



Item: BF: A-2

BUDGET AND FINANCE COMMITTEE

Tuesday, May 15, 2018

SUBJECT: REVIEW AND APPROVAL OF THE FAU 2018-19 PROPOSED OPERATING AND CAPITAL BUDGETS.

PROPOSED COMMITTEE ACTION

Presentation of Florida Atlantic University's 2018-19 Proposed Operating Budget to the Board of Trustees (BOT) for approval. 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, 2018.

FISCAL IMPLICATIONS

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

Supporting Documentation: Powerpoint Presentation: 2018-19 Proposed Operating Budget

Presented by: Mr. Art Kite, Deputy CFO

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FLORIDA ATLANTIC UNIVERSITY



2018-19 PROPOSED OPERATING BUDGET

May 15, 2018

2018-19 OPERATING BUDGET EXECUTIVE SUMMARY

The 2018-19 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 2018-19 Operating Expenditure Budget totals \$810,030,199 an increase of 4.2% over the prior year. In order to accurately reflect total revenues within each budgetary component, the 2018-19 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 2018-19 E&G Revenue Budget, including the College of Medicine, totals \$343,786,915 which reflects an increase of 1.8 % over the previous year including non-recurring funds and tuition budget authority of \$12,265,019.

Proposed Expenditure Budget

The 2018-19 E&G Expenditure Budget totals \$331,521,896 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 \$201,483,899 in projected expenditures, an increase of 0.3% over the prior year due to anticipated increasing in State, Federal Grants & Institutional Funds.

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 Foundation endowment distribution and A. D. Henderson University School. The Contracts and Grants budget totals \$69,961,765 in projected expenditures, an increase of 12% due to anticipated increase in Division of Research and Foundation activities.

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 \$164,680,639 in projected expenditures which reflects an increase of 11.1% over 2017-18.

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 \$31,130,227 in projected expenditures, an increase of 6.1% over the prior year due to an increase in contractual obligations, travel 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 \$10,626,773 in projected expenditures, an increase of 5.2% 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 and remains unchanged from 2017-18.

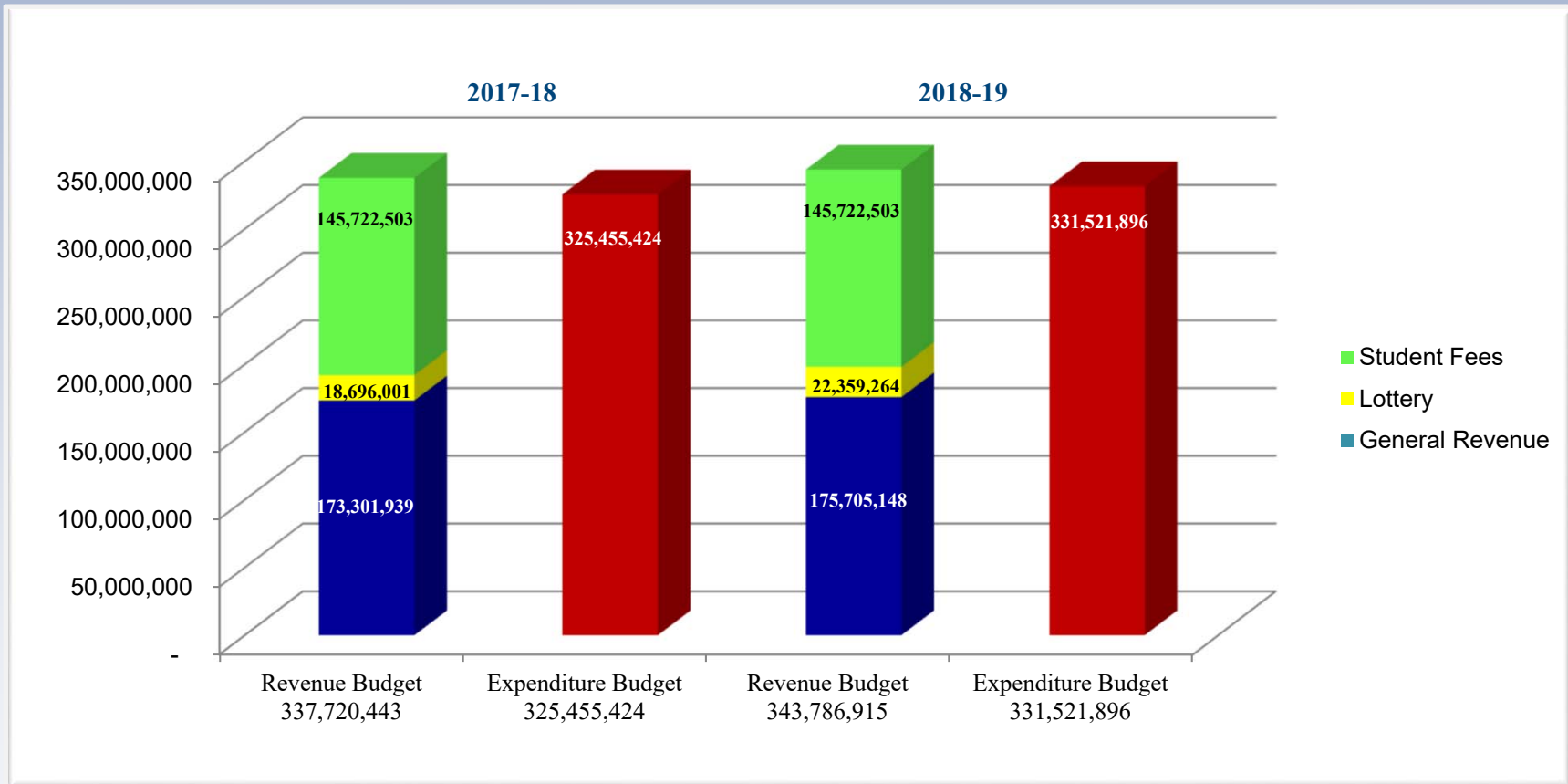
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2018-19 Educational and General Budget

