



Item: AF: A-6

Wednesday, June 15, 2011

SUBJECT: REQUEST FOR APPROVAL OF FLORIDA ATLANTIC UNIVERSITY'S 2011-12 OPERATING BUDGET.

PROPOSED BOARD ACTION

Provide approval of FAU's 2011-12 Operating Budget. 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.

This issue was reviewed and approved by the BOT Audit and Finance Committee on June 15, 2011.

IMPLEMENTATION PLAN/DATE

July 1, 2011.

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, 2011.

Supporting Documentation: PowerPoint Presentation: FAU 2010-11 Budget Presentation.

Presented by: Mr. Dennis Crudele, Senior Vice President for Financial Affairs **Phone:** 561-297-3266

FLORIDA ATLANTIC UNIVERSITY

2011-12 OPERATING BUDGET

FLORIDA ATLANTIC UNIVERSITY 2011-12 OPERATING BUDGET EXECUTIVE SUMMARY

The 2011-12 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 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 2011-12 Expenditure Operating Budget totals \$609,097,901, a decrease of 1.5 percent over the prior year. In order to accurately reflect total revenues within each budgetary component, the 2011-12 budget reflects transfers between units.

FLORIDA ATLANTIC UNIVERSITY 2011-12 OPERATING BUDGET EXECUTIVE SUMMARY

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. The E&G Budget totals \$241,744,261 in estimated expenditures and reflects a decrease of 6.2 percent over the previous year, attributable to a base reduction of \$11,470,532, the fourth base reduction in as many years. Other key components of this budget include an eight percent tuition increase for all undergraduate and graduate students, a seven percent differential tuition for undergraduate in-state students, and the cost to continue prior budgetary appropriations.

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 \$174,483,578 in projected expenditures, an increase of 4.4 percent over the prior year.

FLORIDA ATLANTIC UNIVERSITY 2011-12 OPERATING BUDGET EXECUTIVE SUMMARY

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 expenditures are now 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 \$61,868,134 in projected expenditures, a slight decrease of over the prior year.

Auxiliary Enterprises: The Auxiliary Enterprises Budget is comprised of over one hundred different business and enterprise operations that are self-supporting through user fees, payments, and charges. The range of business operations includes large auxiliaries such as food service, traffic and parking, housing and smaller operations such as 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 \$102,608,700 in projected expenditures, a decrease of 3.3 percent over the prior year.

FLORIDA ATLANTIC UNIVERSITY 2011-12 OPERATING BUDGET EXECUTIVE SUMMARY

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 \$18,241,864 in projected expenditures, an increase of 30.2 percent over the prior year. The significant increase in expenditures in 2011-12 is due largely to inclusion of the new stadium operation which totals \$2,534,843, consistent with the pro forma budget previously approved by the Board of Trustees.

