1.9
 <u>Medical School</u>						
General Revenue	14,535,791	14,344,890	14,337,746	14,693,918	14,921,681	1.6
Tuition and Fees **	<u>6,158,280</u>	<u>8,238,505</u>	<u>8,272,005</u>	<u>9,648,247</u>	<u>9,648,247</u>	<u>-</u>
Subtotal	20,694,071	22,583,395	22,609,751	24,342,165	24,569,928	0.9
Total FAU E&G Revenue Budget	<u>\$ 282,156,675</u>	<u>\$ 293,608,998</u>	<u>\$ 312,609,789</u>	<u>\$ 334,974,763</u>	<u>\$ 341,125,237</u>	<u>1.8</u>

* Lottery budget reflects \$3.8m fund shift from Lottery to General Revenue.

**Legislative authority to collect student tuition.

Five-year Expenditure Budget* Summary 2013-14 to 2017-18

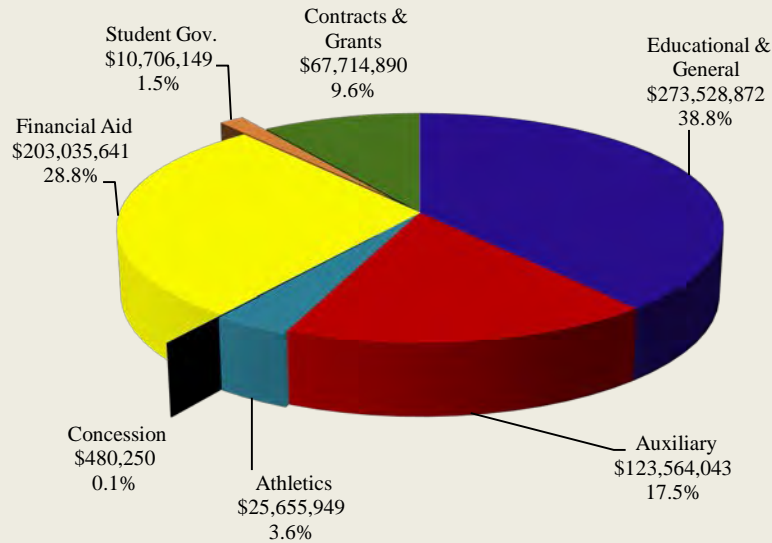
Fund Type	2013-14	2014-15	2015-16	2016-17	2017-18 **	1 year % Change
Educational & General	\$ 273,528,872	\$ 280,809,499	\$ 299,810,290	\$ 322,709,744	\$ 328,860,218	1.9
Student Financial Aid	203,035,641	202,133,102	196,558,935	197,953,827	200,859,417	1.5
Contracts & Grants	67,714,890	55,498,239	59,098,850	60,514,705	62,484,912	3.3
Auxiliary Enterprises	123,564,043	125,346,933	139,559,277	142,153,266	148,209,958	4.3
Athletics						
Athletics Operations	20,428,407	22,133,710	21,385,170	22,187,469	24,586,083	
Stadium Operations/Debt Service	<u>5,227,542</u>	<u>5,275,853</u>	<u>4,961,259</u>	<u>4,917,562</u>	<u>4,745,122</u>	
Total Athletics	25,655,949	27,409,563	26,346,429	27,105,031	29,331,205	8.2
Student Government	10,706,149	11,217,531	9,876,445	9,497,901	10,102,456	6.4
Concessions	<u>480,250</u>	<u>510,000</u>	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	<u>-</u>
TOTAL	<u>\$ 704,685,794</u>	<u>\$ 702,924,867</u>	<u>\$ 731,875,226</u>	<u>\$ 760,559,474</u>	<u>\$ 780,473,166</u>	<u>2.6</u>