	<u>University</u>	<u>Final Medical School</u>	<u>Total FAU</u>
2017-18 BOG Revenue Budget	\$ 313,150,515	\$ 24,569,928	\$ 337,720,443
Net Budget Changes	6,020,716	45,756	6,066,472
2018-19 BOG Revenue Budget	<u>\$ 319,171,231</u>	<u>\$ 24,615,684</u>	<u>\$ 343,786,915</u>
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2017-18 Expenditure Budget	<u>\$ 300,885,496</u>	<u>\$ 24,569,928</u>	<u>\$ 325,455,424</u>
2017-18 Performance Funding - Non-recurring	(19,395,004)	-	(19,395,004)
2018-19 New Allocations			
Performance Funding - Non-recurring up to \$20M	20,000,000	-	20,000,000
World Class Faculty & Scholar Program (recurring)	1,284,455	-	1,284,455
Graduate Degree Excellence Program (recurring)	440,041	-	440,041
Health Insurance increase & Florida Retirement System Contributions	453,876	45,756	499,632
Risk Management Increase	258,164	-	258,164
FAU- Secondary Robotics Team Support (non-recurring)	(150,000)	-	(150,000)
FAU - Restore 2017-18 Florida Energy Consortium - Reduced (\$58,316)	2,129,184	-	2,129,184
FAU - Everglades Restoration and Community Resilience (non-recurring)	250,000	-	250,000
FAU - Max Planck Scientific Fellowship * (non-recurring)	750,000	-	750,000
Total	<u>25,415,720</u>	<u>45,756</u>	<u>25,461,476</u>
2018-19 Proposed Expenditure Budget (less tuition authority)	<u>\$ 306,906,212</u>	<u>\$ 24,615,684</u>	<u>\$ 331,521,896</u>

**Pass Through*

Educational & General Proposed Operating Budget with Prior Year Comparison



FLORIDA ATLANTIC UNIVERSITY™

Five-year Legislative Revenue Budget Summary 2014-15 to 2018-19 Proposed Budget

<u>University</u>	2014-15	2015-16	2016-17	2017-18	2018-19	1 year % Change
General Revenue	\$ 121,094,914	\$ 140,635,926	\$ 152,052,188	\$ 158,380,258	\$ 160,737,711	1.5
Lottery *	20,785,531	19,994,203	22,506,154	18,696,001	22,359,264	19.6
Tuition and Fees**	<u>129,145,158</u>	<u>129,369,909</u>	<u>136,074,256</u>	<u>136,074,256</u>	<u>136,074,256</u>	-
Subtotal	271,025,603	290,000,038	310,632,598	313,150,515	319,171,231	1.9
<u>Medical School</u>						
General Revenue	14,344,890	14,337,746	14,693,918	14,921,681	14,967,437	0.3
Tuition and Fees**	<u>8,238,505</u>	<u>8,272,005</u>	<u>9,648,247</u>	<u>9,648,247</u>	<u>9,648,247</u>	-
Subtotal	22,583,395	22,609,751	24,342,165	24,569,928	24,615,684	0.2
Total FAU E&G Revenue Budget	\$ <u>293,608,998</u>	\$ <u>312,609,789</u>	\$ <u>334,974,763</u>	\$ <u>337,720,443</u>	\$ <u>343,786,915</u>	<u>1.8</u>

