



Item: BF: A-1

BUDGET AND FINANCE COMMITTEE

Tuesday, June 7, 2022

SUBJECT: REVIEW AND APPROVAL OF THE FAU 2022-23 PROPOSED OPERATING BUDGET.

PROPOSED COMMITTEE ACTION

Presentation of Florida Atlantic University's 2022-23 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, 2022.

FISCAL IMPLICATIONS

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

Supporting Documentation: Presentation of 2022-23 Proposed Operating Budget

Presented by: Mr. Greg DuBois, VP Financial Affairs and CFO

Phone: 561-297-3267



FAU
FY23 Budget

University Overview

The University's financials consist of the following 8 funds:

Education & General

State Appropriations & Tuition Revenue

Carryforward

Unspent E&G Funds that Carryover From Prior Years

Auxiliary Enterprise

Self-Supported Business Operations

Contracts & Grants

Contracts & Grants from Governmental Agencies and Private Organizations

Student Financial Aid

Federal and State Financial Aid Awards, Institutional Programs and Scholarships

Athletics

Athletic Fees, Ticket Sales, Game Guarantees, etc.

Student Government

Funding from Activity & Service Fee

Concession

Funding from Campus Vending Machines & Soda Contracts

The University is also supported by the following component units (DSOs):

Finance Corp.

Research Corp.

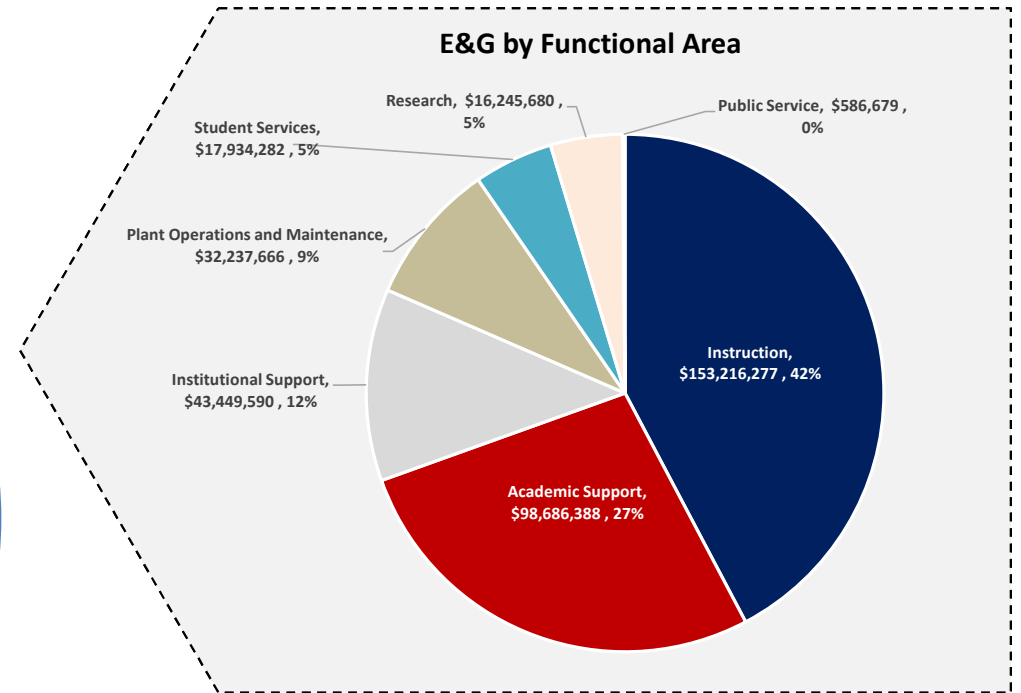
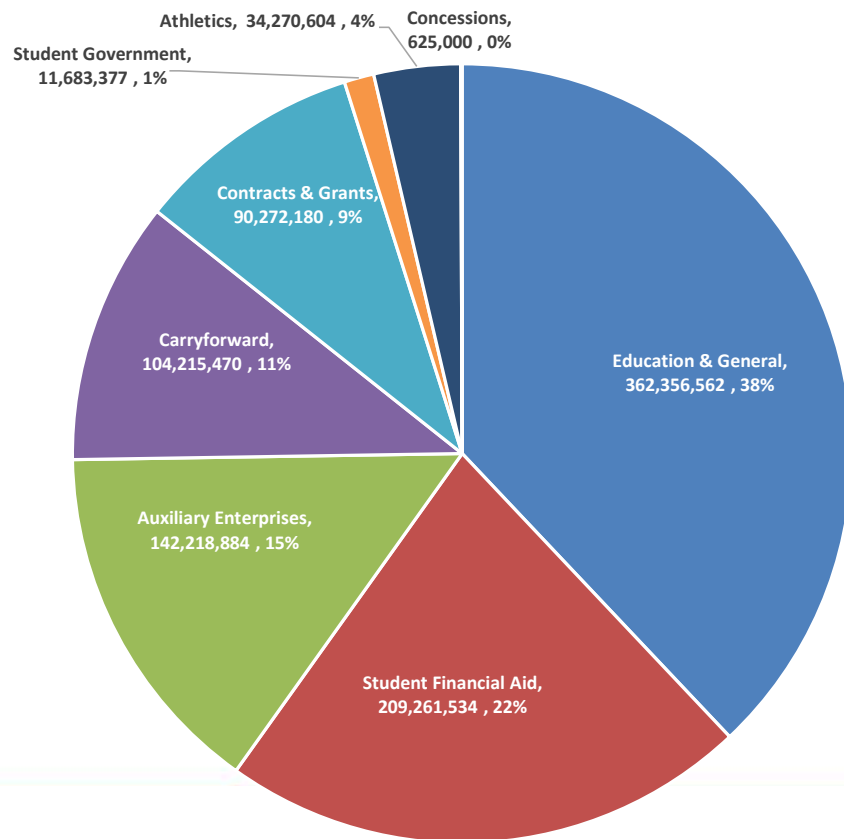
Foundation