*Includes inter fund transfers

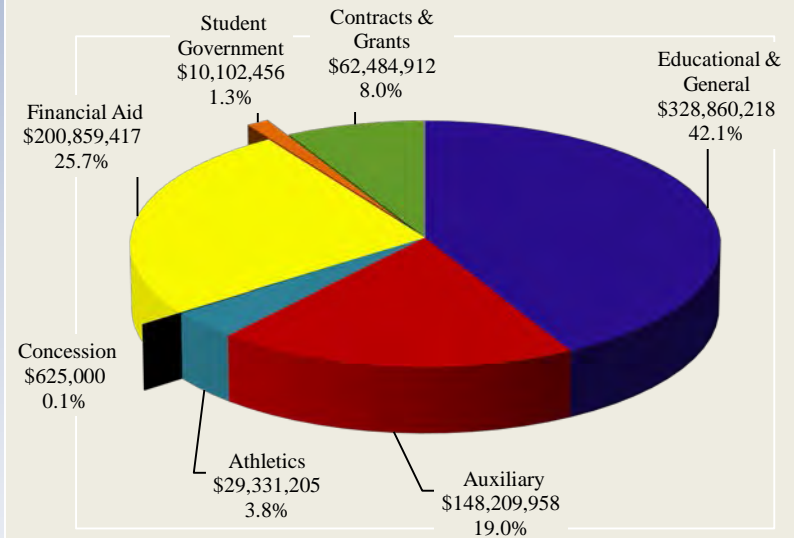
**2017-18 E&G Proposed Budget

Five-year Expenditure Budget Comparison

2013-14 Expenditure Budget - \$704,685,794

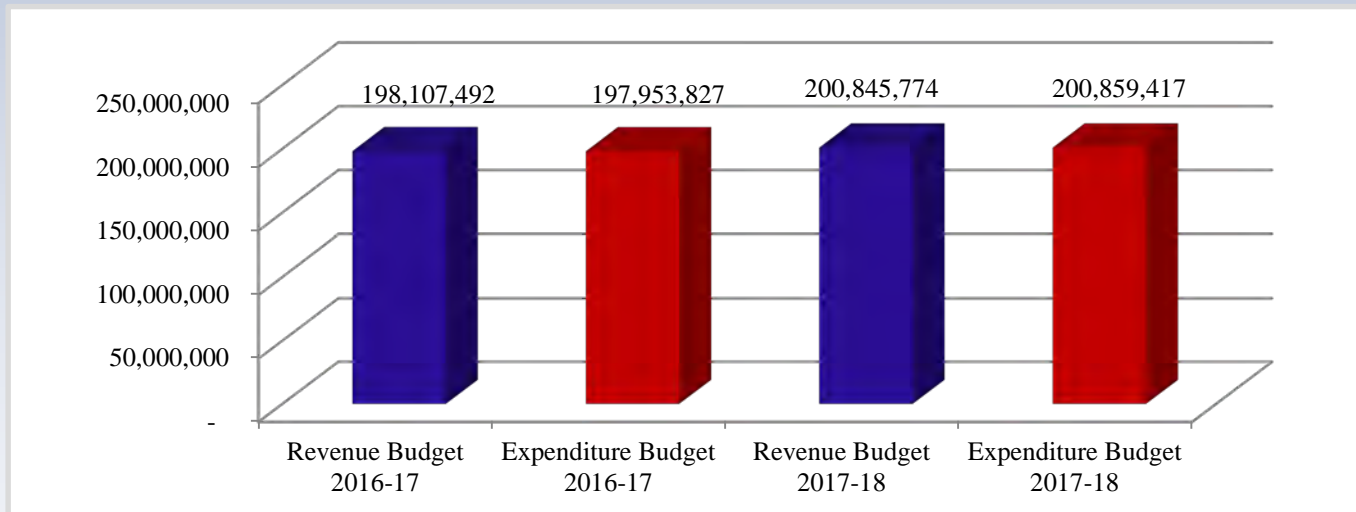


2017-18 Proposed Expenditure Budget - \$780,473,166



Student Financial Aid Budget Highlights *

The Student Financial Aid budget largely represents scholarship and loan funds that are received by the University and subsequently disbursed to students. Included in the budget are funding from student financial aid fees as well as financial aid support from all sources such as federal financial aid awards (Pell Grants, Student Educational Opportunity Grants, Perkins Loans, Stafford Loans), state financial aid awards (Bright Futures, Florida Assistance Grants), Institutional Programs (Presidential Awards, MLK Scholarships) and Private Scholarships (FAU Foundation), and Bright Futures.