*Lottery budget reflects \$3.6m fund shift from General Revenue to Lottery.

**Legislative authority to collect student tuition.

Five-year Expenditure Budget* Summary 2014-15 to 2018-19

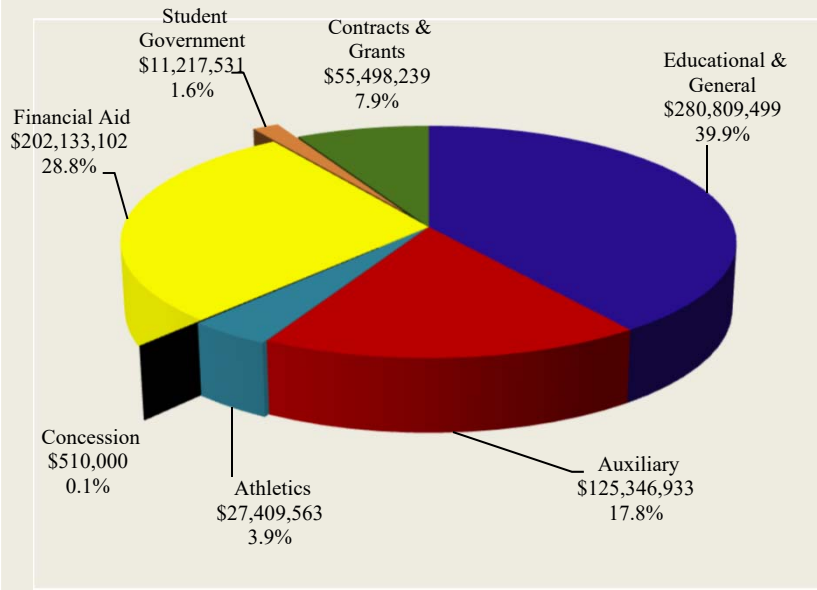
Fund Type	2014-15	2015-16	2016-17	2017-18	2018-19 **	1 year % Change
Educational & General	\$ 280,809,499	\$ 299,810,290	\$ 322,709,744	\$ 325,455,424	\$ 331,521,896	1.9
Student Financial Aid	202,133,102	196,558,935	197,953,827	200,859,417	201,483,899	0.3
Contracts & Grants	55,498,239	59,098,850	60,514,705	62,484,912	69,961,765	12.0
Auxiliary Enterprises	125,346,933	139,559,277	142,153,266	148,209,958	164,680,639	11.1
Athletics						
Athletics Operations	22,133,710	21,385,170	22,187,469	24,586,083	27,053,405	
Stadium Operations/Debt Service	<u>5,275,853</u>	<u>4,961,259</u>	<u>4,917,562</u>	<u>4,745,122</u>	<u>4,076,822</u>	
Total Athletics	27,409,563	26,346,429	27,105,031	29,331,205	31,130,227	6.1
Student Government	11,217,531	9,876,445	9,497,901	10,102,456	10,626,773	5.2
Concessions	<u>510,000</u>	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	<u>-</u>
TOTAL	\$ 702,924,867	\$ 731,875,226	\$ 760,559,474	\$ 777,068,372	\$ 810,030,199	4.2

