



Item: AF: A-6

## AUDIT AND FINANCE COMMITTEE

Monday, June 15, 2015

**SUBJECT: REQUEST FOR APPROVAL OF THE FLORIDA ATLANTIC UNIVERSITY  
2015-16 OPERATING BUDGET.**

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### PROPOSED COMMITTEE ACTION

Recommend approval of Florida Atlantic University's 2015-16 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.

*Note: Due to the unprecedented delay of the Education and General (E/G) Legislative budget processes, the distribution of the 2015-16 Operating Budget PowerPoint that typically accompanies this action request is being held until mid-week of June 8. The Education Appropriations Committees have reconvened as of June 1 and both houses are currently working towards agreement on various aspects of these budgets. Each day brings more refinement to the Legislative allocations and it is expected that on or before June 11, a more accurate and timely budget for FAU can be distributed to the Audit and Finance Committee. As such, the Monday June 15 meeting will reflect the most relevant information available. In addition, FAU administration will also be prepared to present options and ranges for budget approval should little to no progress be made by mid-week.*

### IMPLEMENTATION PLAN/DATE

July 1, 2015.

## 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, 2015.

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**Supporting Documentation:** PowerPoint Presentation: FAU 2015-16 Budget Presentation (to be distributed to the A/F Committee on June 11, 2015).

**Presented by:** Ms. Dorothy Russell, V.P. for Financial Affairs and CFO

**Phone:** 561-297-3267

# FLORIDA ATLANTIC UNIVERSITY



## 2015-16 OPERATING BUDGET

June 15, 2015

## 2015-16 OPERATING BUDGET EXECUTIVE SUMMARY

The 2015-16 Operating Budget of Florida Atlantic University (FAU) is comprised of seven budgetary components:

Educational and General

Contracts and Grants

Athletics Local

Concessions

Student Financial Aid

Auxiliary Enterprises

Student Government

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 Committees.

Presented is the 6/10/15 Proposed Budget with three scenarios of a base budget, the House, and Senate proposed budgets. FAU is recommending the approval of the E&G Maximum Operating Expense "Budget Target" along with the budget from other funding sources by the full Board of Trustees.

The Proposed Budget is presented in two parts, FAU's 2015-16 Proposed E&G Operating Expenditure Budget from a base budget of \$275,639,378 to a Maximum Proposed Target Budget of \$294,831,067. Secondly, presented are all other funding sources at FAU as listed above. In order to accurately reflect total revenues within each budgetary component, the 2015-16 budget reflects 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.

## **Revenue Budget**

The 2015-16 Maximum Proposed E&G Revenue Budget with Senate recommendations, including the College of Medicine, totals \$307,630,566 which reflects an increase over the previous year due to non-recurring fund and includes tuition budget authority of \$12,799,499. FAU is budgeting flat enrollment for 2015-16.

## **Expenditure Budget**

The 2015-16 Proposed E&G Expenditure Budget is present from a base budget of \$275,639,378 to a maximum budget target of \$294,831,067. When approved by the legislature, any excess of the base budget will be held for strategic initiatives.

## **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 \$196,558,935 in projected expenditures, a 2.8% decrease over the prior year due to the regulatory change in the Stafford Loan requirements for the borrowing eligibility for enrollments less than full time.

## **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 \$59,098,850 in projected expenditures, an increase of 6.5 percent due to anticipated increasing research activities and Henderson School enrollment and recurring sparsity allocation of approximately \$100K.

## **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 of the new technology fee. The Auxiliary Enterprises Budget totals \$139,559,277 in projected expenditures, an increase of 11.3 percent over the prior year due to increases in the Medical School GME Program, College of Business Market Rate Programs, Technology Fee and Student Health Services.

## **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 \$26,346,429 in projected expenditures, a decrease of 3.9% over the prior year due to a reduction of game guarantees received.

## **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 \$9,876,445 in projected expenditures, a decrease of 12.0 percent over the prior year which included budget authority for prior year fund balance.

