



Item: AF: A-5

Tuesday, June 11, 2013

**SUBJECT: APPROVAL OF FLORIDA ATLANTIC UNIVERSITY'S 2013-14
OPERATING BUDGET.**

PROPOSED BOARD ACTION

Approval of Florida Atlantic University's 2013-14 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, 2013.

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, 2013.

Supporting Documentation: PowerPoint Presentation: FAU 2013-14 Budget Presentation.

Presented by: Mr. Dennis Crudele, Senior Vice President for Financial Affairs **Phone:** 561-297-3267

FLORIDA ATLANTIC UNIVERSITY



2013-14 OPERATING BUDGET

June 4, 2013

2013-14 OPERATING BUDGET EXECUTIVE SUMMARY

The 2013-14 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

Within the budget development process, methods and techniques are carefully integrated to ensure effective *best practices* and to validate that decisions are directly tied to the University's strategic goals and objectives in a *value-maximizing* framework. All proposed expenditures are reviewed and evaluated at multiple levels within the organization, from departmental units to the Acting President's Senior Staff and the Board of Trustees Committees. Finally, the operating budget is formally approved and adopted by the full Board of Trustees.

FAU's 2013-14 Operating Expenditure Budget totals \$704,685,794, an increase of 10.4 percent over the prior year. In order to accurately reflect total revenues within each budgetary component, the 2013-14 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.

2013-14 E&G Revenue Budget totals \$282,156,675 which reflects an increase of 18.2 percent over the previous year. The College of Medicine increased by \$3.7 million and all other FAU E&G funding increased by \$39.7 million. The \$39.7 increase includes the return of \$24.7 million to the university and \$8.6 million budget authority increase for student tuition and fees, derived from the 2012 FAU Work Plan enrollment estimates.

Other key components include \$4.4 million for unfunded actuarial retirement fund cost, \$2.2 million for health insurance premium increases, and \$1.5 million pass through allocation for AMI.

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 \$203,035,641 in projected expenditures, an increase of 4.7 percent over the prior year.

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. HBOI Foundation expenditures are reflected in the FAU Grants and Contracts budget. Also included are the A. D. Henderson University School and the FAU Foundation Payroll Clearing Fund. The Contracts and Grants budget totals \$67,714,890 in projected expenditures, an increase of 4.6 percent over the prior year.

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, housing, the Department of Ocean Engineering Research Boat, the College of Science Machine Shop, and HBOI auxiliary operations. Also included in this budget are the expenditures and revenues of the new technology fee. The Auxiliary Enterprises Budget totals \$123,564,043 in projected expenditures, an increase of 15.1 percent over the prior year.

Athletics: The Athletics Local 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 Local Budget totals \$25,655,949 in projected expenditures, an increase of 11.7 percent over the prior year.

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 \$10,706,149 in projected expenditures, an increase of 7.7 percent over the prior year due to the anticipated new and growing campus life programs, services, activities and projects.

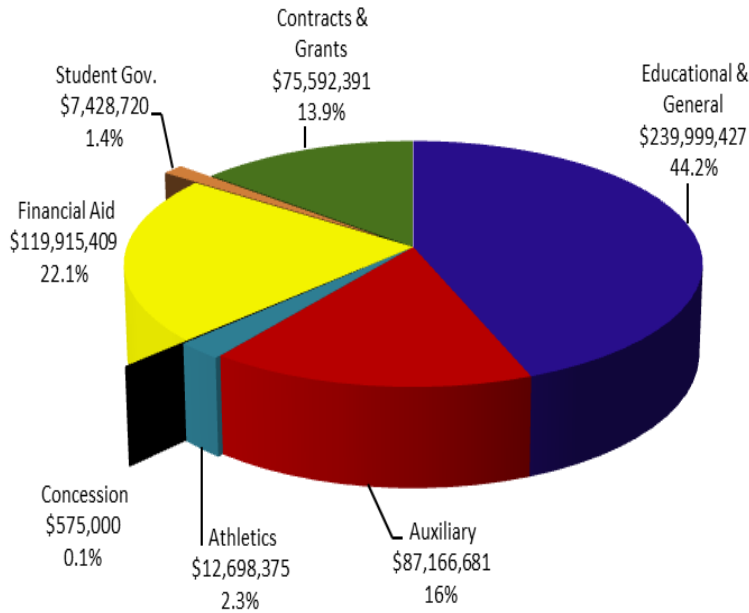
Concessions: The Concessions Budget is comprised of funding derived from concessions operations such as soft drink and snack vending machines. The Concessions Budget totals \$480,250 in projected expenditures.