*Includes inter-fund transfers

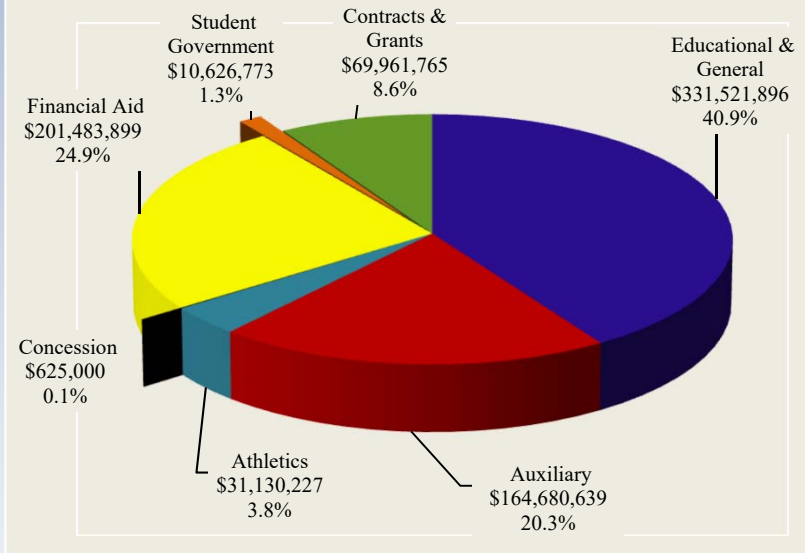
**2018-19 E&G Proposed Budget

Five-year Expenditure Budget Comparison

2014-15 Expenditure Budget - \$702,924,867

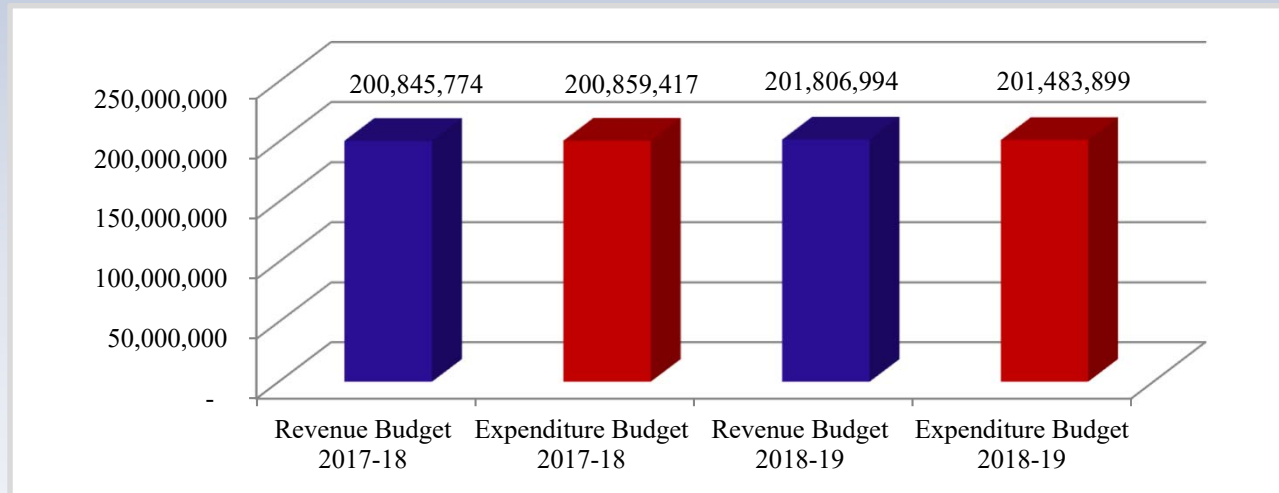


2018-19 Proposed Expenditure Budget - \$810,030,199



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.