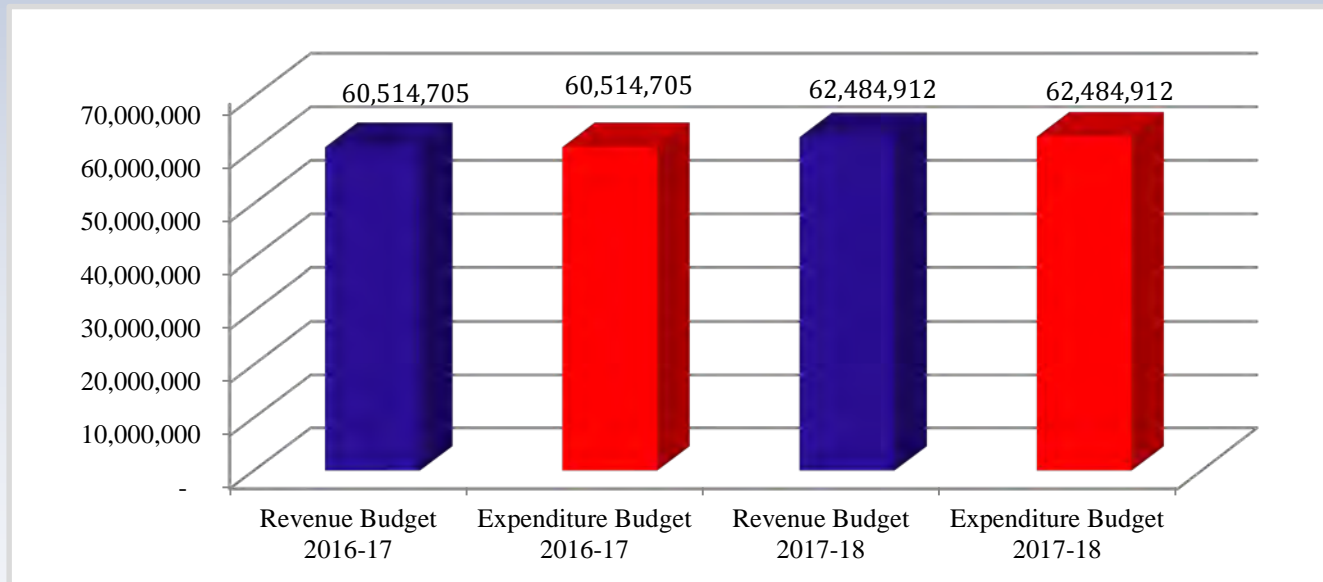
All years include Stafford and Alternative loans.

* Pending approval of the changes to the Bright Futures Program

Contracts and Grants Budget Highlights

Funding from federal agencies, state agencies, foundations and private sources that enables the University to conduct specific research projects or to provide specific services. The 2017-18 operating expenditure budget represents an increase of 3.3% from the prior year:

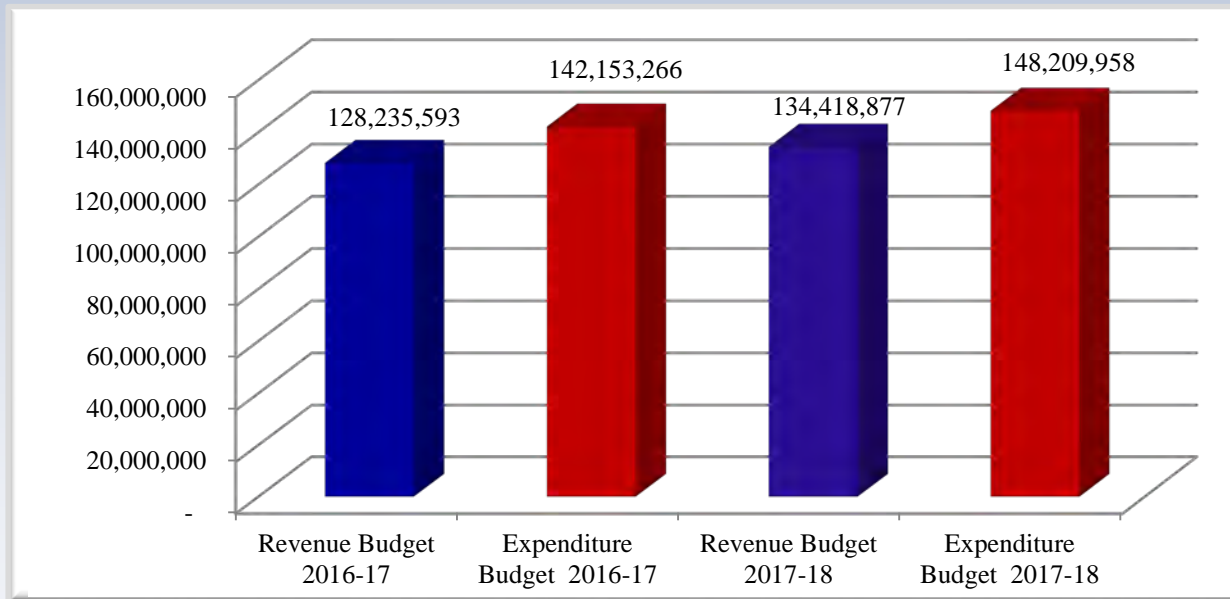
Sponsored Research	\$46,800,000
FAU Foundation/HBOI Foundation Endowment Spending	6,783,200
A. D. Henderson School	<u>8,901,712</u>
Total	\$62,484,912