2013-14 Expenditure Budget Summary

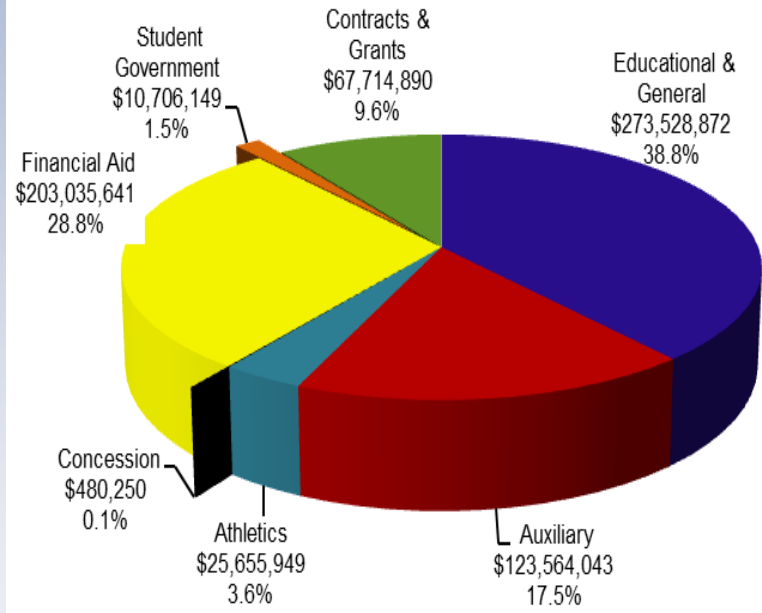
Fund Type	2012-13 Adjusted Budget	2013-14 Expenditure Budget	Percentage Change
Educational & General	\$ 238,728,591	\$ 273,528,872	14.6
Student Financial Aid	193,986,305	203,035,641	4.7
Contracts & Grants	64,748,439	67,714,890	4.6
Auxiliary Enterprises	107,309,457	123,564,043	15.1
Athletics			
Athletics Operations	17,556,053	20,428,407	
Stadium Operations	2,793,765	2,607,692	
Stadium Debt Service	2,620,085	2,619,850	
Total Athletics	22,969,903	25,655,949	11.7
Student Government	9,940,647	10,706,149	7.7
Concessions	480,250	480,250	-
TOTAL	\$ 638,163,592	\$ 704,685,794	10.4

Five-year Expenditure Budget Comparison

2009-10 Expense Budget - \$543,376,003



2013-14 Expense Budget - \$704,685,794



Legislative Budget Summary

<u>University</u>	<u>2012-13</u>	<u>2013-14</u>	<u>Difference</u>
General Revenue	\$ 91,510,614	\$ 119,757,792	\$ 28,247,178
Lottery	13,896,935	16,731,350	2,834,415
Tuition and Fees	<u>116,345,659</u>	<u>124,973,462</u>	<u>8,627,803</u> *
Subtotal	\$ 221,753,208	\$ 261,462,604	\$ 39,709,396
<u>Medical School</u>			
General Revenue	\$ 12,778,503	\$ 14,535,791	\$ 1,757,288
Tuition and Fees	<u>4,196,880</u>	<u>6,158,280</u>	<u>1,961,400</u>
Subtotal	\$ 16,975,383	\$ 20,694,071	\$ 3,718,688
Total FAU E&G Revenue Budget	<u><u>238,728,591</u></u>	<u><u>282,156,675</u></u>	<u><u>43,428,084</u></u>

*Legislative authority to collect student tuition; not allocated at this time, pending actual enrollments.