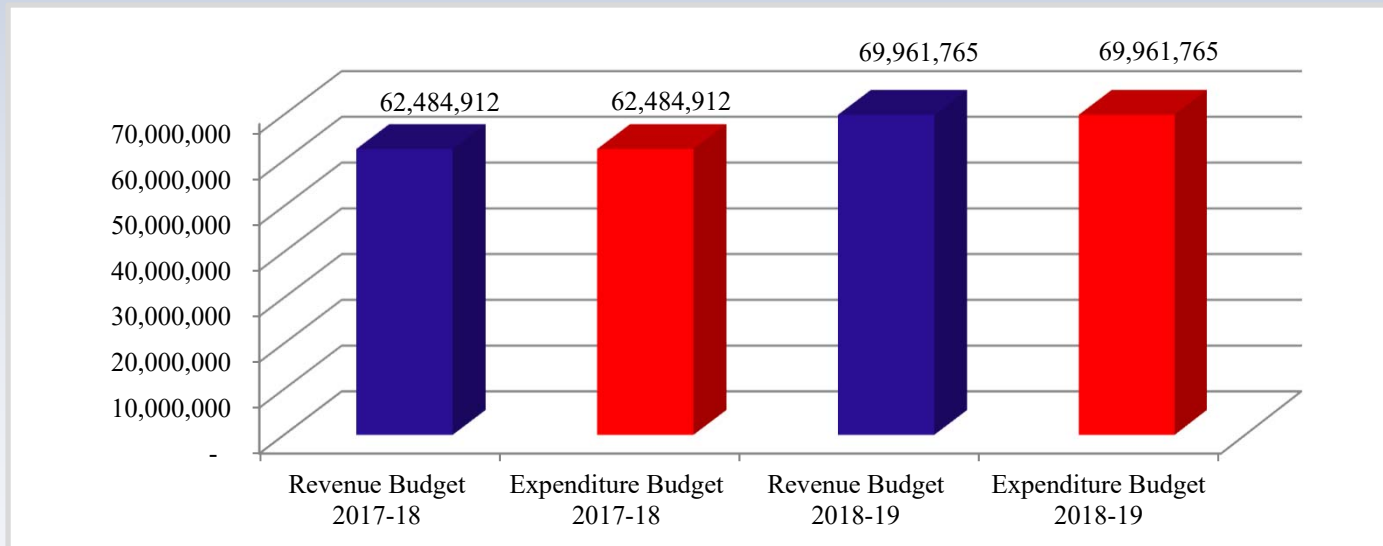


All years include Stafford and Alternative loans.

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 2018-19 operating expenditure budget represents an increase of 12% from the prior year due to an anticipated increase in Division of Research and Foundation activities.

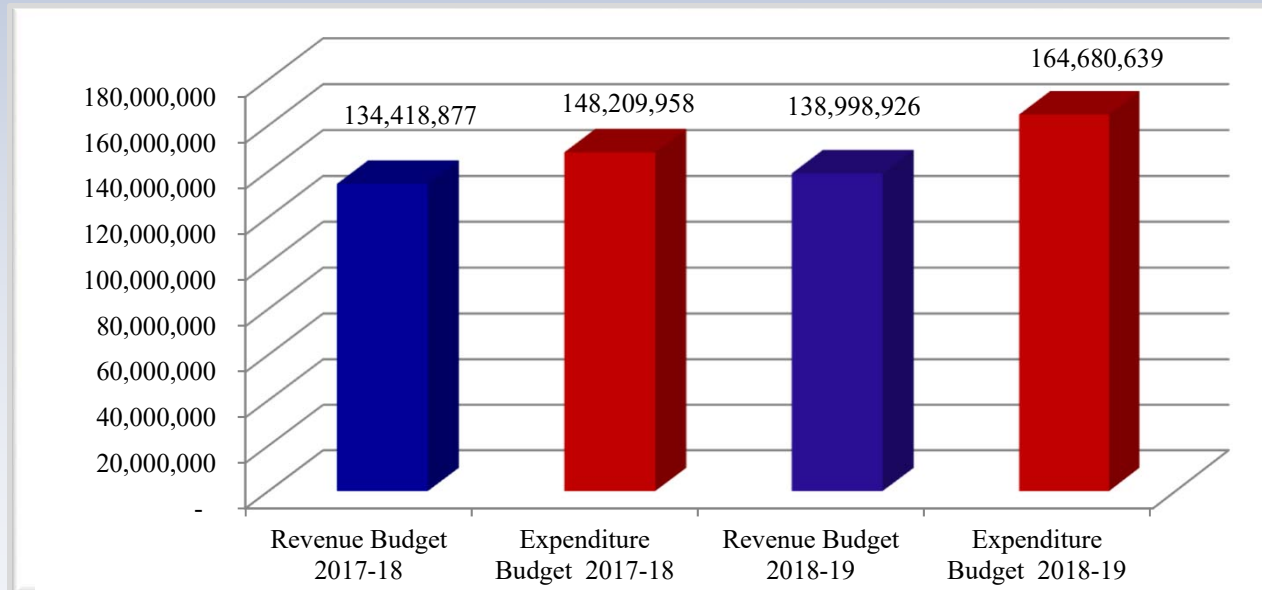
Sponsored Research	\$52,170,585
FAU Foundation/Endowment Spending	8,304,945
A. D. Henderson School	<u>9,486,236</u>
Total	\$69,961,765



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.

