



Item: AF: A-7

AUDIT AND FINANCE COMMITTEE

Tuesday, May 17, 2016

**SUBJECT: REQUEST FOR APPROVAL OF THE FLORIDA ATLANTIC UNIVERSITY
2016-17 OPERATING BUDGET.**

PROPOSED COMMITTEE ACTION

Recommend approval of Florida Atlantic University's 2016-17 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, 2016.

FISCAL IMPLICATIONS

The operating budget governs the University's expenditures during the year. This budget is required to be approved by the Board of Trustees prior to July 1, 2016.

Supporting Documentation: PowerPoint Presentation: FAU 2016-17 Budget Presentation

Presented by: Ms. Dorothy Russell, VP for Financial Affairs and CFO

Phone: 561-297-3267

FLORIDA ATLANTIC UNIVERSITY



2016-17 OPERATING BUDGET

May 17, 2016

2016-17 OPERATING BUDGET EXECUTIVE SUMMARY

The 2016-17 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 2016-17 Operating Expenditure Budget totals \$760,559,474, an increase of 3.9% over the prior year. In order to accurately reflect total revenues within each budgetary component, the 2016-17 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. The budget is comprised from the following funding sources: General Revenue, Lottery and Student Fee Trust Fund.

Revenue Budget

The 2016-17 E&G Revenue Budget, including the College of Medicine, totals \$334,974,763 which reflects an increase 7.2% over the previous year including non-recurring funds and tuition budget authority of \$12,265,019.

Expenditure Budget

The 2016-17 E&G Expenditure Budget totals \$322,709,744 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 \$197,953,827 in projected expenditures, a slight increase of 0.7% over the prior year due to anticipated increasing private and alternative lending.

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 \$60,514,705 in projected expenditures, an increase of 2.4% 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, and HBOI auxiliary operations. Also included in this budget are the expenditures and revenues for the student technology fee. The Auxiliary Enterprises Budget totals \$142,153,266 in projected expenditures, an increase of 1.9% over prior year due to increases in the Graduate Medical Education Program (GME).

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, including Stadium, totals \$27,105,031 in projected expenditures, an increase of 2.9% over the prior year due to an increase in contractual obligations, cost to attend, and game guarantees.

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 \$9,497,901 in projected expenditures, a decrease of 3.8% over the prior year due to a reduced reliance on prior year fund balances.