2013-14 Educational & General Budget

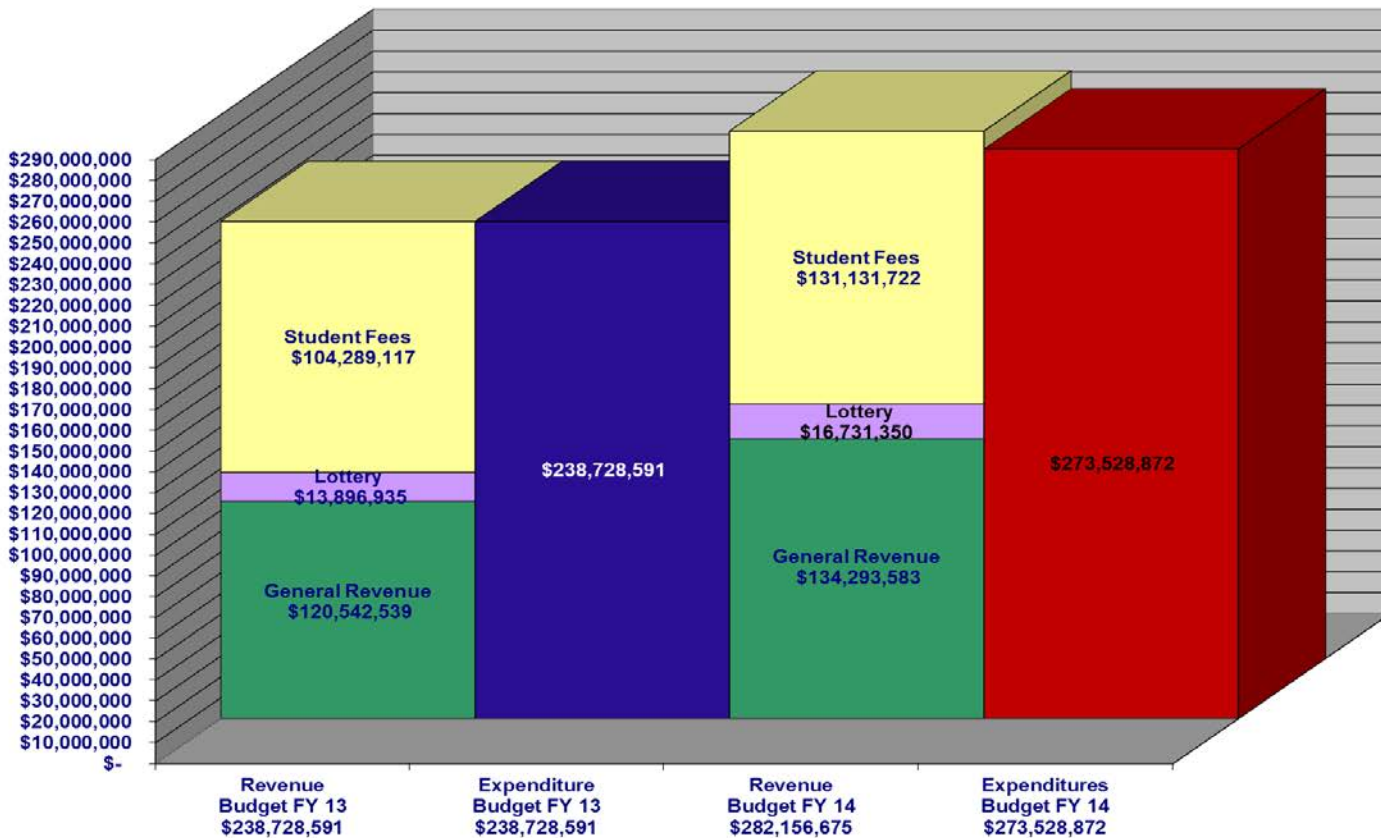
	University	Medical School	Total FAU
2012-13 E&G Expenditure Budget	\$ 221,753,208	\$ 16,975,383	\$ 238,728,591
2013-14 Appropriations/Adjustments			
Align Appropriation with Revenue Estimate	\$ 24,790,484		\$ 24,790,484
Fixed Cost: Retirement, Health Ins., Risk Mgt, Other	\$ 6,257,679	\$ 310,977	\$ 6,568,656
New Space	\$ 33,430		\$ 33,430
Legislative Student Tuition Budget Authority	\$ 8,627,803		\$ 8,627,803
College of Medicine: Simulation Ctr, Residential Program & Tuition	\$ -	\$ 3,407,711	\$ 3,407,711
2013-14 E&G Operating Revenue Budget	\$ 261,462,604	\$ 20,694,071	\$ 282,156,675
Less Student Tuition Budget Authority	\$ (8,627,803)		\$ (8,627,803)
<u>2013-14 E&G Expenditure Budget</u>	\$ 252,834,801	\$ 20,694,071	\$ 273,528,872
<u>Incremental Revenue for University Priorities</u>	\$ 31,081,593	\$ 3,718,688	\$ 34,800,281

