



Item: BF: A-M

**BUDGET AND FINANCE COMMITTEE**

**Monday, June 19, 2023**

**SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES FOR THE FEBRUARY 14, 2023 BOT BUDGET AND FINANCE COMMITTEE MEETING.**

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**PROPOSED COMMITTEE ACTION**

Initiate roll call to document member participation to ensure appropriate quorum numbers are achieved and to approve the minutes of the February 14, 2023 Budget and Finance Committee meeting.

**COMMITTEE MEMBERS**

Mr. Robert Flippo, Chair	_____
Dr. Kimberly Dunn, Vice Chair	_____
Mr. Brent Burns	_____
Mr. Piero Bussani	_____
Ms. Barbara Feingold (ex-officio)	_____
Mr. Brad Levine (ex-officio)	_____
Ms. Elycia Morris	_____

**BOT MEMBERS**

Ms. Dalia Calvillo	_____
Mr. Daniel Cane	_____
Mr. Shaun Davis	_____
Mr. Earnie Ellison	_____
Ms. Sherry Murphy	_____
Ms. Linda Stoch	_____

**BUDGET AND FINANCE COMMITTEE**  
**MINUTES**  
**Tuesday, February 14, 2023**

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**Action Items**

**BF: A-M. Roll call and Approval of Minutes for November 15, 2022, BOT Budget and Finance Committee Meeting.**

Mr. Robert Flippo, Chair of the Board of Trustees (BOT) Budget and Finance Committee (BFC) Convened this meeting at 10:00 a.m. Roll Call Commenced with the following Trustees, in addition to Mr. Burns, participation: Dr. Kimberly Dunn, Mr. Piero Bussani, Mrs. Barbara Feingold, Mrs. Elycia Morris, Mr. Shaun Davis, Mr. Earnie Ellison, Mr. Pierce Kennamer, Mrs. Sherry Murphy, Ms. Linda Stoch.

Chair Flippo you have a quorum.

The Following University officials participated: Ms. Stacy Volnick, President; Mr. Gregory DuBois, Vice President of Financial Affairs and CFO; Dr. Larry Faerman, Vice President of Student Affairs; Mr. David Kian, Vice President of Legal Affairs and General Counsel.

Upon call, a motion was made and seconded to approve the minutes of November 15, 2022. BFC meeting without change or correction.

Upon call, a motion was made and seconded to approve the minutes of the November 15, 2022, BFC meeting without change or correction. **The motion passed unanimously.**

**BF: A-1. Review and Approval of the 2023-24 Projected Housing Operating Budget.**

Mr. DuBois, FY-24 housing system budget. Today we are going to be asking you to approve next year's FY 24 housing system budget, which was approved by the Board of Directors for the Finance Corp. At its February 1, 2023, meeting, although we are only asking you for approval of the FY 24 budget, we have begun to work with Dr. Faerman and his team, specifically his newly hired Associate Vice President for Operations, Dr. Brian Fisher, to do multi-year forecasting, items to note, the FY 23 column represents our projected actuals for this year. As you know, we have oversubscribed in housing this fall term and placed approximately 180 students in two hotels bringing in an additional \$703,000 in revenue, equaling about a 104% occupancy rate. Future year's budgets are based on a 99% occupancy rate. These two factors account for the \$1 million difference in revenue moving forward. Something else worth noting this year's approved budget had revenue estimated at \$42.3 million using a conservative occupancy rate of 95%. Obviously, this did not reflect the current environment. You will also note, for next year, a \$1.3 million decrease in total operating expenses, a result of excluding the cost associated with the hotel program, and some efficiency improvements resulting from Dr. Fisher's efforts to do an analysis of the operating expenditures. We are budgeting a significant increase in renewal and replacement. We have a backlog of capital renewal projects requiring the investment shown for the next three years.