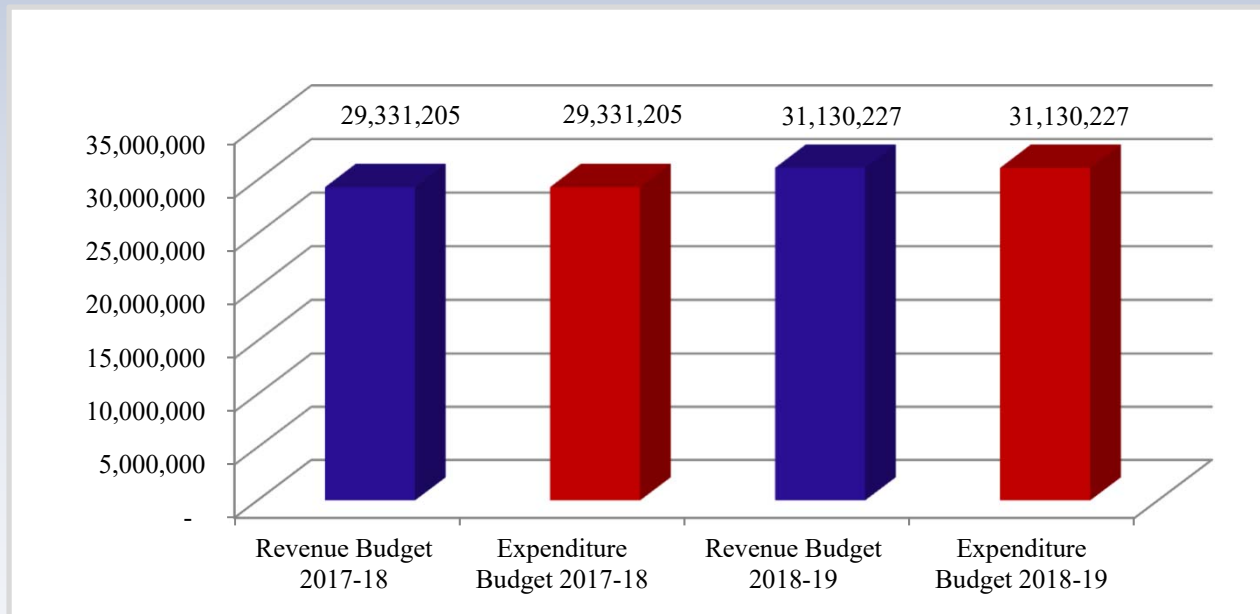
The 2018-19 budget includes transfer authority. The expense budget reflects an increase of 11.1% over the prior year due to the growth in Medical School GME, Residency Programs, Market Rate Program, and other anticipated expenses.



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 2018-19 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.

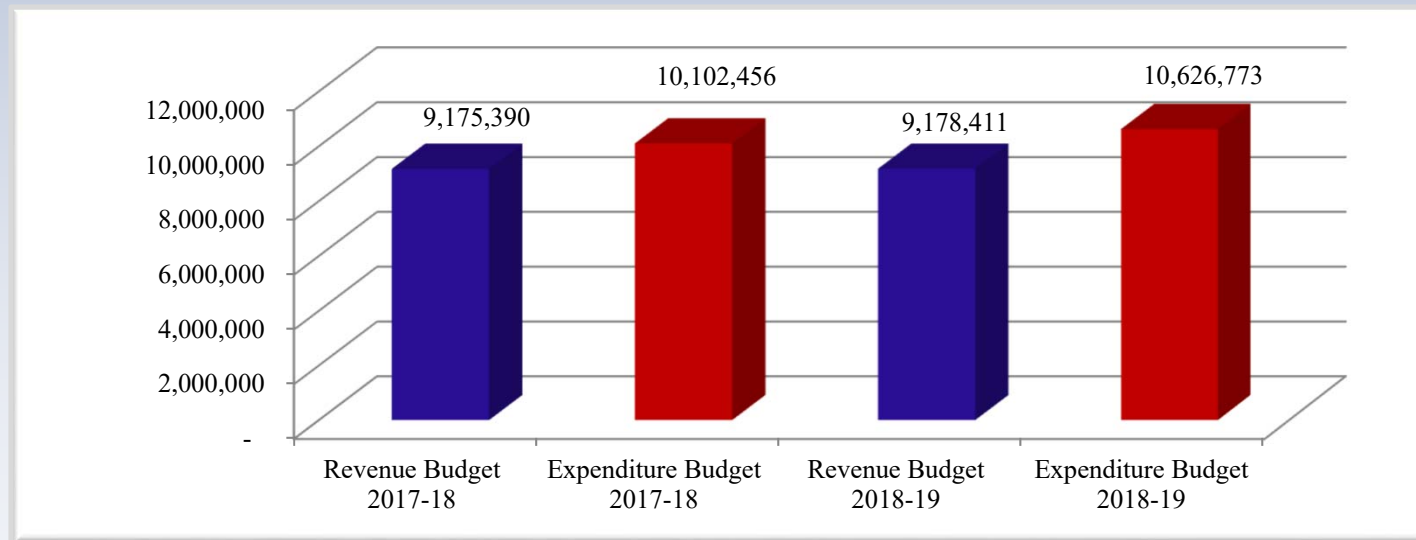
The 2018-19 operating expense budget comprises recruiting, travel and salaries. The Athletics program distributes \$5.8M in Financial Aid, Title IX, scholarships and out-of-state waivers to students.