FLORIDA ATLANTIC UNIVERSITY

	<u>University</u>
2013-14 Incremental Expenditure Budget	\$ 31,081,593
Less: Estimated Tuition Hold Back	\$ (3,472,918)
Retirement, Health Ins., Risk Mgt, FTL, Other	\$ (6,606,679)
New Space fund	\$ (33,430)
Adjusted Discretionary Fund	\$ 20,968,566
 BOT Approved University Strategic Planning Needs	
Salary funds to augment State Administered Funds	\$ 2,759,980
Academic Signature Theme Initiatives:	\$ 4,963,065
(Advising, QEP, Summer, Science MA/PHs programs, others)	
Jupiter Science Technology Program	\$ 1,750,000
Student enrollment/retention initiatives/degree completion	\$ 1,848,013
Fully fund on-going commitments	\$ 1,265,759
Affordable Health Care	\$ 980,000
	\$ 13,566,817
Sub-total Strategic Plan Needs	\$ 13,566,817
 Distribution to units to incorporate Signature Theme goals of the Strategic Plan	 \$ 7,401,749

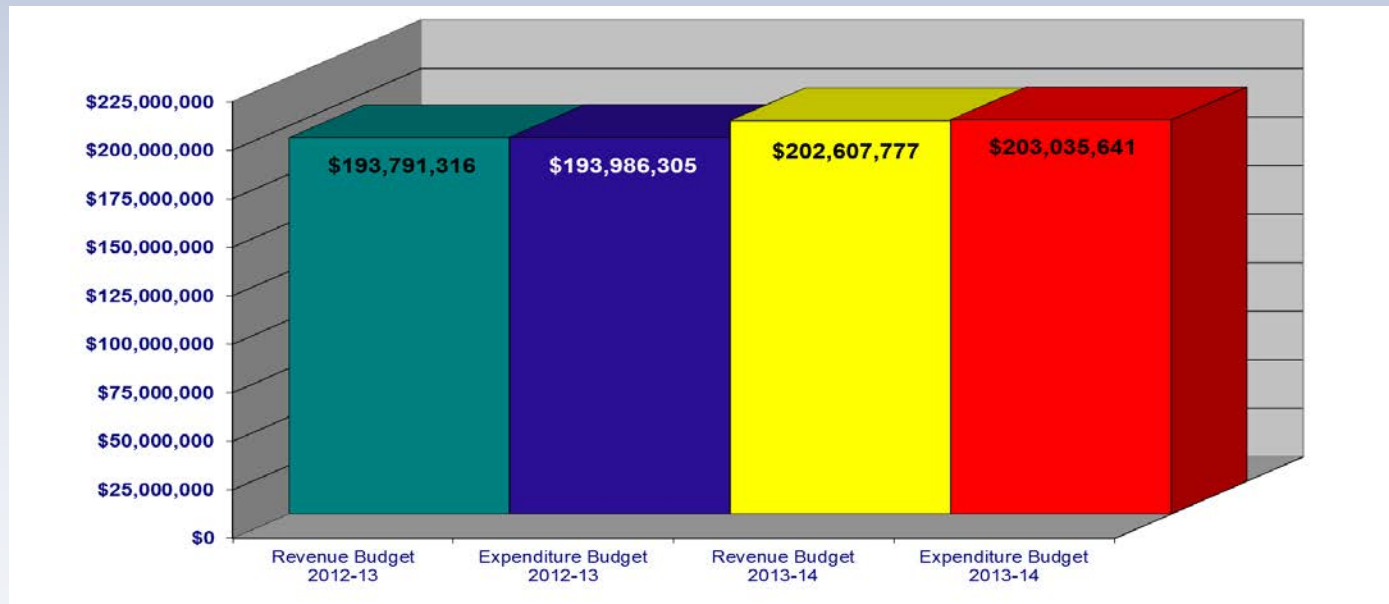
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Educational & General Operating Budget with Prior Year Comparison