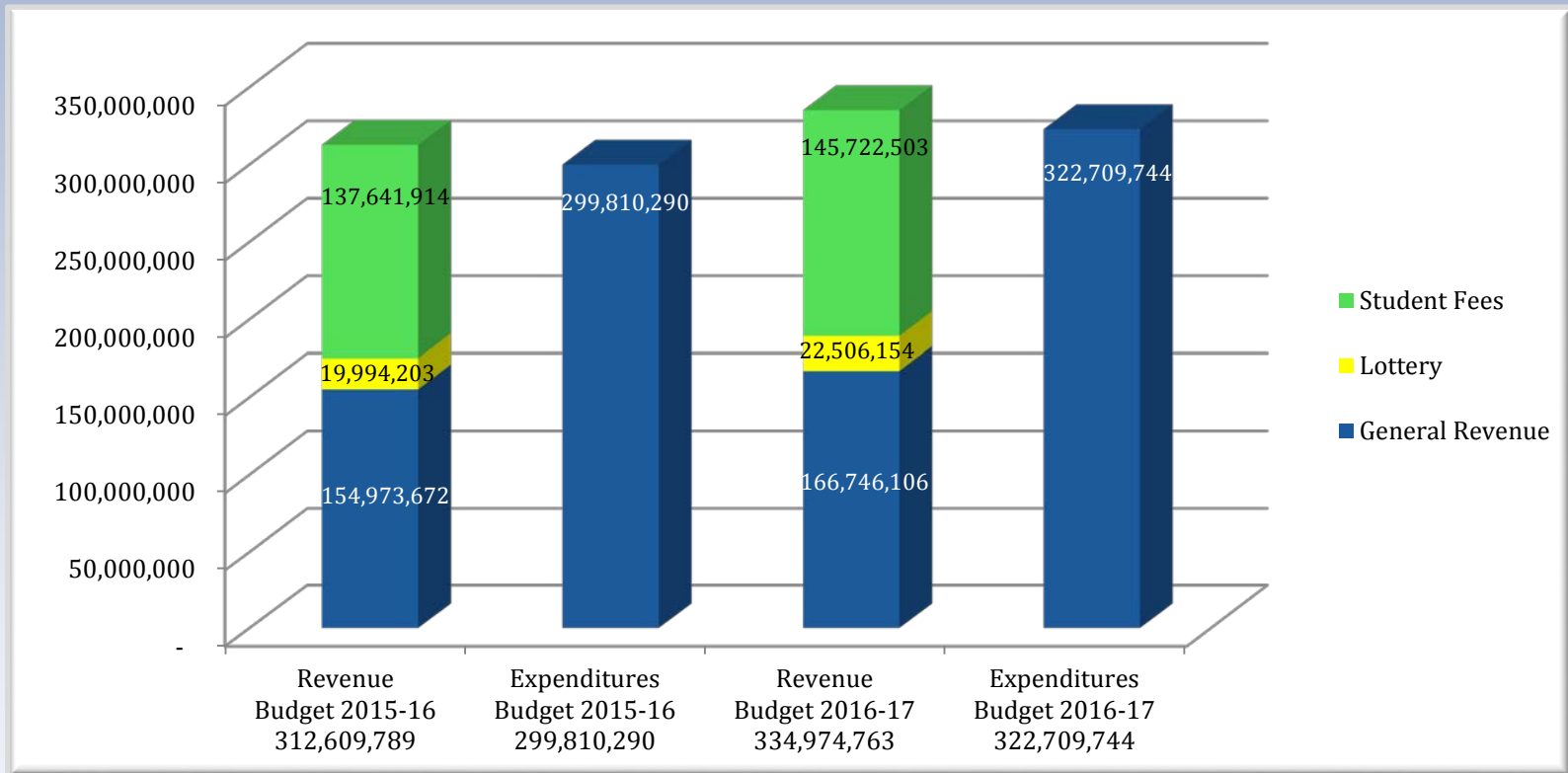
Concessions:

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 2015-16.

2016-17 Educational and General Budget

	University	Medical School	Total FAU
2015-16 BOG Revenue Budget	\$ 290,000,038	\$ 22,609,751	\$ 312,609,789
Change in authority and allocated enrollment	20,632,560	1,732,414	22,364,974
2015-16 BOG Revenue Budget	\$ 310,632,598	\$ 24,342,165	\$ 334,974,763
2015-16 Expenditure Budget	\$ 271,449,119	\$ 22,609,751	\$ 294,058,870
New Allocations			
Performance Funding - Non-recurring	25,346,748	-	25,346,748
STEM Life Science Initiatives - Jupiter - Recurring	1,500,000	-	1,500,000
FAU Secondary Robotics Team Support - Recurring	100,000	-	100,000
Florida Retirement System Contribution	298,608	29,276	327,884
Technical Transfer between FAU to FAU-MS	(326,896)	326,896	-
Medical School Tuition Budget Increase	-	1,376,242	1,376,242
Total	26,918,460	1,732,414	28,650,874
2016-17 Expenditure Budget (less new tuition authority)	\$ 298,367,579	\$ 24,342,165	\$ 322,709,744

