



Item: BF: A-1

AUDIT AND FINANCE COMMITTEE

Tuesday, June 27, 2017

SUBJECT: UPDATE AND APPROVAL OF THE FAU 2017-18 PRELIMINARY OPERATING BUDGET.

PROPOSED COMMITTEE ACTION

Recommend approval of Florida Atlantic University's 2017-18 Operating Budget and Capital Outlay 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, 2017.

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, 2017.

Supporting Documentation: PowerPoint Presentation: FAU 2017-18 Budget

Presented by: Mr. Art Kite, Interim VP for Financial Affairs

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FLORIDA ATLANTIC UNIVERSITY



2017-18 FINAL OPERATING BUDGET

June 27, 2017

2017-18 OPERATING BUDGET EXECUTIVE SUMMARY

The 2017-18 Operating Budget of Florida Atlantic University (FAU) is comprised of seven budgetary components:

Educational and General – *revised*

Contracts and Grants – *no change*

Athletics Local – *no change*

Concessions – *no change*

Student Financial Aid – *no change*

Auxiliary Enterprises – *no change*

Student Government – *no change*

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 2017-18 Operating Expenditure Budget totals \$777,491,606 an increase of 2.2% over the prior year. In order to accurately reflect total revenues within each budgetary component, the 2017-18 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 2017-18 E&G Revenue Budget, including the College of Medicine, totals \$338,143,677 which reflects an increase 0.9 % over the previous year including non-recurring funds and tuition budget authority of \$12,265,019.

Proposed Expenditure Budget

The 2017-18 E&G Expenditure Budget totals \$325,878,658 which excludes \$12,265,019 budget authority to collect student tuition with allocations to take place, pending actual enrollments.

2017-18 Educational and General Budget

	Proposed ¹			Final
	University	Medical School	Total FAU	Total FAU
2016-17 BOG Revenue Budget	\$ 310,632,598	\$ 24,342,165	\$ 334,974,763	\$ 334,974,763
Net Budget Changes	5,922,711	227,763	6,150,474	3,168,914
2017-18 BOG Revenue Budget	\$ 316,555,309	\$ 24,569,928	\$ 341,125,237	\$ 338,143,677
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2016-17 Expenditure Budget	\$ 298,367,579	\$ 24,342,165	\$ 322,709,744	\$ 322,709,744
2016-17 Performance Funding - Non-recurring	(25,346,748)	-	(25,346,748)	(25,346,748)
2017-18 New Allocations				
Performance Funding - Non-recurring (estimate)	19,000,000	-	19,000,000	19,395,004
World Class Faculty & Scholar Program	4,389,709	-	4,389,709	4,389,709
SUS Professional & Graduate Degree Excellence Program	2,248,951	-	2,248,951	2,248,951
Health Insurance increase & Florida Retirement System Contributions	3,436,519	227,763	3,664,282	3,664,282
FAU - Florida Energy Consortium Reduction ⁴	(2,187,500)	-	(2,187,500)	(2,187,500)
Scripps Drug Discovery & Translation Research Partnership ² (non-recurring)	2,031,780	-	2,031,780	-
FAU-Secondary Robotics Team Support (non-recurring)	150,000	-	150,000	150,000
FAU - Honors College (non-recurring)	1,000,000	-	1,000,000	-
Tech Runway (non-recurring) ³	1,200,000	-	1,200,000	1,016,115
FAU - Max Planck Scientific Fellowship ²	-	-	-	(160,899)
Total	31,269,459	227,763	31,497,222	28,515,662
2017-18 Proposed Expenditure Budget (less tuition authority)	\$ 304,290,290	\$ 24,569,928	\$ 328,860,218	\$ 325,878,658