The Student Financial Aid Budget Highlights

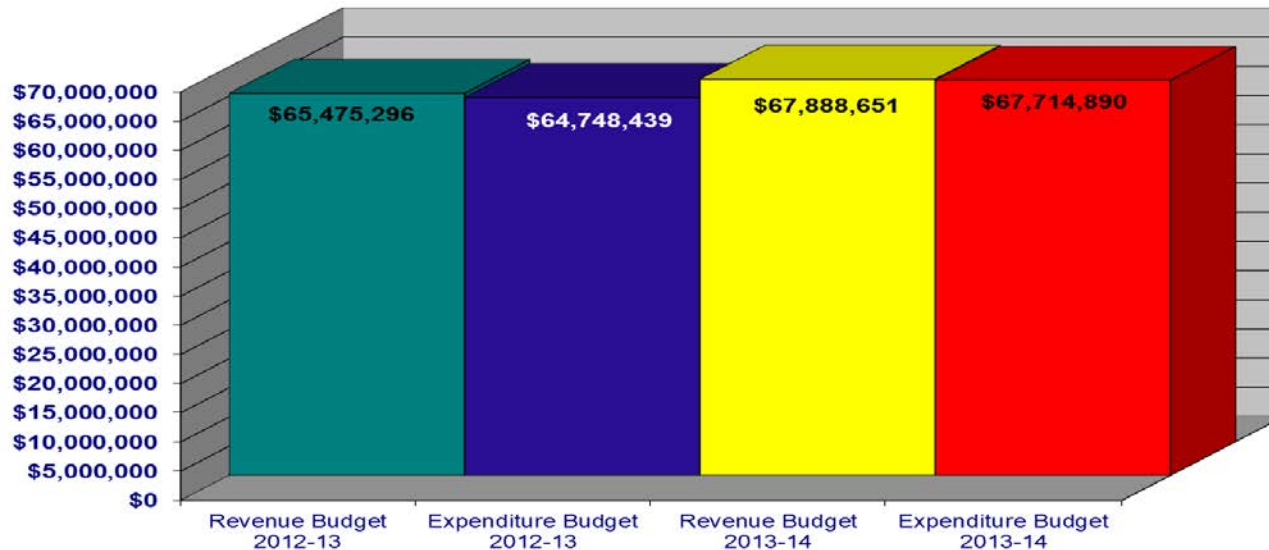
The Student Financial Aid budget largely represents scholarship and loan funds that are received by the University and subsequently disbursed to students. Included in the budget are funding from student financial aid fees as well as financial aid support from all sources such as federal financial aid 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).



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 2013-14 operating expenditure budget represents an increase of 4.6 percent from the prior year:

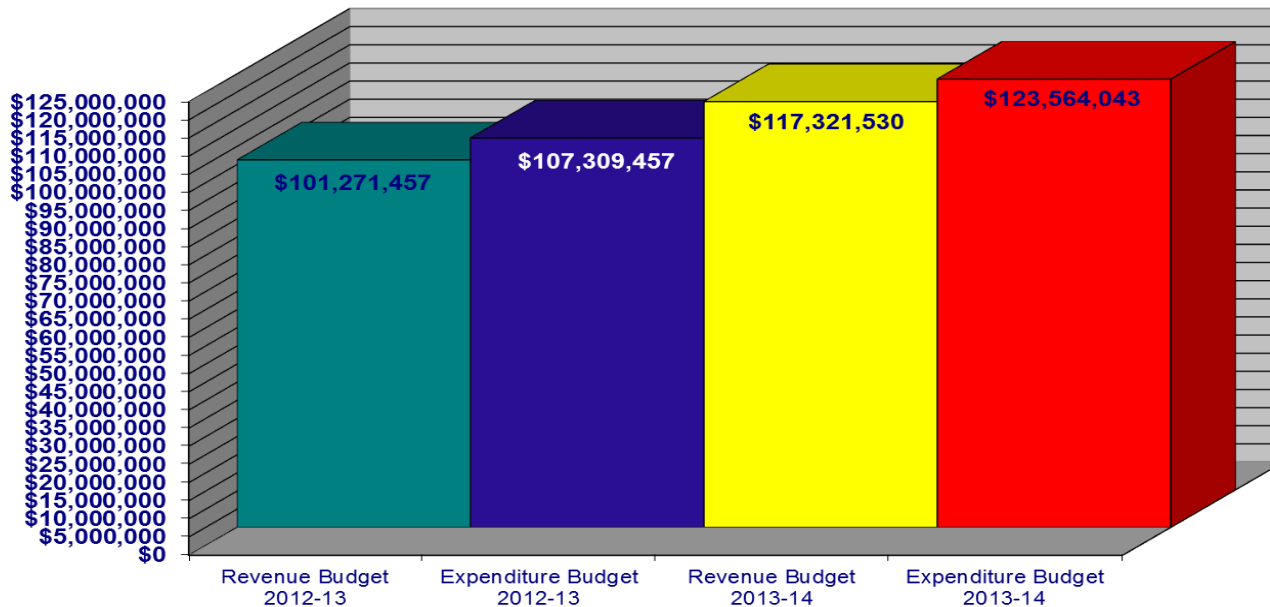
Sponsored Research	\$52,600,000
FAU Foundation, Inc.	7,946,788
HBOI Foundation	96,230
A. D. Henderson School	<u>7,071,872</u>
Total	\$67,714,890



The Auxiliary Enterprises Budget Highlights

University business operations that are self-supporting through user fees, payments and charges. These include: Food services, Housing, Bookstore, Traffic and Parking, Technology Fee expenditure, and others.