## **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 new negotiated contract from Coca-Cola.

**2015-16 Educational and General Budget  
Proposed Minimum and Maximum Budget Target**

<b>Approved 2014-15 Recurring Expense Budget</b>	<b>\$ 275,639,378</b>
<b>House Proposed Budget</b>	<b>\$ 291,089,378</b>
<b>Senate Proposed Budget</b>	<b>\$ 294,831,067</b>



## House and Senate E&G Budget Recommendations - as of June 10, 2015

Approved 2014-15 Recurring Expense Budget	\$ 275,639,378	\$ 275,639,378
2015-16 FAU Medical School Tuition Budget Approved by BOT	400,000	400,000
<b>2015-16 Pending Budget Recommendations</b>	<b><u>House</u></b>	<b><u>Senate</u></b>
Performance Funding (Non-recurring) - Pending BOG distribution formula	11,200,000	11,200,000
Tech Runway (non-recurring)	1,000,000	1,000,000
STEM Life Science Initiatives - Jupiter		
Recurring	1,350,000	5,938,000
Non-recurring	-	1,100,000
FAU Medical School - GME Residency Program - Recurring	-	(446,311)
FAU Max Planck Science Fellowship Program - Recurring (passthrough)	<u>1,500,000</u>	<u>-</u>
<b>Total Proposed Budget</b>	<b><u>15,050,000</u></b>	<b><u>18,791,689</u></b>
<b>Total 2015-16 Proposed Budget</b>	<b><u>\$ 291,089,378</u></b>	<b><u>\$ 294,831,067</u></b>

## 2015-16 Educational and General Budget

	University		Medical School		Total FAU	
	<u>House</u>	<u>Senate</u>	<u>House</u>	<u>Senate</u>	<u>House</u>	<u>Senate</u>
2015-16 E&G Beginning Expense Budget	\$ 253,055,983	\$ 253,055,983	\$ 22,583,395	\$ 22,583,395	\$ 275,639,378	\$ 275,639,378
2015-16 Medical School Tuition Budget Approved by BOT	-	-	400,000	400,000	400,000	400,000
2015-16 Recommendations*	<u>15,050,000</u>	<u>19,238,000</u>	-	<u>(446,311)</u>	<u>15,050,000</u>	<u>18,791,689</u>
2015-16 Proposed E&G Budget	<u>\$ 268,105,983</u>	<u>\$ 272,293,983</u>	<u>\$ 22,983,395</u>	<u>\$ 22,537,084</u>	<u>\$ 291,089,378</u>	<u>\$ 294,831,067</u>
Proposed Incremental Budget Changes	\$ 15,050,000	\$ 19,238,000	\$ 400,000	\$ (46,311)	\$ 15,450,000	\$ 19,191,689