Additionally, we will be looking to update our five-year facilities assessment and capital renewal plan during the course of the next year. In reference to auxiliary overhead, this is an assessment that all auxiliaries pay, based on their operating expenditures, to fund their use of central services, such as human resources, payroll, accounting, utilities, etc. The standard rate is 11.19%. But there can be reductions if an auxiliary pays some expenses directly, such as utilities or janitorial services. For example, in the case of housing, much of its operating expenses for facilities management are paid to and through an outside firm Capstone. Therefore, overhead is not charged on these expenditures. The 350,000 for you UMI, which stands for the urban male initiative, is a donation back to the university by the Finance Corporation to help support this student success initiative started some years ago. Debt service includes both principal and interest. This is because the housing budget is a cash-based budget covering all his cash inflows and cash outflows.

Dr. Faerman, Good morning, trustees. And thank you for your question, Trustee Kennamer. So, we've worked with our admissions office. As we look at enrollment, as we look at some of our dates of application, we've adjusted our returning student process; as you may be aware from our current constituents, students to we moved our returning room selection to the spring from the fall, and we're going to be putting a limit on how many students can return to housing out of our current residents. This will then allow us to project better coming into this next year, the number of first-year students that we might need to house; we've worked closely with our partners in admissions and established a priority deadline of April 1<sup>st</sup> for first-year students to reside or to contract with the university housing. What we found last year, and you may have remembered from a previous board meeting, is that our housing deadline aligned with the deposit deadline. And so we had a lot of students who are probably over 1000 students who elected to deposit to Florida Atlantic the last week of April, and then at that point was where we ran into a situation with housing, and those students were left with no alternatives, as FAU continues to be a first choice. We're asking our new students to commit to FAU on an earlier basis so that we can plan our occupancy more accordingly. The feasibility study will be ready to share at the June 2023 board meeting.

Upon call, a motion was made and seconded to approve the 2023-24 Projected Housing Operating Budget. **The motion passed unanimously.**

### **Information Items**

#### **BF: I-1. Financial Update.**

Mr. DuBois presented a financial update to the board. It is a mid-year summary update on our financial performance. So, our typical reminder slides, different funding sources, or, as we refer to them, the colors of money. You've seen this many times. Next slide. This slide is intended to illustrate how our revenues and expenditures are tracked compared to the budget as a percentage relative to last year. And that's what the last two columns on this slide do for you. Nothing unusual to note; we are tracking in line with what I would expect at mid-year, the percentage differences in revenue for student financial aid and contracts and grants related to the HEERF dollars, which are not part of the adopted budget. Similarly, for expenditures. This is a five-year comparison of actual revenue and expense. For the first six months, you will see incremental growth in our E&G funding. There has been successful growth in our research, enterprise, Contracts, and Grants over the last five years. Dr. Flynn will speak to that in his presentation later; the decline in concession revenue is the impact of the pandemic.

Tuition revenue and to credit our production for the current fiscal year, I am providing a bit more detail by semester than you may have seen in the past. For comparison purposes, I would continue to suggest that FY 2019 is our true benchmark year, given the COVID bump we are all familiar with and have previously discussed. For summer term three although we continue to see a downward trend in in-state undergraduate credit hours, and headcount, summer term three remained above the 2019 benchmark. The last two columns represent the change between the current year and 2019. So, we're continuing to see the same trend we discussed in previous meetings.

For fall 2022, the change in the mix between in-state and out-of-state continues. In total, we are slightly below the 2019 benchmark but look to be plateauing both in headcount and credit hours compared to last year's FY22. So currently, it looks like we may be bottoming out and falling back to the right around that 2019 benchmark. The mix continues to look to move in the direction of out-of-state.

For Spring 2023, the same commentary as the previous slide for Fall 2022. So, no dramatic shift in the trend or the pattern from the fall to the spring term. So, this is a look at our actual tuition revenue; the red line and the red box show you the first six months; the blue is our projected for the whole year compared to previous years, so tuition revenue continues to grow as a result of the out of state growth. So again, financially, tuition revenue is healthy.

With no questions or comments put forth, a motion was made and seconded to adjourn the meeting.

**The meeting was adjourned at 3:07 p.m.**