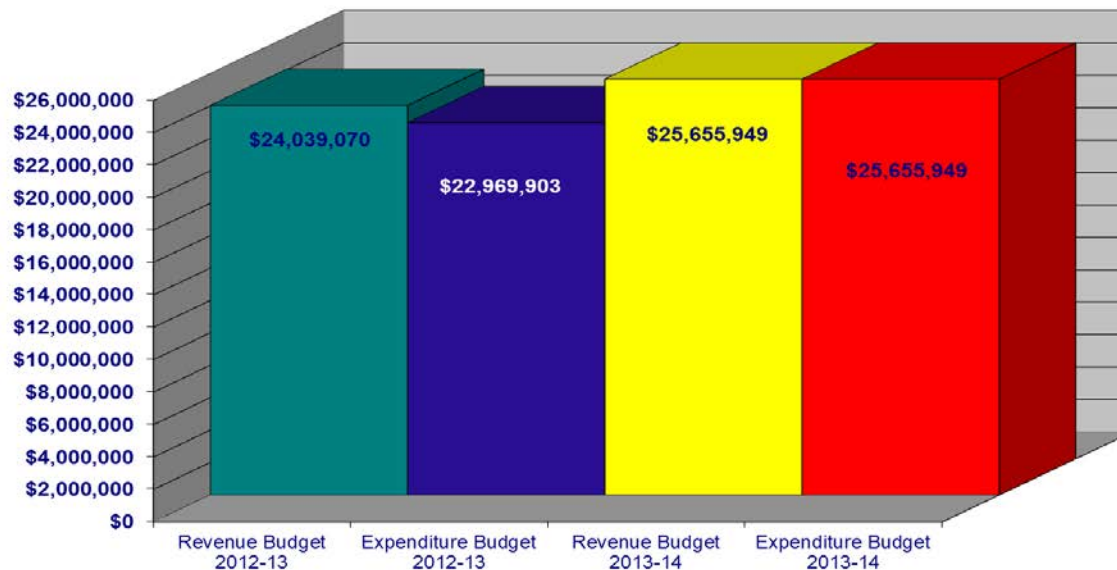
The 2013-14 budget reflects an increase of 15.1 percent which includes transfer authority. The budget increase includes budget for operational and debt services for the new dorm, Technology Fee Projects, and growth in the Center for e-Learning.



The Athletics Budget Highlights

The Athletics Operating Budget supports the University's student athletics program. Funding is generated from student athletics fees (\$17.27 per-credit hour) as well as ticket sales to athletics events, game guarantees, NCAA distributions, sponsorships and private support.

In addition to the Operating Budget, FAU Athletics receives \$230,246 in State Educational and General Title IX Gender Equity funding, \$1,301,357 in out-of-state waiver authority and financial aid, \$3,102,900 university support, and \$3,170,000 scholarship funds from Foundation.