Auxiliary Enterprises Budget Highlights

University business operations that are self-supporting through user fees, payments and charges. These include: Food Services, Bookstore, Traffic and Parking, Technology Fee expenditure, Market Rate Programs, Medical School Graduate Medical Education (GME) and Residency Programs, and others.

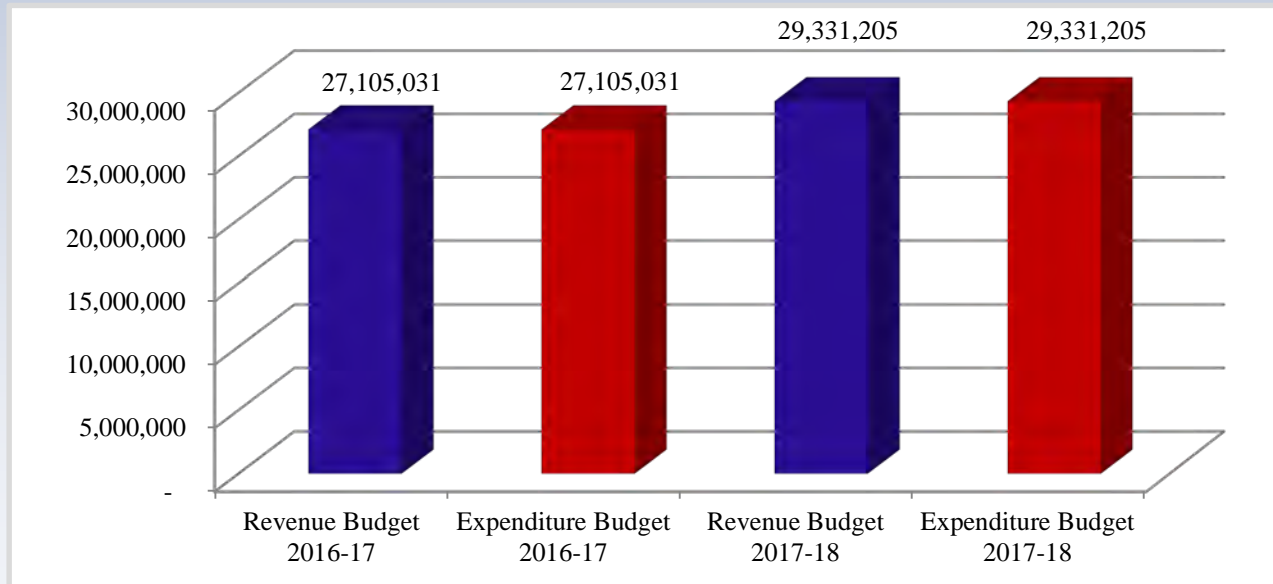
The 2017-18 budget includes transfer authority. The expense budget reflects an increase of 4.3 % over the prior year due to the growth in Medical School GME and Residency Programs, Market Rate Program, Student Union Renovation, and other anticipated expenses.



Athletics Budget Highlights

The Athletics Operating Budget supports the University's student athletic program. Funding is generated from student athletics fees (\$17.27 per credit hour). Included in FY 2017-18 are operating revenues generated from Conference USA as well as tickets sales to athletic events, game guarantees, sponsorships, private support, cost to attend and pre/post meals.

The 2017-18 operating expense budget comprises recruiting, travel and salaries. The Athletics program distributes \$5.8M in Financial Aid, Title IX, scholarships and out-of-state waivers to students.