Educational & General Operating Budget with Prior Year Comparison



Five-year Legislative Revenue Budget Summary 2012-13 to 2016-17

University	2012-13	2013-14	2014-15	2015-16	2016-17	1 year % Change
General Revenue	\$ 91,510,614	\$ 119,757,792	\$ 121,094,914	\$ 140,635,926	\$ 152,052,188	8.1
Lottery	13,896,935	16,731,350	20,785,531	19,994,203	22,506,154	12.6
Tuition and Fees*	<u>116,345,659</u>	<u>124,973,462</u>	<u>129,145,158</u>	<u>129,369,909</u>	<u>136,074,256</u>	5.2
Subtotal	221,753,208	261,462,604	271,025,603	290,000,038	310,632,598	7.1
 <u>Medical School</u>						
General Revenue	12,778,503	14,535,791	14,344,890	14,337,746	14,693,918	2.5
Tuition and Fees*	<u>4,196,880</u>	<u>6,158,280</u>	<u>8,238,505</u>	<u>8,272,005</u>	<u>9,648,247</u>	16.6
Subtotal	16,975,383	20,694,071	22,583,395	22,609,751	24,342,165	7.7
Total FAU E&G Revenue Budget	<u>\$ 238,728,591</u>	<u>\$ 282,156,675</u>	<u>\$ 293,608,998</u>	<u>\$ 312,609,789</u>	<u>\$ 334,974,763</u>	7.2

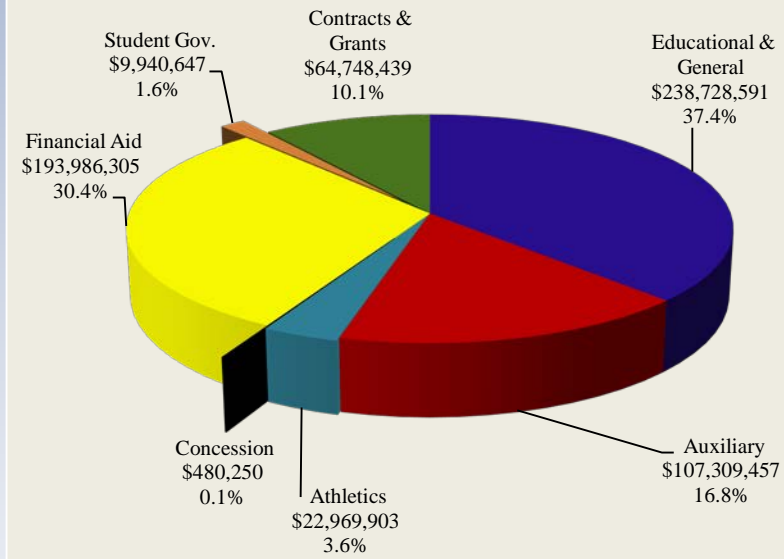
*Legislative authority to collect student tuition.

Five-year Expenditure Budget Summary 2012-13 to 2016-17

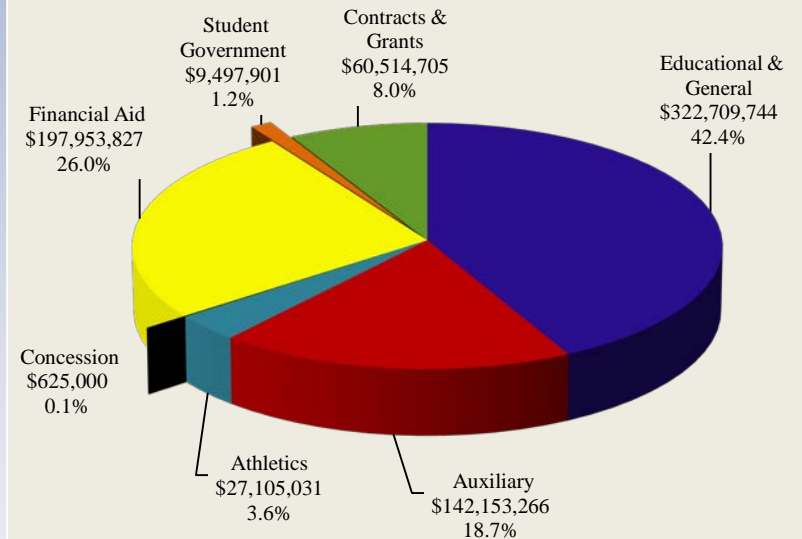
Fund Type	2012-13	2013-14	2014-15	2015-16	2016-17	1-year % Change
Educational & General	\$ 238,728,591	\$ 273,528,872	\$ 280,809,499	\$ 299,810,290	\$ 322,709,744	7.6
Student Financial Aid	193,986,305	203,035,641	202,133,102	196,558,935	197,953,827	0.7
Contracts & Grants	64,748,439	67,714,890	55,498,239	59,098,850	60,514,705	2.4
Auxiliary Enterprises	107,309,457	123,564,043	125,346,933	139,559,277	142,153,266	1.9
Athletics						
Athletics Operations	17,556,053	20,428,407	22,133,710	21,385,170	22,187,469	
Stadium Operations/Debt Service	<u>5,413,850</u>	<u>5,227,542</u>	<u>5,275,853</u>	<u>4,961,259</u>	<u>4,917,562</u>	
Total Athletics	22,969,903	25,655,949	27,409,563	26,346,429	27,105,031	2.9
Student Government	9,940,647	10,706,149	11,217,531	9,876,445	9,497,901	(3.8)
Concessions	<u>480,250</u>	<u>480,250</u>	<u>510,000</u>	<u>625,000</u>	<u>625,000</u>	-
TOTAL	<u>\$ 638,163,592</u>	<u>\$ 704,685,794</u>	<u>\$ 702,924,867</u>	<u>\$ 731,875,226</u>	<u>\$ 760,559,474</u>	3.9