1) Proposed Budget presented to BOT on May 17, 2017

2) Pass through

3) FAU will receive funding through Dept. of Economic Opportunity

4) Legislative error - will be corrected for FY19

Five-year Legislative Revenue Budget Summary 2013-14 to 2017-18

<u>University</u>	2013-14	2014-15	2015-16	2016-17	2017-18	1 year % Change
General Revenue	\$ 119,757,792	\$ 121,094,914	\$ 140,635,926	\$ 152,052,188	\$ 158,803,492	4.4
Lottery	16,731,350	20,785,531	19,994,203	22,506,154	18,696,001	* (16.9)
Tuition and Fees **	<u>124,973,462</u>	<u>129,145,158</u>	<u>129,369,909</u>	<u>136,074,256</u>	<u>136,074,256</u>	<u>-</u>
Subtotal	261,462,604	271,025,603	290,000,038	310,632,598	313,573,749	0.9
 <u>Medical School</u>						
General Revenue	14,535,791	14,344,890	14,337,746	14,693,918	14,921,681	1.6
Tuition and Fees **	<u>6,158,280</u>	<u>8,238,505</u>	<u>8,272,005</u>	<u>9,648,247</u>	<u>9,648,247</u>	<u>-</u>
Subtotal	20,694,071	22,583,395	22,609,751	24,342,165	24,569,928	0.9
Total FAU E&G Revenue Budget	<u>\$ 282,156,675</u>	<u>\$ 293,608,998</u>	<u>\$ 312,609,789</u>	<u>\$ 334,974,763</u>	<u>\$ 338,143,677</u>	<u>0.9</u>

* Lottery budget reflects \$3.8m fund shift from Lottery to General Revenue.

**Legislative authority to collect student tuition.

Five-year Expenditure Budget* Summary 2013-14 to 2017-18

Fund Type	2013-14	2014-15	2015-16	2016-17	2017-18	1 year % Change
Educational & General	\$ 273,528,872	\$ 280,809,499	\$ 299,810,290	\$ 322,709,744	\$ 325,878,658	1.0
Student Financial Aid	203,035,641	202,133,102	196,558,935	197,953,827	200,859,417	1.5
Contracts & Grants	67,714,890	55,498,239	59,098,850	60,514,705	62,484,912	3.3
Auxiliary Enterprises	123,564,043	125,346,933	139,559,277	142,153,266	148,209,958	4.3
Athletics						
Athletics Operations	20,428,407	22,133,710	21,385,170	22,187,469	24,586,083	
Stadium Operations/Debt Service	<u>5,227,542</u>	<u>5,275,853</u>	<u>4,961,259</u>	<u>4,917,562</u>	<u>4,745,122</u>	
Total Athletics	25,655,949	27,409,563	26,346,429	27,105,031	29,331,205	8.2
Student Government	10,706,149	11,217,531	9,876,445	9,497,901	10,102,456	6.4
Concessions	<u>480,250</u>	<u>510,000</u>	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	-
TOTAL	<u>\$ 704,685,794</u>	<u>\$ 702,924,867</u>	<u>\$ 731,875,226</u>	<u>\$ 760,559,474</u>	<u>\$ 777,491,606</u>	<u>2.2</u>

*Includes inter fund transfers

2017-18 Final Capital Outlay Budget

	<u>2017-18 Request</u>	<u>2017-18 Budget</u>
Jupiter STEM/Life Science Building	\$ 11,850,000	\$ 9,850,000
Henderson Lab School	5,000,000	-
Student Union - CITF	3,852,480	3,852,480
Cooling Tower Replacement	3,500,000	3,500,000
Maintenance/Repair/Renovation and Remodeling	<u>2,345,358</u>	<u>2,345,358</u>
Total	<u>\$ 26,547,838</u>	<u>\$ 19,547,838</u>

2017-18 BUDGET SUMMARY

Educational and General Expenditure Budget	\$ 325,878,658
Non-E&G Fund Expenditure Budget*	<u>451,612,948</u>
Total Operating Budget	777,491,606
Capital Outlay Proposed Budget*	<u>19,547,838</u>
TOTAL 2017-18 Budget	<u><u>\$ 797,039,444</u></u>

** No change from May 16, 2017*