\*Refer to the prior page

## Five-year Expenditure Budget\* Summary E&G Maximum Budget Target and All Other Funds 2011-12 to 2015-16

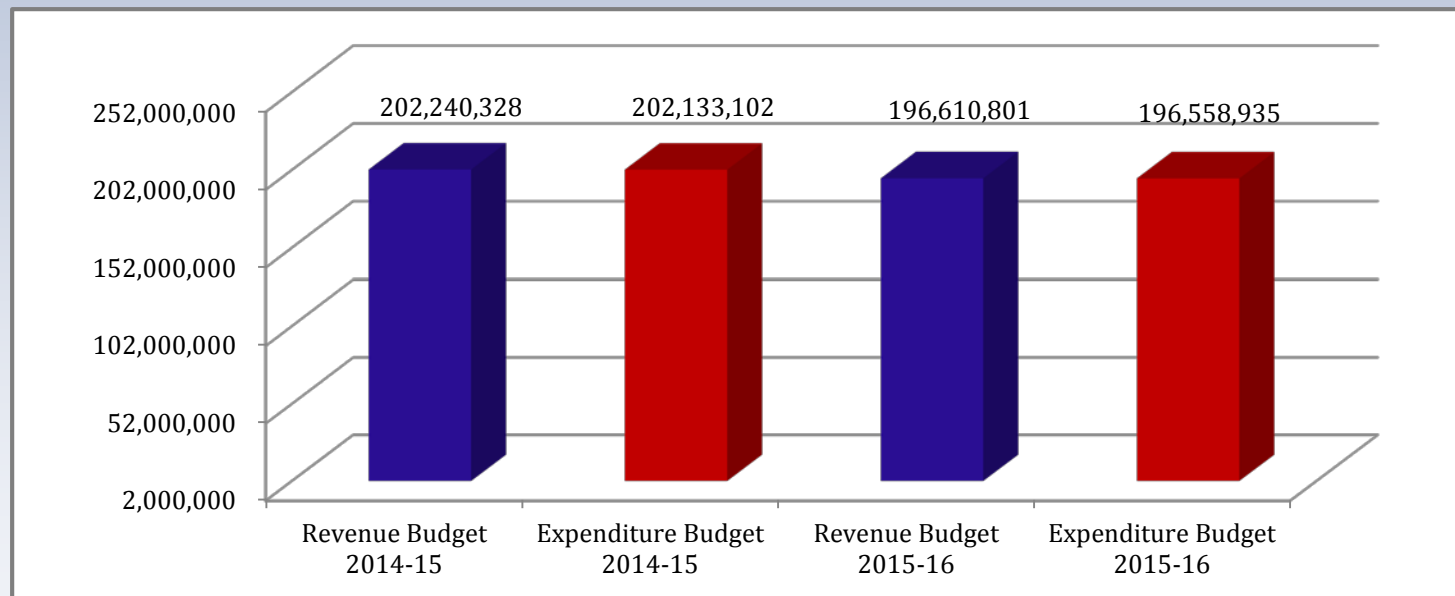
Fund Type	2011-12	2012-13	2013-14	2014-15	2015-16	2-year % Change
Educational & General	\$ 241,532,283	\$ 238,728,591	\$ 273,528,872	\$ 280,809,499	\$ 294,831,067	** 5.0
Student Financial Aid	174,483,578	193,986,305	203,035,641	202,133,102	196,558,935	(2.8)
Contracts & Grants	61,868,134	64,748,439	67,714,890	55,498,239	59,098,850	6.5
Auxiliary Enterprises	102,608,700	107,309,457	123,564,043	125,346,933	139,559,277	11.3
<b>Athletics</b>						
Athletics Operations	15,707,021	17,556,053	20,428,407	22,133,710	21,385,170	
Stadium Operations/Debt Service	<u>2,534,843</u>	<u>5,413,850</u>	<u>5,227,542</u>	<u>5,275,853</u>	<u>4,961,259</u>	
Total Athletics	18,241,864	22,969,903	25,655,949	27,409,563	26,346,429	(3.9)
Student Government	9,651,114	9,940,647	10,706,149	11,217,531	9,876,445	(12.0)
Concessions	<u>500,250</u>	<u>480,250</u>	<u>480,250</u>	<u>510,000</u>	<u>625,000</u>	<u>22.5</u>
<b>TOTAL</b>	<u>\$ 608,885,923</u>	<u>\$ 638,163,592</u>	<u>\$ 704,685,794</u>	<u>\$ 702,924,867</u>	<u>\$ 726,896,003</u>	<u>3.4</u>