Clinical Practice Org.

Summary of FAU Operational Expenditure Budget

FAU Operational Expenditure Budget			
Fund Type	2021-22	2022-23	% Growth
Education & General	349,708,540	362,356,562	3.6%
Carryforward	103,799,458	104,215,470	0.4%
Auxiliary Enterprises	134,841,765	142,218,884	5.5%
Contracts & Grants	89,412,434	90,272,180	1.0%
Student Financial Aid	208,987,849	209,261,534	0.1%
Athletics	31,904,951	34,270,604	7.4%
Student Government	11,351,910	11,683,377	2.9%
Concessions	625,000	625,000	0.0%
Total	930,631,908	954,903,611	2.6%

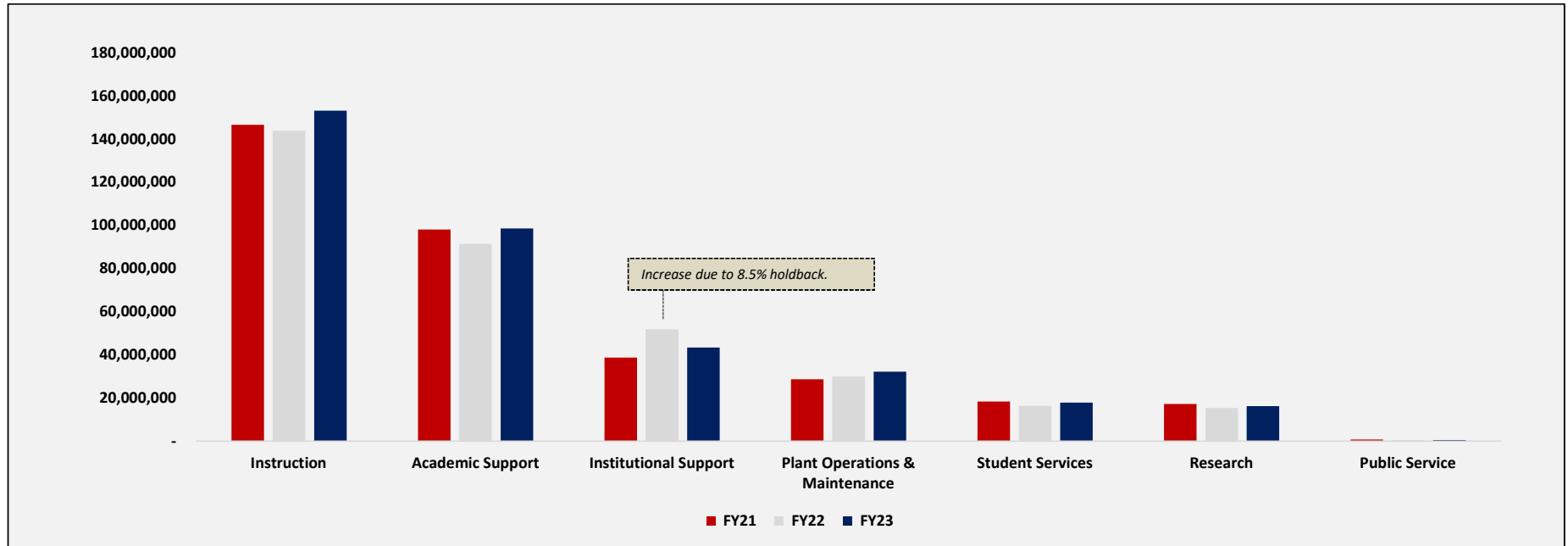
Summary of FAU Operational Budget