Student Government Budget Highlights

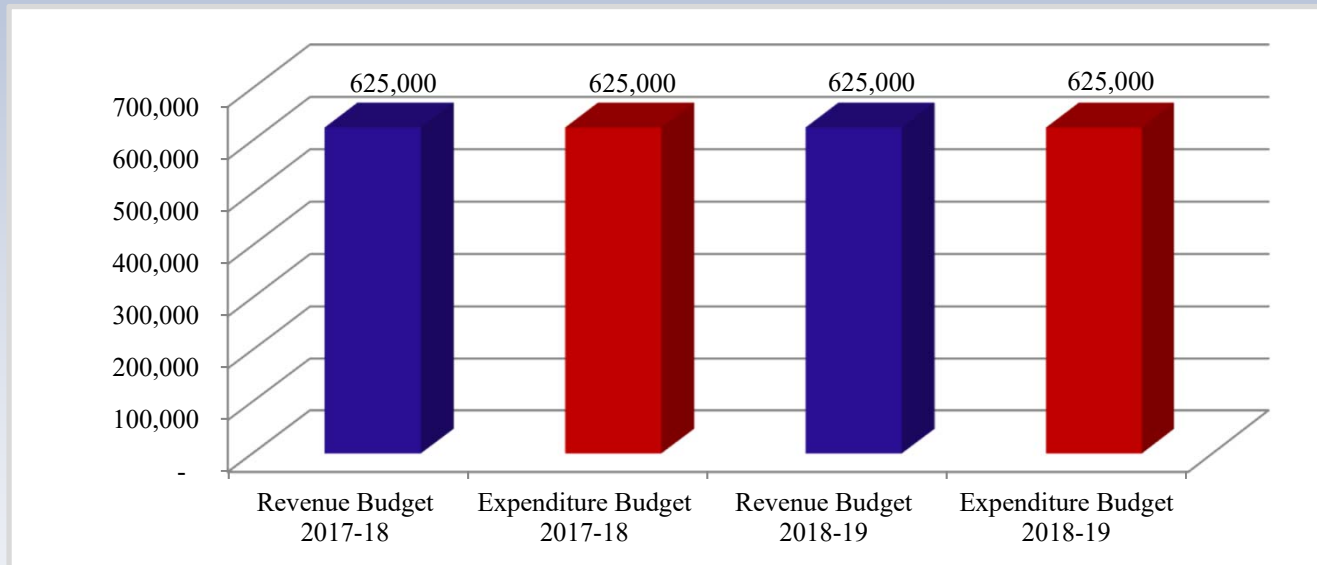
Funds from student activities and service fees are provided to support Student Government operations and student activities such as clubs and organizations.

Other funds available for expenditures include Program Board revenue, homecoming revenue, and available cash balances. The 2018-19 Expense budget reflects an increase of 5.2% for anticipated Student Union expansion and renovations.



Concession Budget Highlights

The Concessions budget for 2018-19 remains the same as the budget for 2017-18. Revenues are relatively constant and expenditures are projected to be in line with projected revenues.



2018-19 BUDGET SUMMARY

Educational and General Proposed Expenditure Budget	\$ 331,521,896
Non-E&G Fund Expenditure Budget	<u>478,508,303</u>
Total Operating Budget	810,030,199
Capital Outlay Budget	<u>2,524,262</u>
TOTAL 2018-19 Budget	<u><u>\$ 812,554,461</u></u>