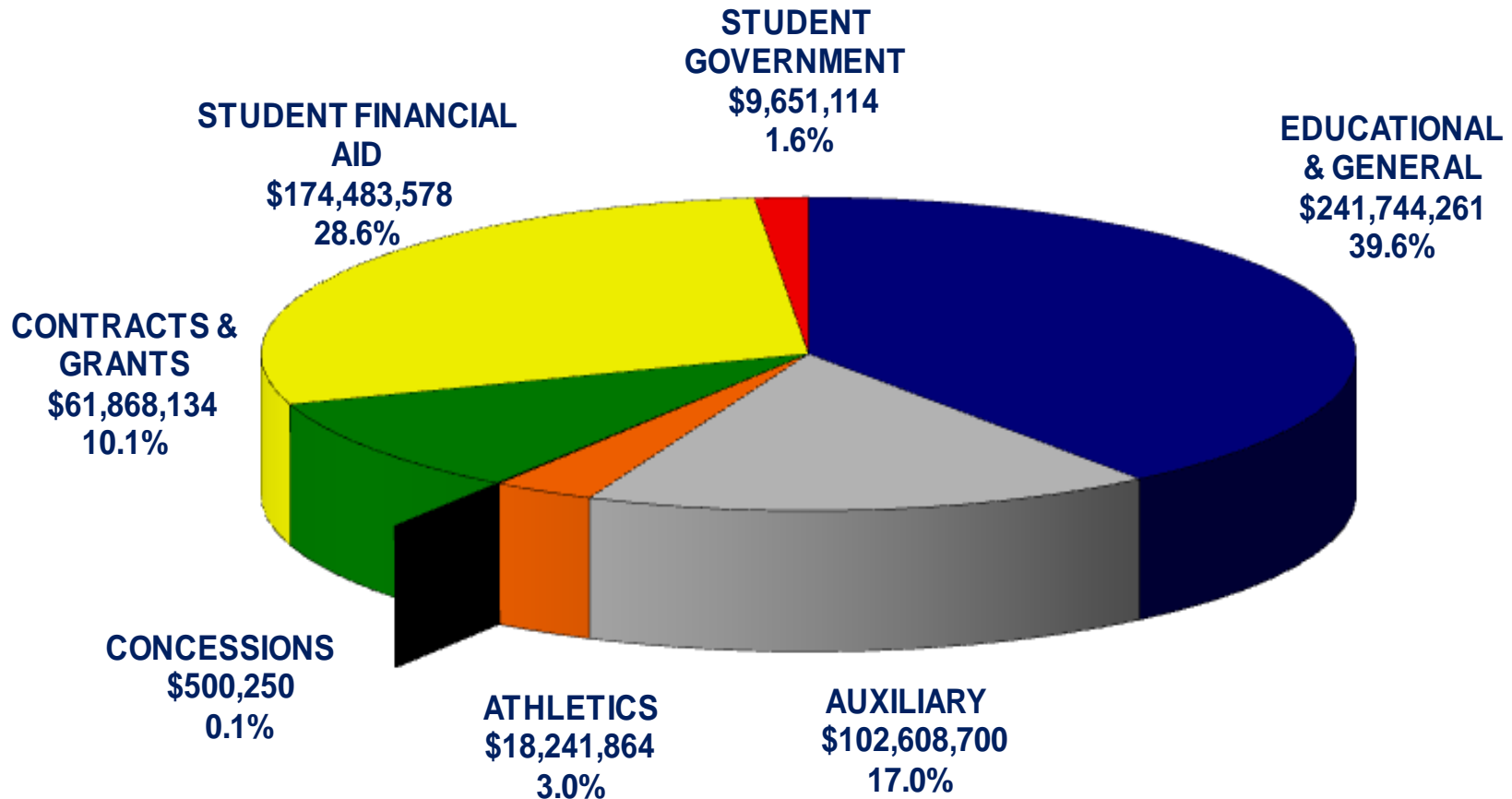
Student Government: The Student Government Budget is comprised of funding from the activity and service fee paid by students and well as other types of club and program income. The Student Government Budget totals \$9,651,114 in projected expenditures, a decrease of 2.9 percent over the prior year due to the move of Campus Recreation funds to the Auxiliary Services Fund.

Concessions: The Concessions Budget is comprised of funding derived from concessions operations such as soft drink and snack vending machines. The Concessions Budget totals \$500,250 in projected expenditures.

FLORIDA ATLANTIC UNIVERSITY 2011-12 OPERATING BUDGET EXECUTIVE SUMMARY

<u>EXPENDITURE BUDGET</u>	2010-11 <u>Adjusted Budget</u>	2011-12 <u>Proposed Budget</u>	Percentage <u>Change</u>
Educational & General	\$ 257,813,346	\$ 241,744,261	(6.2)
Student Financial Aid	\$ 167,184,051	\$ 174,483,578	4.4
Contracts & Grants	\$ 62,974,241	\$ 61,868,134	(1.8)
Auxiliary Enterprises	\$ 106,155,850	\$ 102,608,700	(3.3)
Athletics			
Athletics Operations	\$ 14,011,516	\$ 15,707,021	
Stadium Operations		<u>\$ 2,534,843</u>	
Total Athletics		\$ 18,241,864	30.2
Student Government	\$ 9,935,432	\$ 9,651,114	(2.9)
Concessions	<u>\$ 500,250</u>	<u>\$ 500,250</u>	<u>0.0</u>
TOTAL	\$ 618,574,686	\$609,097,901	(1.5)