Definitions of Categories Above

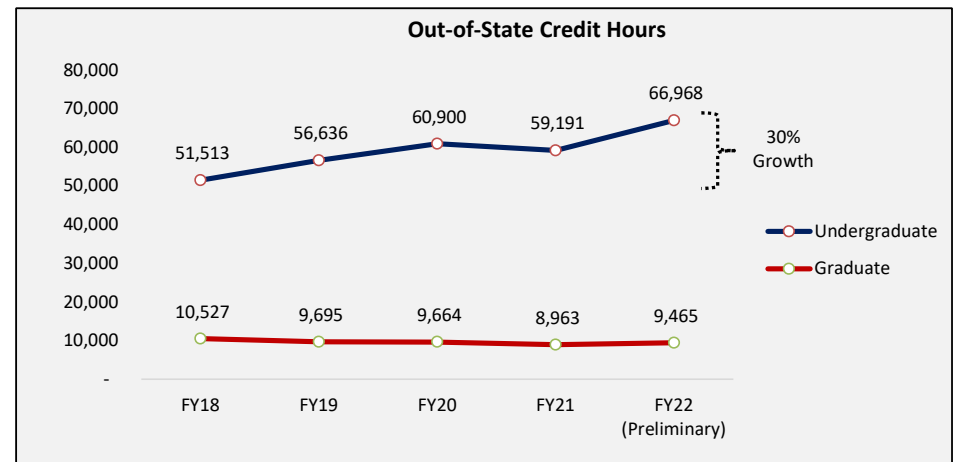
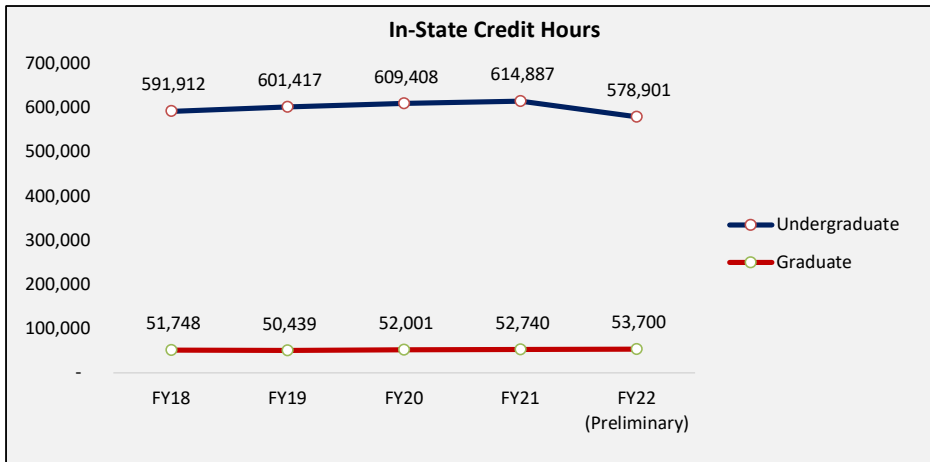
- Instructional: Activities that are part of an institution's instruction program.
- Academic Support: Activities that support the institution's primary mission. (Library, OIT, Dean's Offices, etc.)
- Institutional Support: Activities related to backroom support (Public Affairs, Human Resources, Legal, etc.)
- Student Services: Activities related to student affairs (Admissions, Career Development Center, etc.)
- Research: Activities related to research (Jupiter Life-Sciences & Faculty World Class)