\*Includes transfers

\*\* Proposed maximum budget target

## The 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).

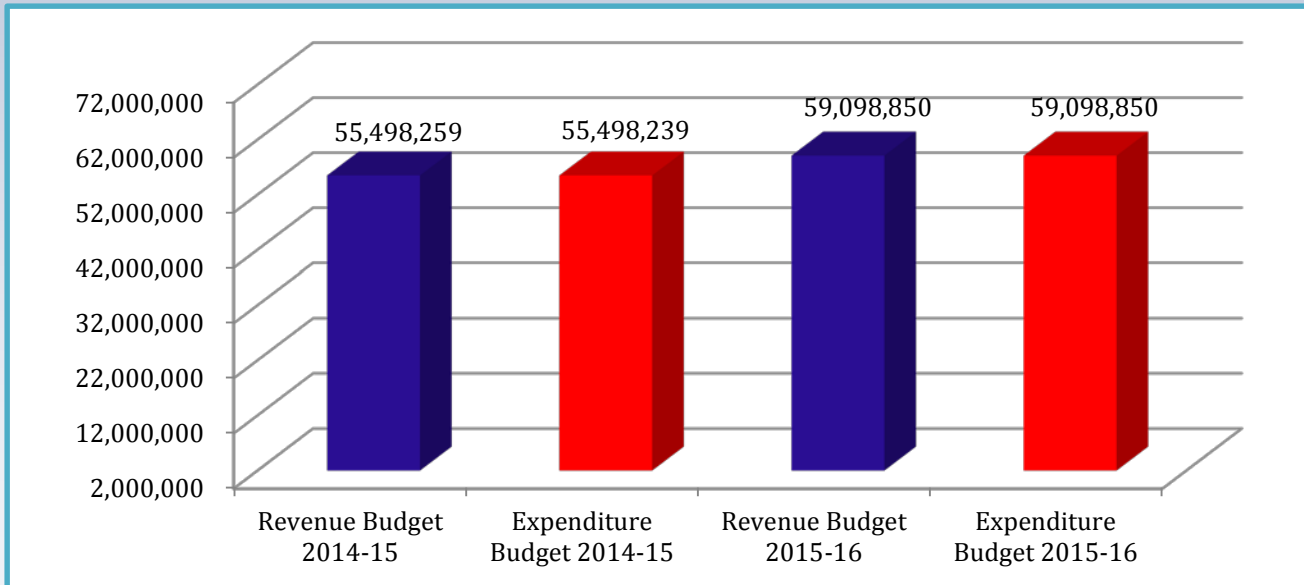


All years include Stafford and Alternative loans.

## The 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 2015-16 operating expenditure budget represents an increase of 6.5 percent from the prior year:

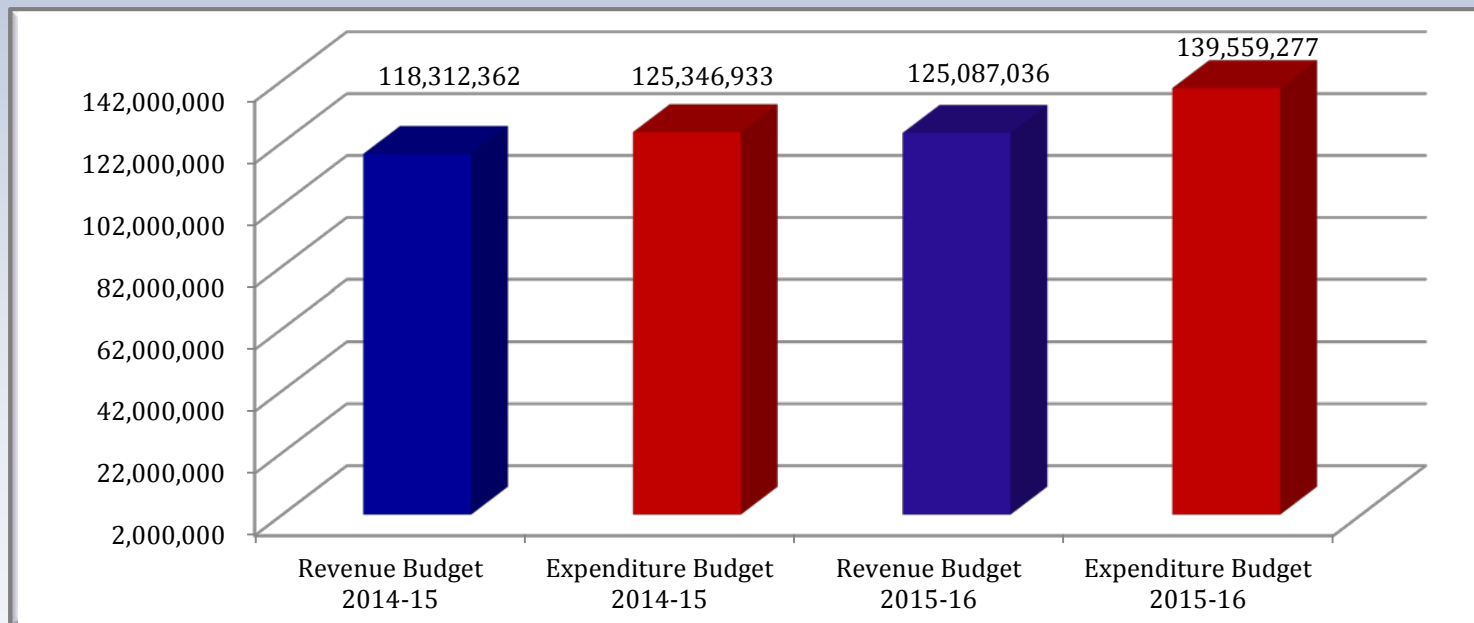
Sponsored Research	\$44,400,000
FAU F/HBOI Foundation Endowment Spending	6,729,285
A. D. Henderson School	<u>7,969,565</u>
<b>Total</b>	<b>\$59,098,850</b>