FLORIDA ATLANTIC UNIVERSITY

2013-14 Athletics Budget

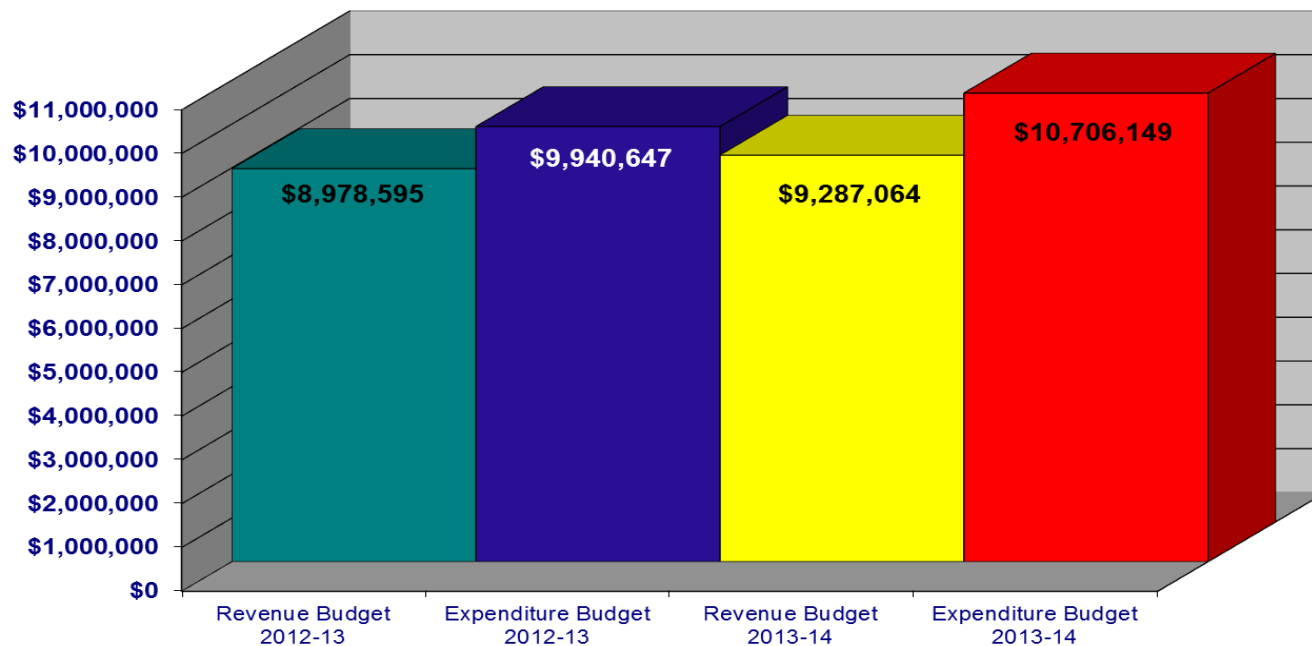
<u>Revenue Budget</u>	<u>Athletic Operations</u>	<u>Stadium Operations</u>	<u>Total</u>
Ticket Sales/Other Event-Tickets	207,500	600,000	807,500
Game Guarantees	1,003,500	1,000,000	2,003,500
NCAA/Conference Dist.	1,725,000		1,725,000
Student Fees	10,172,030	535,370	10,707,400
Development/Corporate Sales	1,050,000	480,792	1,530,792
Catering/Concessions/Novelties	6,500	124,000	130,500
Facilities/Parking	375,000	200,000	575,000
Other Miscellaneous Revenue	67,000		67,000
Premium/Priority Seating		500,000	500,000
Licensing	35,000	-	35,000
Institutional Support	1,301,357		1,301,357
University Support	483,050	2,619,850	3,102,900
Foundation Scholarship Funds	2,200,000	970,000	3,170,000
Total Revenue	18,625,937	7,030,012	25,655,949
<u>Expenditure Budget</u>			
Salaries and Benefits	6,607,117	220,445	6,827,562
Utilities//Maintenance/Facility Rental	43,451	360,000	403,451
Replacement/Repairs Fund	495,896	557,289	1,053,185
Rental Expenses	96,236	197,310	293,546
Memberships	826,930	-	826,930
Pre/post Housing and Meals	222,869	-	222,869
Game day Expenses	438,156	543,271	981,427
Equipment/Supplies/Memberships	914,804	24,700	939,504
Advertising/Promotions	205,980	272,000	477,980
Insurances	486,483	60,100	546,583
Recruiting/Travel	2,666,293		2,666,293
Other Expenses	1,176,299	372,577	1,548,876
Scholarships/Waivers/Title IX/Financial Aid	4,548,976		4,548,976
Institutional Support	1,301,357	-	1,301,357
Game Guarantees	397,560		397,560
Debt Service		2,619,850	2,619,850
Total Expenditures	20,428,407	5,227,542	25,655,949

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The Student Activities Budget Highlights