FLORIDA ATLANTIC UNIVERSITY™

2017-18 Athletics Operating Budget

<u>Revenue Budget</u>	<u>Athletics</u>	<u>Stadium</u>	<u>Total</u>
Ticket Sales/Other Event Tickets	\$ 750,000	\$ 1,300,000	\$ 2,050,000
Game Guarantees	300,000	1,200,000	1,500,000
NCAA/Conference Distribution	2,744,444	-	2,744,444
Student Fees	11,735,404	625,000	12,360,404
Corporate Sales	515,000	450,000	965,000
Development and Capital Gifts	400,000	1,150,000	1,550,000
Premium Seating	-	750,000	750,000
Title IX, Financial Aid, Waivers, Scholarships	1,301,357	-	1,301,357
Other Miscellaneous Revenue ¹	1,050,000	960,000	2,010,000
Scholarship Support	4,100,000	-	4,100,000
Total Revenue	\$ 22,896,205	\$ 6,435,000	\$ 29,331,205
<u>Expenditure Budget</u>			
Salaries and Benefits	\$ 8,901,750	\$ 49,000	\$ 8,950,750
Other S/A Expenses (COA/Meals)	550,000	-	550,000
Utilities/Maintenance/Facility Rental	1,025,000	1,170,000	2,195,000
Game Day Expenses/Game Guarantees	1,200,000	700,000	1,900,000
Equipment/Supplies	1,500,000	-	1,500,000
Recruiting/Travel	3,000,000	-	3,000,000
Scholarships/Title IX, Financial Aid, Waivers	5,884,333	-	5,884,333
Debt Service	-	2,671,122	2,671,122
Other Expenses ²	2,525,000	155,000	2,680,000
Total Expenditures	\$ 24,586,083	\$ 4,745,122	\$ 29,331,205

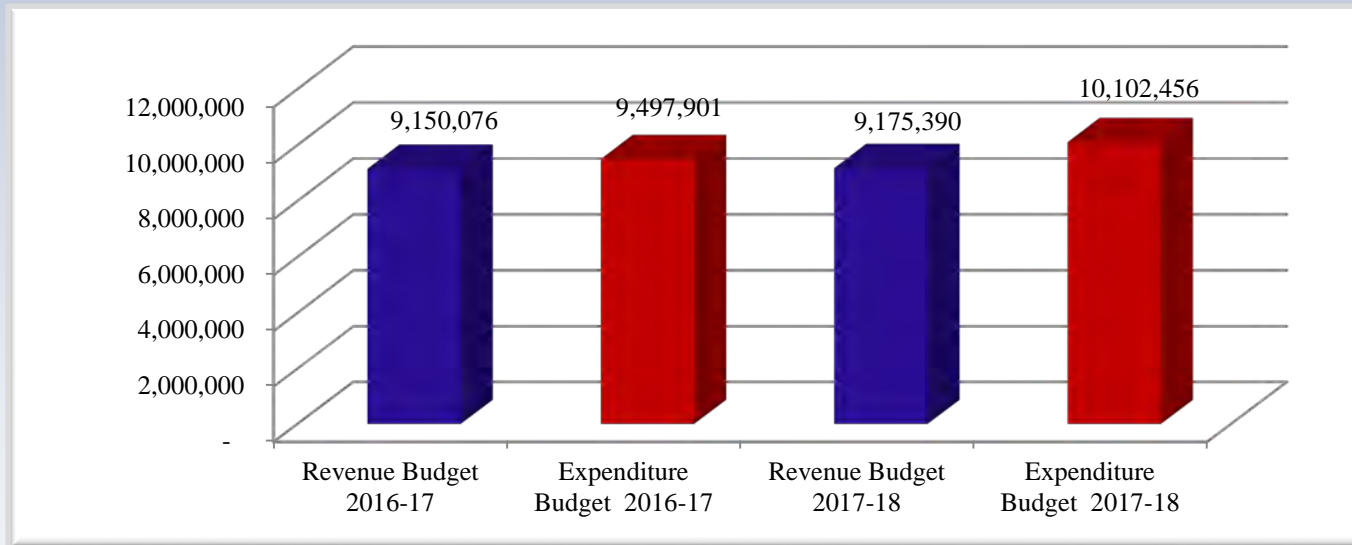
¹ Comprised of catering/concessions, facilities/parking and other revenue.

² Comprised of memberships, pre/post housing and meals, advertising/promotions, insurance/medical and other expense.