## The 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, and others.

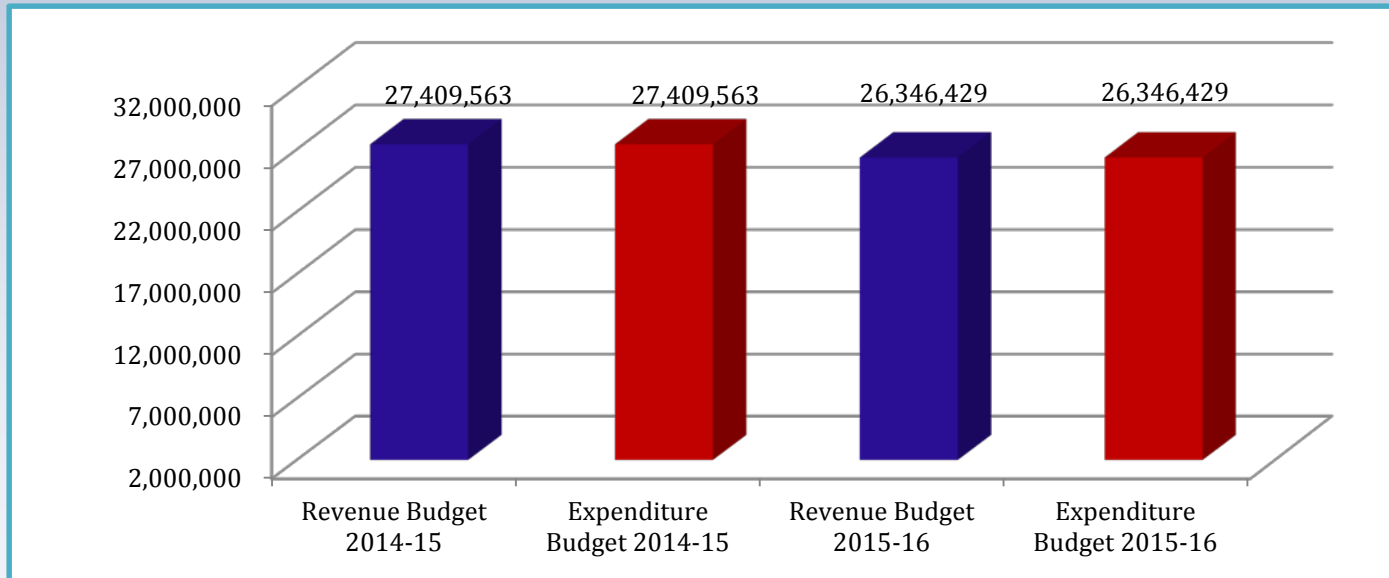
The 2015-16 budget including transfer authority reflects an increase of 11.3 percent which includes budget for College of Business Executive Program due to Market Rate Programs, the new residency program for College of Medicine, and Technology Fee Projects.



## The 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 2015-16 operating revenues are generated from Conference USA as well as tickets sales to athletic events, game guarantees, sponsorships and private support.

FY 2015-16 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.