Five-year Expenditure Budget Comparison

2012-13 Expenditure Budget - \$638,163,592

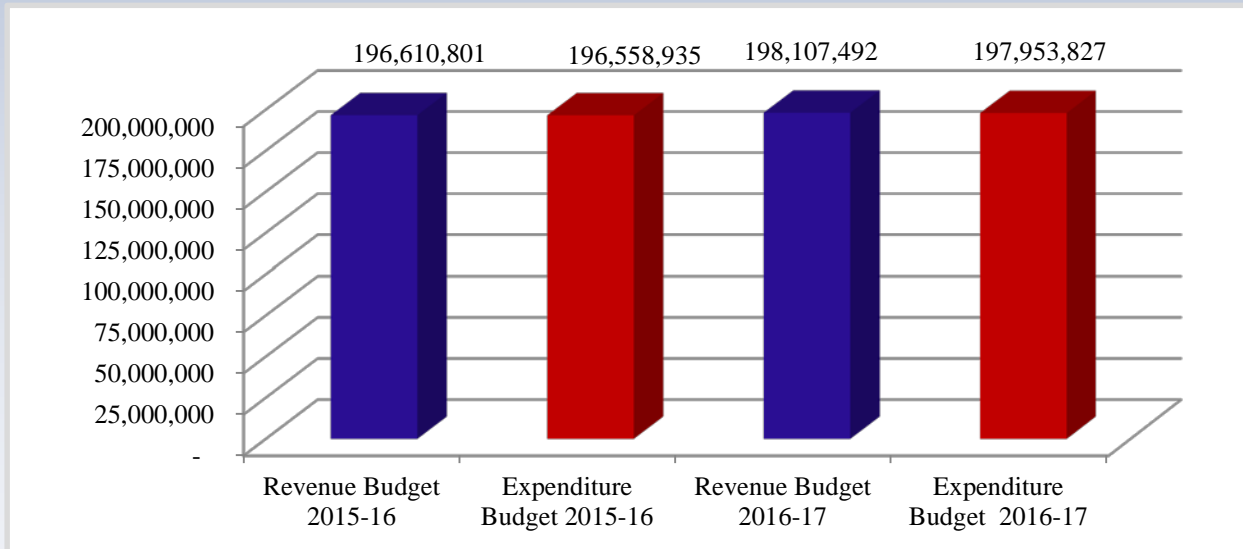


2016-17 Expenditure Budget - \$760,559,474



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).