FLORIDA ATLANTIC UNIVERSITY 2011-12 OPERATING BUDGET - \$609,097,901 EXECUTIVE SUMMARY

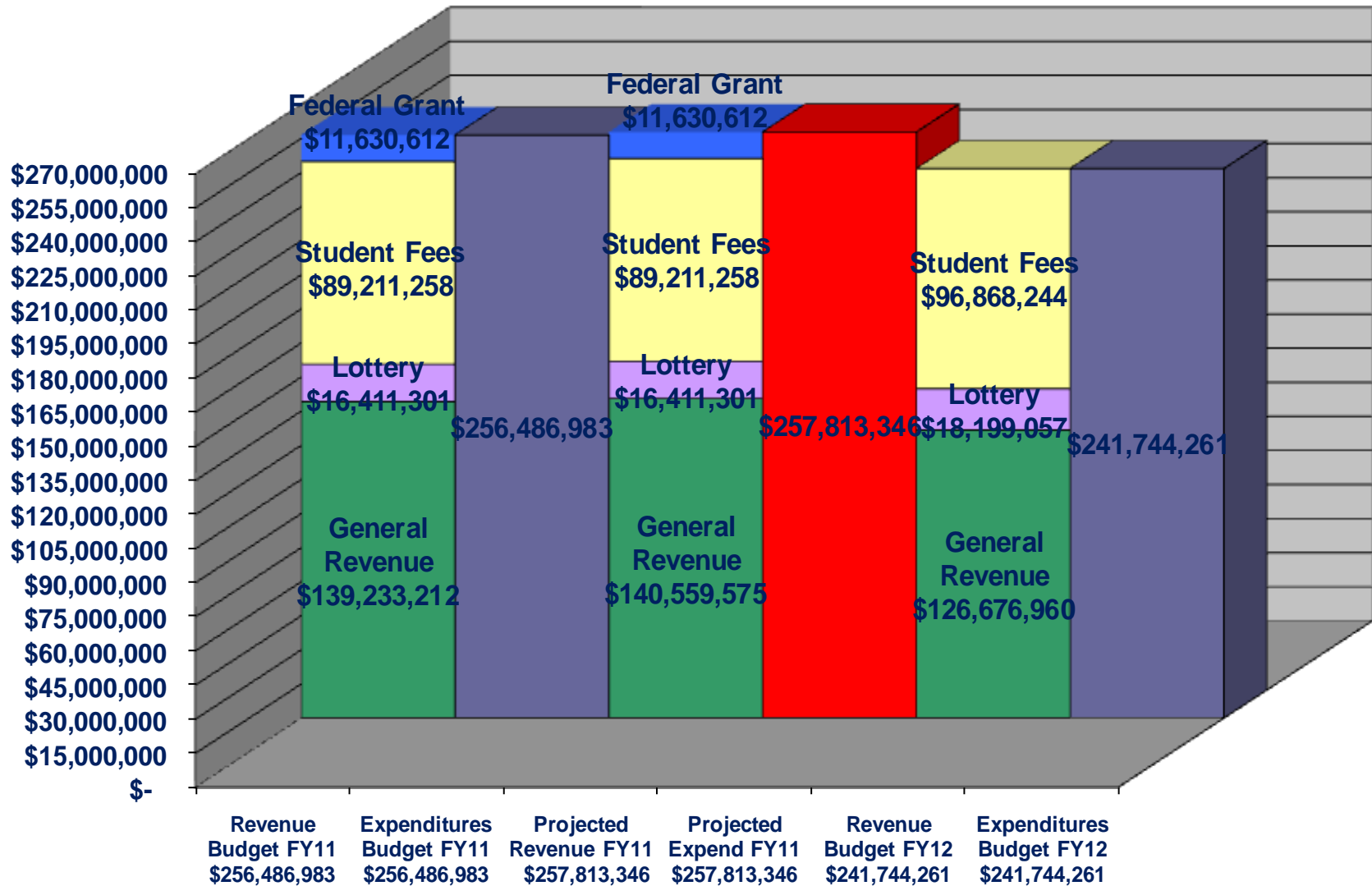


FLORIDA ATLANTIC UNIVERSITY 2011-12 OPERATING BUDGET

EDUCATIONAL & GENERAL BUDGET

	University	Medical School	Total FAU
■ 2010-11 E&G Adjusted Operating Expenditure Budget	\$ 243,510,335	\$ 12,976,648	\$ 256,486,983
2010-11 Amendments (Risk Management & Health Insurance)	\$ 1,326,363	\$ -	\$ 1,326,363
General Revenue/Lottery			
Base Operating Reduction	\$ (11,470,532)		
Federal Stabilization Fund Phaseout	\$ (11,630,612)		
Restoration & Non-recurring Fund	\$ 2,961,771		
State Fund Reduction for Salary over \$200k	\$ (115,637)		
Retirement Reduction	\$ (3,805,540)		
	\$ (24,060,550)	\$ -	\$ (24,060,550)
Tuition & Fees			
Tuition Increase @ 8%	\$ 5,281,561		
Medical School Tuition	\$ -	\$ 1,958,000	
Tuition Differential Increase @ 7% (see FA)	\$ 3,415,679		
Tuition Differential @ 7% - Financial Aid (30%)	\$ 1,463,862	\$ -	\$ 1,463,862
Florida Prepaid Adjustment	\$ (2,295,328)		
Annualized Fees	\$ 823,067		
Change-in-mix	\$ (5,802,457)		
Realignment to Actual FTE	\$ 2,812,002		
	\$ 5,698,386	\$ 1,958,000	\$ 7,656,386
General Revenue			
Health Insurance Premium & Retirement Adjustment	\$ 559,276		
2010-11 Annualization of PO&M	\$ 316,517		
Base Reduction For Student Financial Aid	\$ (540,714)		
Total	\$ 335,079	\$ -	\$ 335,079
■ 2011-12 E&G Legislatively Appropriated Expenditure Budget	\$ 226,809,613	\$ 14,934,648	\$ 241,744,261
Difference from 2010-11 Adjusted Operating Budget	\$ (16,700,722)	\$ 1,958,000	\$ (14,742,722)
3% Retirement Reduction Pass Through	\$ 3,805,540		
Shortfall Planning-Additional Tuition Authority	\$ 7,869,774		
Base Budget Reduction	\$ 5,025,408		
	\$ 16,700,722		