## 2015-16 Athletics Operating Budget

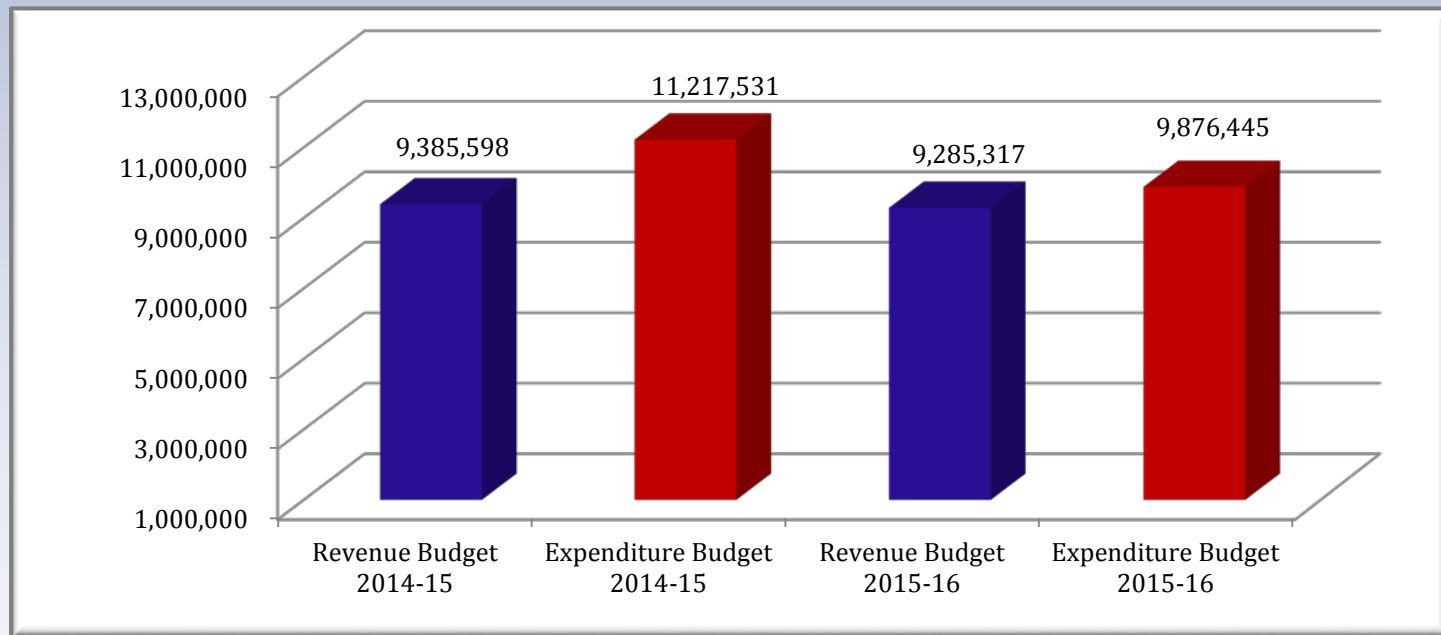
<u>Revenue Budget</u>	<u>Athletics</u>	<u>Stadium</u>	<u>Total</u>
Ticket Sales/Other Event Tickets	\$ 235,366	\$ 1,885,000	\$ 2,120,366
Game Guarantees	225,000	1,200,000	1,425,000
NCAA/Conference Distribution	3,300,000	-	3,300,000
Student Fees	11,325,621	596,085	11,921,706
Corporate Sales	337,000	563,000	900,000
Development and Capital Gifts	490,000	850,000	1,340,000
Premium Seating	-	600,000	600,000
Title IX, Financial Aid, Waivers, Scholarships	3,125,396	-	3,125,396
Other Miscellaneous Revenue	613,000	1,000,961	1,613,961
<b>Total Revenue</b>	<b>\$ 19,651,383</b>	<b>\$ 6,695,046</b>	<b>\$ 26,346,429</b>
<u>Expenditure Budget</u>			
Salaries and Benefits	\$ 6,633,476	\$ 220,445	\$ 6,853,921
Student Athlete Expenses	420,000	-	420,000
Utilities, Maintenance, Facility Rental, R&R Fund	889,584	1,194,153	2,083,737
Memberships	831,150	-	831,150
Game Day Expenses/Game Guarantees	474,245	455,000	929,245
Equipment and Supplies	1,010,951	54,848	1,065,799
Recruiting and Travel	3,122,869	-	3,122,869
Scholarships/Title IX, Financial Aid, Waivers	5,800,333	-	5,800,333
Debt Service	-	2,687,213	2,687,213
Other Expenses	2,242,062	310,100	2,552,162
<b>Total Expenditures</b>	<b>\$ 21,424,670</b>	<b>\$ 4,921,759</b>	<b>\$ 26,346,429</b>