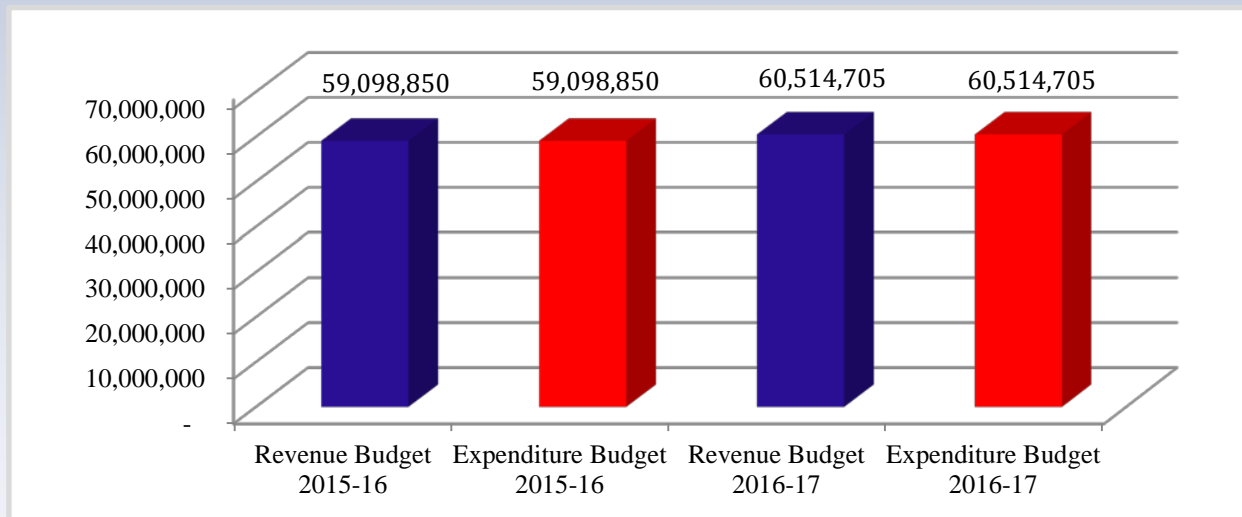


All years include Stafford and Alternative loans.

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 2016-17 operating expenditure budget represents an increase of 2.4 percent from the prior year:

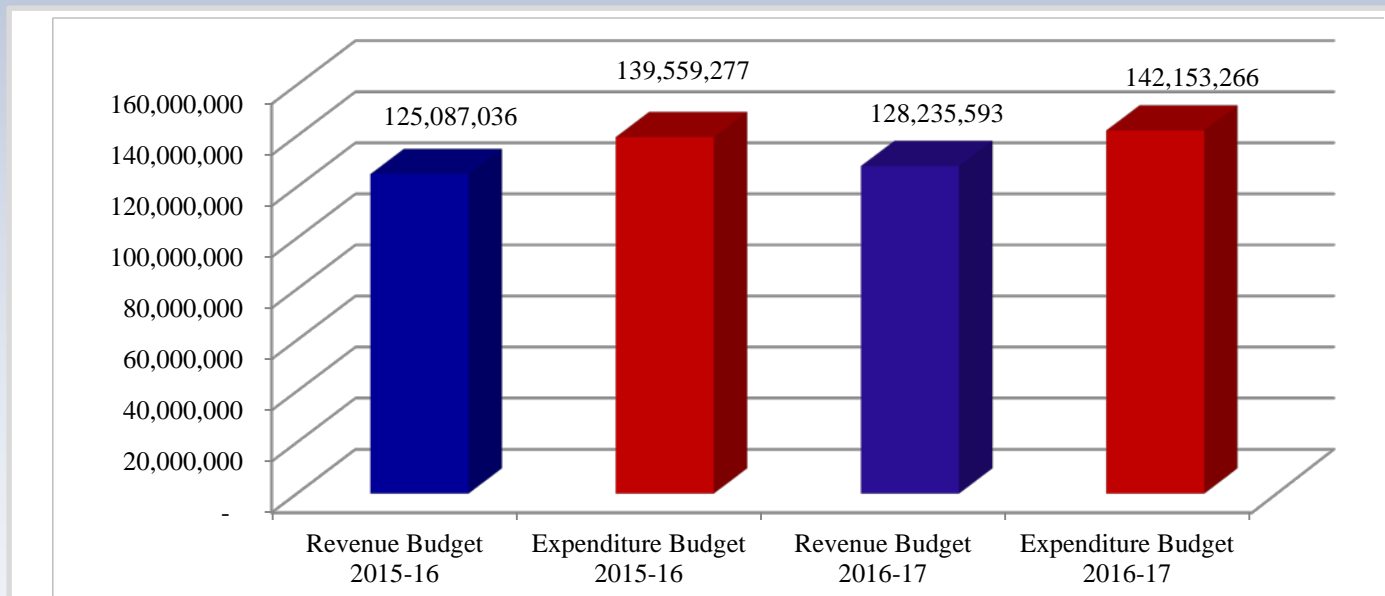
Sponsored Research	\$45,250,000
FAU Foundation/HBOI Foundation Endowment Spending	6,767,858
A. D. Henderson School	<u>8,496,847</u>
Total	\$60,514,705