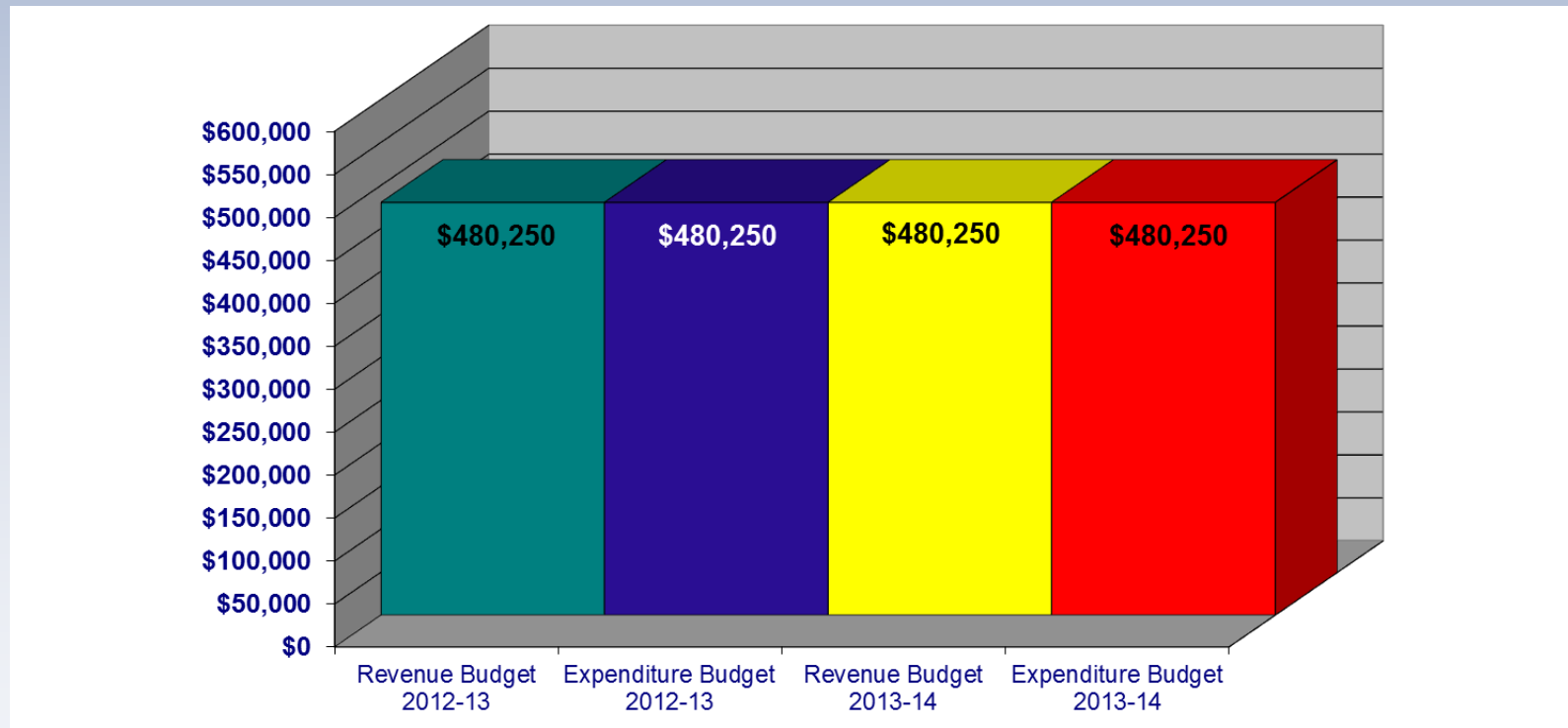
Funds from student activities and service fees are provided to support student government operations and student activities such as clubs and organizations.

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



The Concession Budget Highlights

The concessions budget for 2013-14 remains the same as 2012-13. Revenues are relatively constant and expenditures are projected to be in line with projected revenues.



2013-14 Capital Outlay Budget

	<u>2013-14 Request</u>	<u>2013-14 Budget</u>
Student Union (CITF)	\$ 14,812,231	\$ -
Breezeway Renovations (CITF)	\$ 2,500,000	\$ 2,500,000
Recreational Field Lights (CITF)	\$ 200,000	\$ 200,000
CITF Reserve	\$ -	\$ 3,418,376
Acquisition (Auxiliary)	\$ -	\$ 3,500,000
BOG Distribution* (PECO)	\$ -	\$ 2,500,000
Total	<u>\$ 17,512,231</u>	<u>\$ 12,118,376</u>

*Estimated Allocation Pending BOG Approval

2013-14 BUDGET SUMMARY

**OPERATING EXPENDITURE
BUDGET
\$704,685,794**

**CAPITAL OUTLAY BUDGET
\$12,118,376**