Historical E&G by Functional Expenses



Functional Expenses	FY21	FY22	FY23
Instruction	146,715,390	143,925,840	153,216,277
Academic Support	98,151,219	91,511,745	98,686,389
Institutional Support	38,764,642	51,838,437	43,449,589
Plant Operations & Maintenance	28,699,539	30,019,988	32,237,666
Student Services	18,329,327	16,430,468	17,934,282
Research	17,248,268	15,413,370	16,245,680
Public Service	768,854	568,692	586,679
Grand Total	348,677,239	349,708,540	362,356,562

Credit Hours & Tuition



Residency/Class Level	FY18	FY19	FY20	FY21	FY22 (Preliminary)	Growth	
						n	%
In-State	643,660	651,856	661,409	667,627	632,601	(11,059)	-1.7%
Undergraduate	591,912	601,417	609,408	614,887	578,901	(13,011)	-2.2%
Graduate	51,748	50,439	52,001	52,740	53,700	1,952	3.8%
Out-of-State	62,040	66,331	70,564	68,154	76,433	14,393	23.2%
Undergraduate	51,513	56,636	60,900	59,191	66,968	15,455	30.0%
Graduate	10,527	9,695	9,664	8,963	9,465	(1,062)	-10.1%
Grand Total	705,700	718,186	731,973	735,781	709,034	3,334	0.5%
Tuition Net of Waivers	123,827,637	124,958,653	129,956,934	130,397,086	130,755,375	6,927,738	5.6%

Credit hours exclude out Market Rate programs
 FY22 Tuition numbers are preliminary estimates
 Net Tuition is Gross Tuition minus Waivers
 Years grouped by Fiscal Year (Summer 3, Fall,
 Spring, Summer 1&2)

State Appropriations

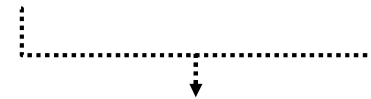
University	2019-20	2020-21	2021-22	2022-23	1 Year % Change
State Appropriations	193,610,661	196,561,275	197,414,486	207,212,508	5.0
Tuition & Fees	136,074,256	136,401,331	136,401,331	136,401,331	-
Subtotal	329,684,917	332,962,606	333,815,817	343,613,839	2.9
Medical School					
State Appropriations	16,472,760	16,568,949	16,747,039	16,747,039	-
Tuition & Fees	9,648,247	10,717,381	10,717,381	10,717,381	-
Subtotal	26,121,007	27,286,330	27,464,420	27,464,420	-
Total FAU E&G Revenue Budget	355,805,924	360,248,936	361,280,237	371,078,259	2.7

State appropriations is split between general revenue and lottery allocated by the Florida legislature. Tuition & Fees refers to tuition authority, which is the amount of tuition that the University is allowed to collect for the fiscal year. We budget out \$128M as we do not expect to collect the full \$136M.

FAU was appropriated an additional \$9.8M in recurring funds during this year's legislative session. Of that increase, \$5M was for operational enhancement and \$4.2M for the Education PIPELINE. Both are recurring.

Education & General Budget

Education & General Budget				
	2019-20	2020-21	2021-22	2022-23
Revenues	355,805,924	360,248,936	361,280,237	371,078,259
Expenses	343,540,904	348,677,239	349,708,540	362,356,562



The E&G revenue budget is always larger than E&G expenses due to tuition authority. We are allowed to budget up to \$136M for tuition, but the University holds back a portion as we do not expect to generate that much tuition in the coming fiscal year. This results in a difference between the revenue and expense budget.