Auxiliary Enterprises Budget Highlights

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

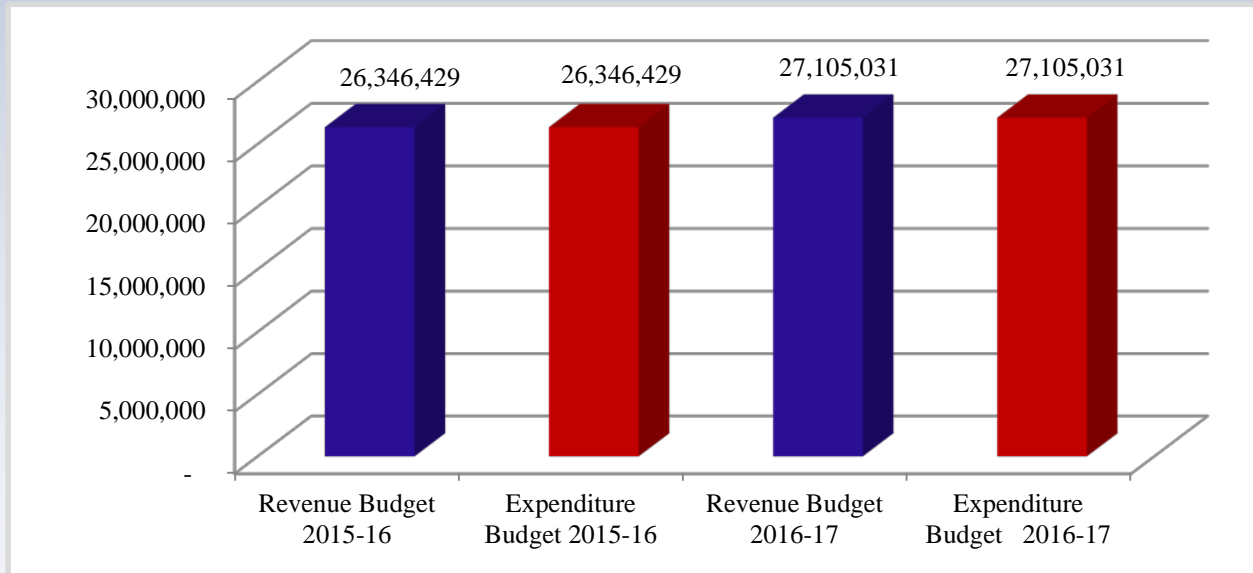
The 2016-17 budget include transfer authority reflects and increase of 1.9% generated from the Graduate Medical Education Program.



Athletics Budget Highlights

The Athletics Operating Budget, including Stadium, supports the University's student athletic program. Funding is generated from student athletics fees (\$17.27 per credit hour). Included in FY 2016-17 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 FY 2016-17 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.