## The Student Activities Budget Highlights

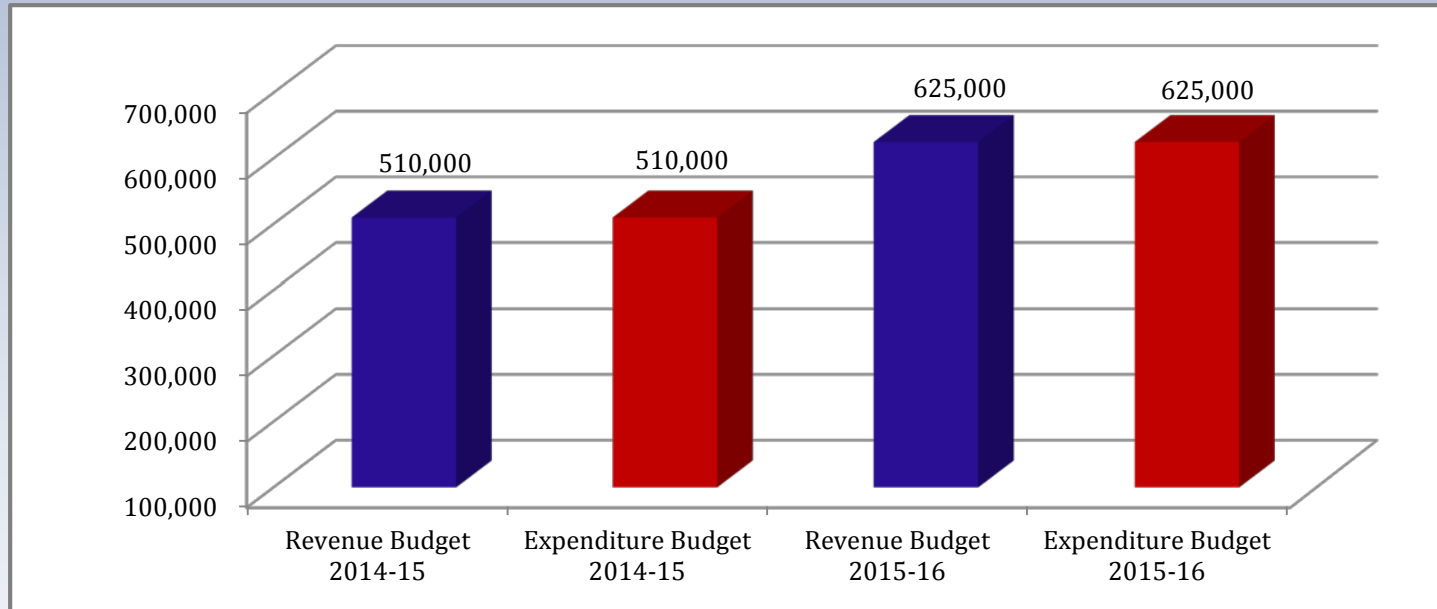
Funds from student activities and service fees are provided to support student government operations and student activities such as clubs and organizations.

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



## The Concession Budget Highlights

The concessions budget for 2015-16 is increased over 2014-15. Revenues are relatively constant and expenditures are projected to be in line with projected revenues.



## 2015-16 Capital Outlay Budget

	<u>2015-16 Request</u>	<u>2015-16 Anticipated Budget</u>
Jupiter Research Building Renovation & Addition* \$	14,650,000	\$ 14,650,000
Maintenance/Repair/Renovation**	2,393,257	2,393,257
Critical Maintenance**	3,068,142	3,068,142
<b>Total</b>	<b>\$ 20,111,399</b>	<b>\$ 20,111,399</b>

\* House Recommendation

\*\*Estimate Allocation Pending BOG Approval

## **2015-16 BUDGET SUMMARY**

<b>Educational and General - Maximum Budget Target</b>	<b>\$ 294,831,067</b>
<b>Non-E&amp;G Fund Budget</b>	<b><u>432,064,936</u></b>
<b>Total Proposed Operating Budget</b>	<b>726,896,003</b>
<b>Capital Outlay Budget</b>	<b><u>20,111,399</u></b>
<b>TOTAL 2015-16 Proposed Budget</b>	<b><u>\$ 747,007,402</u></b>