FY22 to FY23 E&G Breakdown

	University	Medical School	Total FAU
2021-22 Expenditure Budget	\$ 322,244,120	\$ 27,464,420	\$ 349,708,540
FY22 Performance Funding (non-recurring)**	(20,392,761)	-	(20,392,761)
FY23 Performance Funding (non-recurring)**	20,255,729	-	20,255,729
Operational Enhancement	5,000,000	-	5,000,000
Max Plank *	750,000	-	750,000
Unallocated Tuition Authority	2,850,000	-	2,850,000
Nursing Education (PIPELINE)	4,185,054	-	4,185,054
Total	12,648,022	-	12,648,022
2022-23 Proposed Expenditure Budget (less remaining tuition authority)	\$ 334,892,142	\$ 27,464,420	\$ 362,356,562

*Pass Through

** Estimated amount based on Performance Funding methodology

Voluntary Retirement Incentive Program

Education & General Fund Initiative

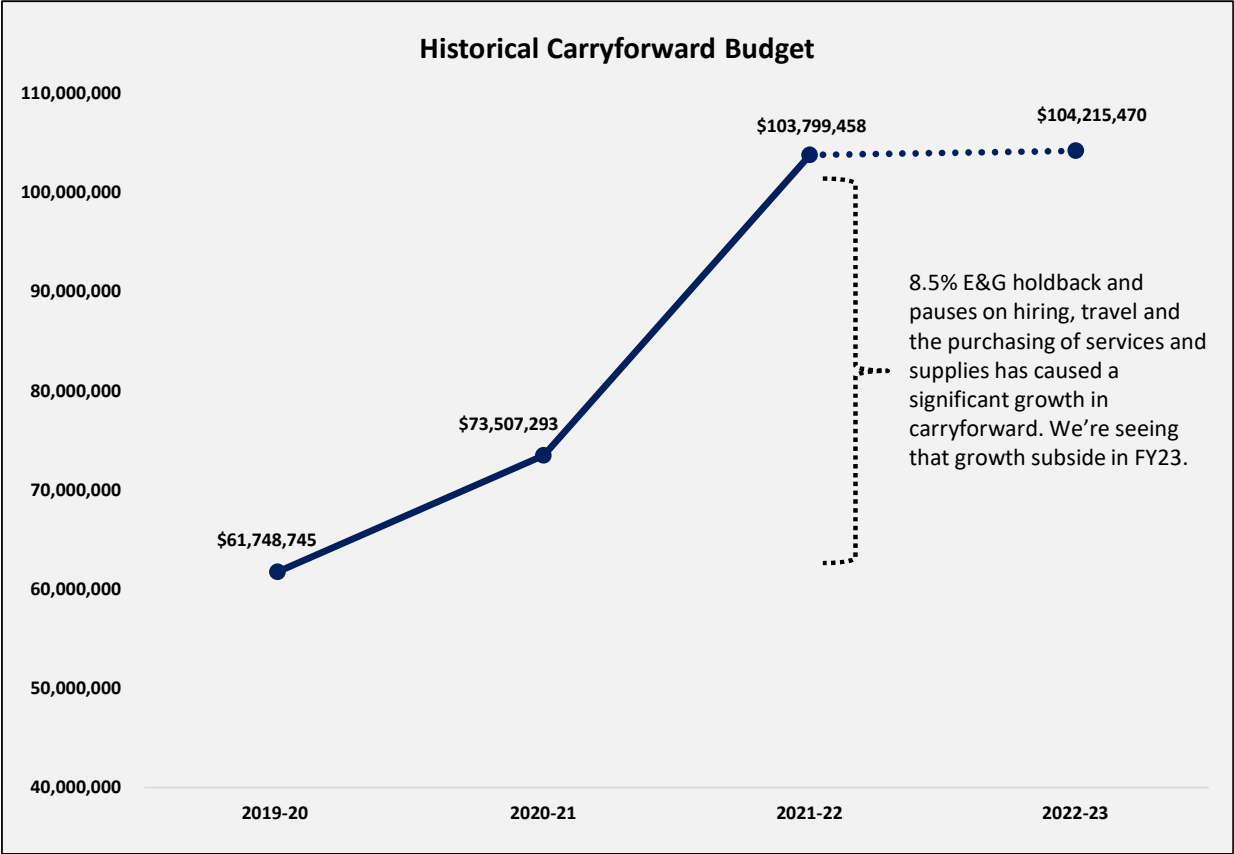
Fiscal Year 2022 Retirement Reallocation