2016-17 Athletics Operating Budget

<u>Revenue Budget</u>	<u>Athletics</u>	<u>Stadium</u>	<u>Total</u>
Ticket Sales/Other Event Tickets	\$ 235,366	\$ 1,400,000	\$ 1,635,366
Game Guarantees	225,000	1,300,000	1,525,000
NCAA/Conference Distribution	3,265,491	-	3,265,491
Student Fees	10,995,749	600,000	11,595,749
Corporate Sales	150,000	600,000	750,000
Development and Capital Gifts	-	850,000	850,000
Premium Seating	-	600,000	600,000
Title IX, Financial Aid, Waivers, Scholarships	1,301,357	-	1,301,357
Foundation/FAUFC Scholarship Support	3,900,700	-	3,900,700
Other Miscellaneous Revenue	471,368	1,210,000	1,681,368
Total Revenue	\$ 20,545,031	\$ 6,560,000	\$ 27,105,031

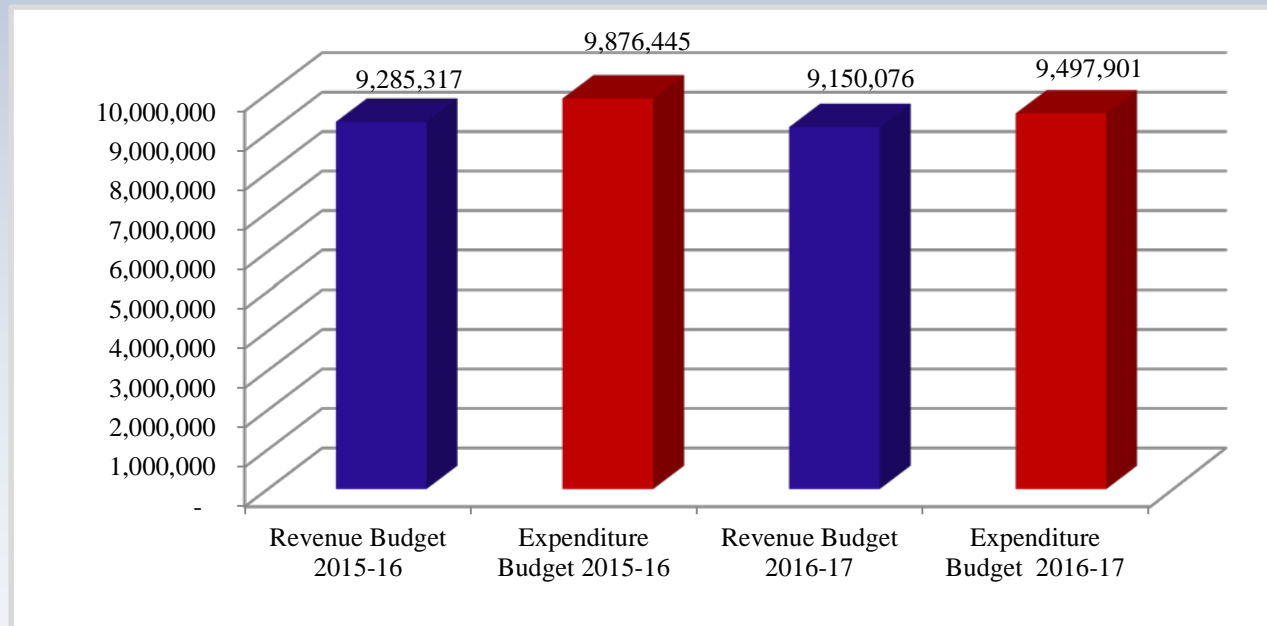
Expenditure Budget

Salaries and Benefits	\$ 7,388,863	\$ 220,465	\$ 7,609,328
Other S/A Expenses (COA/Meals)	580,000	-	580,000
Utilities/Maintenance/Facility Rental	345,450	511,314	856,764
Game Day Expenses/Game Guarantees	1,275,000	650,000	1,925,000
Equipment/Supplies	1,010,951	-	1,010,951
Recruiting/Travel	2,700,000	-	2,700,000
Scholarships/Title IX, Financial Aid, Waivers	5,884,333	-	5,884,333
Debt Service	-	2,672,562	2,672,562
Other Expenses	3,002,872	863,221	3,866,093
Total Expenditures	\$ 22,187,469	\$ 4,917,562	\$ 27,105,031