Student Government Budget Highlights

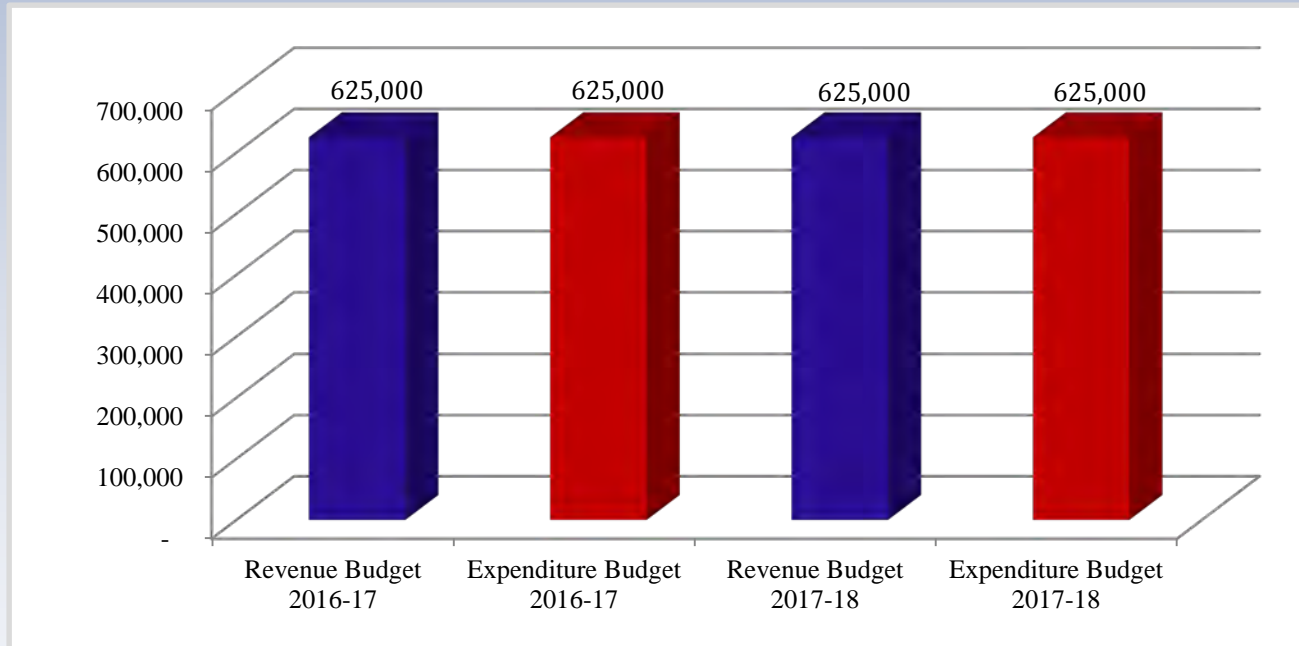
Funds from student activities and service fees are provided to support student government operations and student activities such as clubs and organizations.

Other funds available for expenditures include Program Board revenue, homecoming revenue, and available cash balances. The 2017-18 Expense budget reflects an increase of 6.4% for anticipated Student Union renovations and track, and field equipment purchases and replacements.



Concession Budget Highlights

The concessions budget for 2017-18 remains the same as the budget for 2016-17. Revenues are relatively constant and expenditures are projected to be in line with projected revenues.



2017-18 Proposed Capital Outlay Budget

	<u>2017-18 Request</u>	<u>2017-18 Budget</u>
Jupiter STEM/Life Science Building	\$ 11,850,000	\$ 9,850,000
Henderson Lab School	5,000,000	-
Student Union - CITF	3,852,480	3,852,480
Cooling Tower Replacement	3,500,000	3,500,000
Maintenance/Repair/Renovation and Remodeling	<u>2,345,358</u>	<u>2,345,358</u>
Total	<u>\$ 26,547,838</u>	<u>\$ 19,547,838</u>

2017-18 BUDGET SUMMARY

Educational and General Proposed Expenditure Budget	\$	328,860,218
Non-E&G Fund Expenditure Budget		<u>451,612,948</u>
Total Operating Budget		780,473,166
Capital Outlay Proposed Budget		<u>19,547,838</u>
TOTAL 2017-18 Budget	\$	<u><u>800,021,004</u></u>