In FY21, the University created a voluntary retirement program to better anticipate the fiscal, operational, and staffing impacts of its tenured Faculty member's retirement plans. This allowed the University to proactively engage in succession planning and strategically reinvest resources. For this round, 40 Faculty members participated which will result in a reinvestment of funding for 45 additional new Faculty hires and additional academic initiatives. These initiatives include Math Lab, Academic Advisors, Undergraduate Studies and Startups.

Upcoming Fiscal Year 2023 Program

The University conducted another voluntary retirement incentive program that will take effect in the upcoming fiscal year (FY23). For this second round, 16 Faculty and 1 Administrator participated. The university is looking to reinvest these funds into 16 new Faculty, 1 new Administrator and a College of Science Startup.

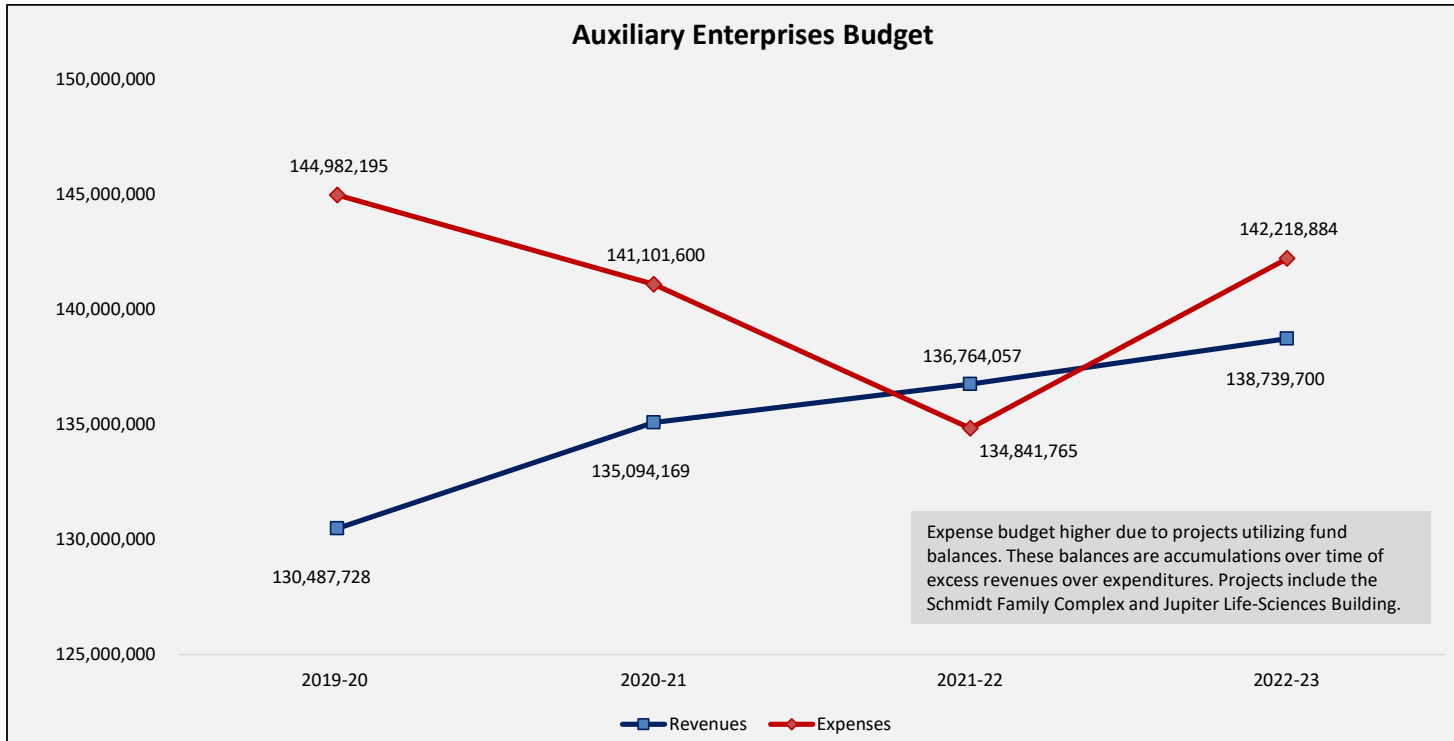
Carryforward



Expense Category	Total
7% Reserve	\$ 25,975,478
Other Operating Requirements	22,369,587
Research Support and Start-Up Funding	18,670,813
Information Technology (ERP, Equipment, etc.)	15,983,091
Instructional Support and Start-Up Funding	11,265,957
Minor Facility Replacement < \$2M	2,370,428
Utilities	1,687,496
Student Financial Aid	1,618,198
Restricted by Appropriations	1,570,066
Student Services, Enrollment, and Retention Efforts	1,222,756
Library Resources	1,000,000
Campus Security & Safety Enhancements	383,942
Compliance Program Enhancements	97,658
Total	\$ 104,215,470

Spending plan above is preliminary. The official carryforward spending plan will be presented to the BOT in September for approval.

University Auxiliaries



Auxiliary Enterprise Budget				
	2019-20	2020-21	2021-22	2022-23
Revenues	130,487,728	135,094,169	136,764,057	138,739,700
Expenses	144,982,195	141,101,600	134,841,765	142,218,884

Auxiliary Enterprises are comprised of business and enterprise operations that are self-supporting through user fees, payments, and charges.

University Auxiliaries

Expense Budget by Auxiliary Area			
Area	Revenue	Expense	Net