Student Government Budget Highlights

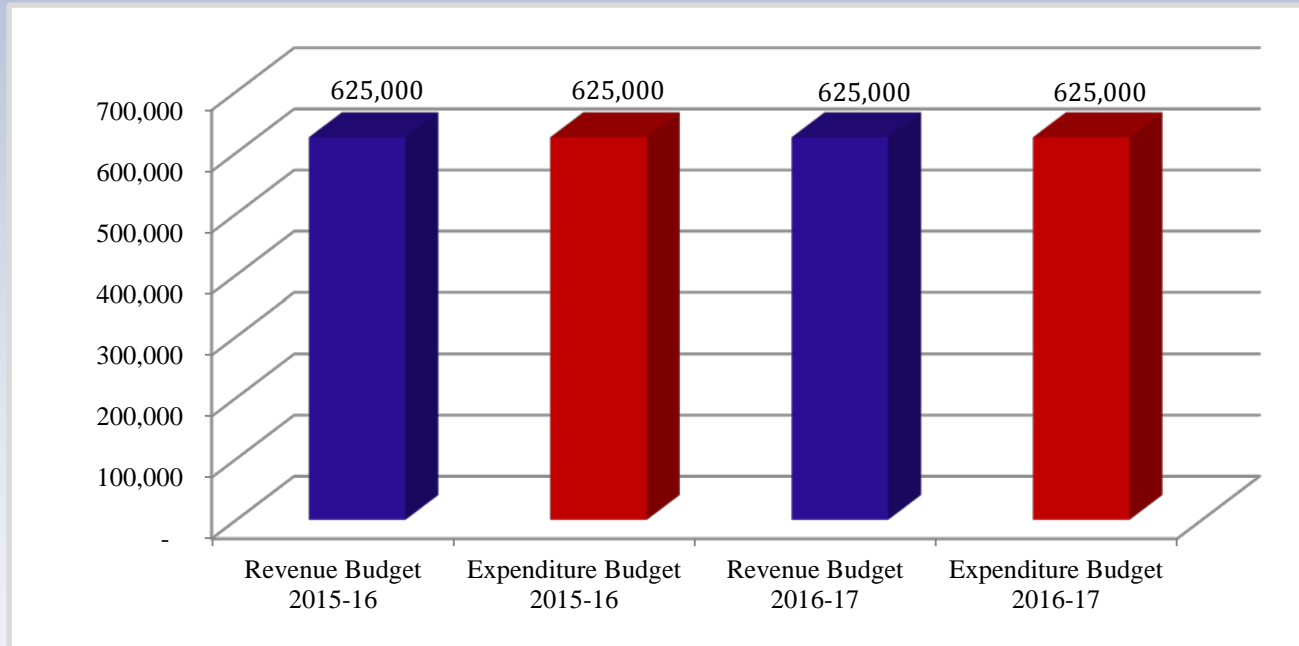
Funds from student activities and service fees are provided to support student government operations and student activities such as clubs and organizations.

Other funds available for expenditures include Program Board revenue, homecoming revenue, and available cash balances.



Concession Budget Highlights

The concessions budget for 2016-17 remains the same as the budget for 2015-16. Revenues are relatively constant from year to year and match projected revenues.



2016-17 Capital Outlay Budget

	<u>2016-17 Request</u>	<u>2016-17 Budget</u>
Student Union - CITF	\$ 3,029,743	\$ 3,029,743
Jupiter STEM/Life Science Building	15,137,400	3,031,247
Cooling Tower Replacement	3,300,000	-
Maintenance/Repair/Renovation and Remodeling	<u>3,204,694</u>	<u>3,204,694</u>
Total	<u><u>\$ 24,671,837</u></u>	<u><u>\$ 9,265,684</u></u>

**2016-17 EXPENDITURE BUDGET
SUMMARY**

Educational and General Expenditure Budget	\$	322,709,744
Non-E&G Fund Expenditure Budget		<u>437,849,730</u>
Total Operating Budget		760,559,474
Capital Outlay Budget		<u>9,265,684</u>
TOTAL 2016-17 Budget	\$	<u>769,825,158</u>