College of Business (Executive Ed.)	28,750,000	23,747,265	5,002,735
College of Medicine (GME Programs)	25,331,392	25,331,392	-
Business Services (Meal Plans, Bookstore, etc.)	12,440,000	11,329,522	1,110,478
Student Health Services	9,342,096	9,906,136	(564,040)
Center for eLearning	8,680,000	8,614,503	65,497
Parking & Transportation	7,000,000	5,679,426	1,320,574
College of Nursing (2nd BSN Program)	5,292,000	4,371,684	920,316
Campus Life	5,069,667	4,089,609	980,057
Osher Lifelong Learning Institute	2,647,583	2,249,806	397,777
College of Education	2,612,625	1,777,657	834,968
International Services & Programs	750,000	707,680	42,320
Arts & Letters (IOG Seminars & Workshops)	650,000	580,552	69,448
Tech Fee	3,800,000	3,800,000	-
All Other Auxiliaries	26,374,337	29,582,843	(3,208,506)
Aux. Overhead Administrative Support	-	10,450,810	(10,450,810)
Total	138,739,700	142,218,884	(3,479,185)

Medicine Residency Program. Pass through of funds from the hospital.

Student Union, Recreation Center, Auditorium & Student Fees.

Expenses higher due to auxiliaries utilizing fund balance and expiring auxiliaries that are still using fund balance such as Navitas.

Expense budget higher due to projects being funded from reserves (JLSI Building).

Contracts & Grants Budget

Historic Contracts & Grants Breakdown					
Area	Rev/Exp	2019-20	2020-21	2021-22	2022-23
Sponsored Funded & DOR Operations	Revenues	53,750,000	53,609,766	64,888,178	64,447,790
	Expenses	53,750,000	55,202,191	64,888,178	64,447,790
FAU Foundation	Revenues	11,565,983	13,034,266	14,376,445	15,327,203
	Expenses	11,551,197	13,034,266	14,376,445	15,327,203
Henderson School	Revenues	9,618,189	10,833,774	10,927,686	10,994,922
	Expenses	9,500,733	9,911,408	10,147,810	10,497,188
Total Contracts & Grants	Revenues	74,934,172	77,477,806	90,192,309	90,769,915
	Expenses	74,801,930	78,147,865	89,412,434	90,272,180

The Contracts and Grants (C&G) budget consists of funding from federal agencies, state agencies, foundations, and private sources that enables the university to conduct specific research projects or to provide specific non-research services.

Remaining Fund Types

All Other Fund Types FY23 Budget					
Fund Type	Rev/Exp	2019-20	2020-21	2021-22	2022-23
Student Financial Aid	Revenues	203,887,240	206,932,674	208,993,053	209,025,454
	Expenses	203,848,798	206,996,075	208,987,849	209,261,534
Athletics	Revenues	31,236,967	31,661,982	31,904,951	34,270,604
	Expenses	31,236,967	31,661,982	31,904,951	34,270,604
Student Government	Revenues	9,160,206	9,380,598	9,838,586	10,082,482
	Expenses	10,044,510	11,505,031	11,351,910	11,683,377
Concessions	Revenues	625,000	625,000	625,000	625,000
	Expenses	625,000	625,000	625,000	625,000

The remaining funds include the following:

- **Student Financial Aid:** Composed of Pell grants, Bright Futures, and other financial aid that is given directly to the student.
- **Athletics:** Supports student athlete programs and is funded through the athletic fee, ticket sales, and private support.
- **Student Government:** Funded by the activities & service fee to support student government, clubs and organizations.
- **Concessions:** Supports food coverage at events and is funded by Coke pouring rights and vending machines on campus.

FY23 University Priorities

BOG Performance Metrics

Carnegie Tier 1 Classification

FAU100

FAU Health

Voluntary Retirement Incentive Program

Public Phase of University-Wide Comprehensive Campaign

Compensation & Fringe Increases

Utility Increases, Plant Operation and Maintenance

Launch Scholarships

UF Partnership

Admissions Transfer Student Initiative

DSO Actual Efforts FY21 & FY22

Use of University Property, Facilities and Personnel

FY21 Actuals				
DSO	Property	Facilities sq. ft.	No. of Personnel	Personnel Cost
FAUF	\$2,815	2,725	20	\$1,028,728
FAUFC	-	-	-	-
FAURC	-	-	4	\$67,155
HBOIF	-	-	-	-
CPO	\$8,964	17,219	9	\$107,646

FY22 Projected Actuals				
DSO	Property	Facilities sq. ft.	No. of Personnel	Personnel Cost
FAUF	\$2,815	2,375	15	\$1,105,287
FAUFC	-	-	-	-
FAURC	-	-	3	\$61,407
HBOIF	-	-	-	-
CPO	\$4,588	17,219	9	\$107,646

Under BOG regulation, the University documents and reports the above actual usage of University employee time and effort provided to the DSOs to support the purpose for and value of such services.

DSO Budgeted Efforts FY23

Use of University Property, Facilities and Personnel

FY23 Budget				
DSO	Property	Facilities sq. ft.	No. of Personnel	Personnel Cost
FAUF	-	1,977	17	\$1,507,671
FAUFC	-	-	-	-
FAURC	-	-	3	\$61,668
HBOIF	-	-	-	-
CPO	6,611	17,219	10	\$131,046

The University documents for the Trustees' consideration and approval of DSO anticipated use of University resources, at least on an annual basis, before the use occurs. Trustees-approved documentation should identify the positions of the employees who will provide personal services, the square footage of the office space and related buildings that will be used by the respective DSOs, and the value of such use.

Summary of FAU Operational Expenditure Budget

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Concessions	625,000	625,000	0.0%
Total	930,631,908	954,903,611	2.6%

FY23 Approval of FAU Operational Budget

This represents Florida Atlantic University's 2022-23 Proposed Operating Budget which is now presented to the Board of Trustees for approval. The Operating Budget consists of Educational and General; Carryforward; Student Financial Aid; Contracts & Grants; Auxiliary Enterprises; Athletics Local; Student Government; Concessions; and Lost Revenue Usage. In addition, the approval will 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.