FLORIDA ATLANTIC UNIVERSITY EDUCATIONAL AND GENERAL 2011-12 OPERATING BUDGET WITH PRIOR YEAR

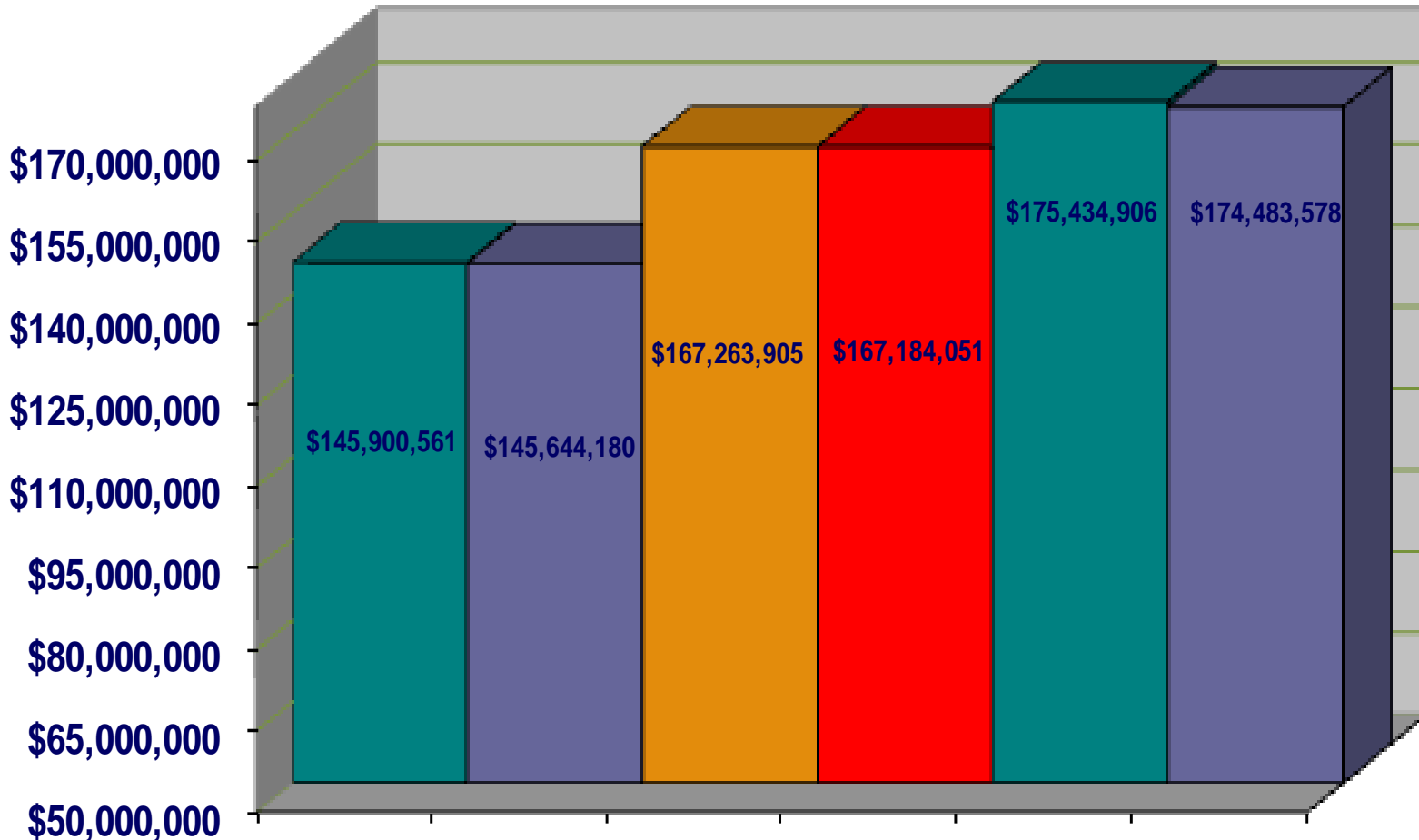


THE STUDENT FINANCIAL AID BUDGET CONSISTS OF:

- **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).**

- **Credit Hour Financial Aid Fees:**
 - **\$ 5.16 Undergraduate In-State**
 - **\$27.40 Undergraduate Out-of-State**
 - **\$14.06 Graduate In-State**
 - **\$44.38 Graduate Out-of-State**

FLORIDA ATLANTIC UNIVERSITY STUDENT FINANCIAL AID 2011-12 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



Revenue Budget FY11	Expenditures Budget FY11	Projected Revenue FY11	Projected Expend FY11	Revenue Budget FY12	Expenditures Budget FY12
\$145,900,561	\$145,644,180	\$167,263,905	\$167,184,051	\$175,434,906	\$174,483,578

THE CONTRACTS AND GRANTS BUDGET CONSISTS OF:

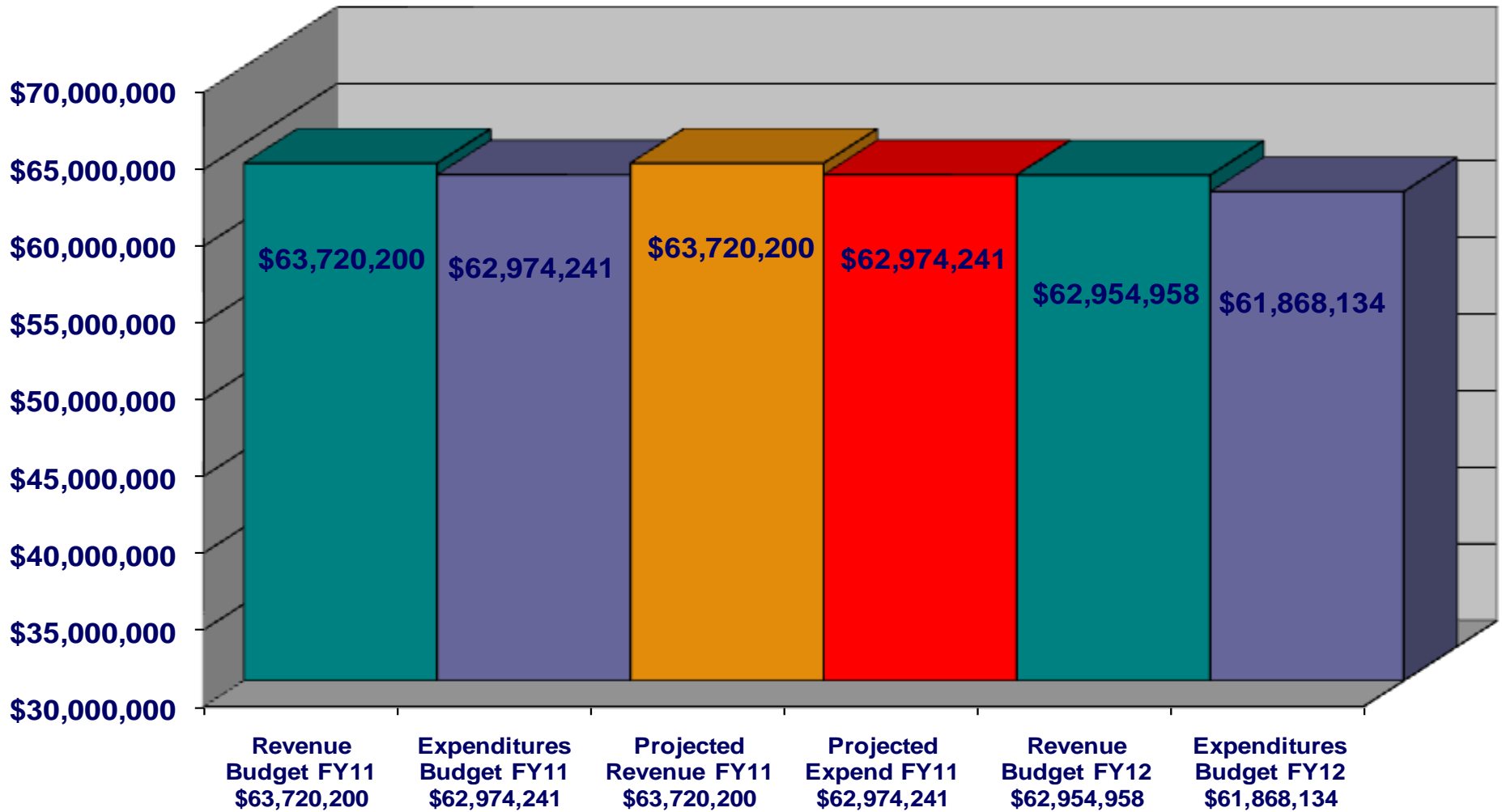
- **Funding from federal agencies, state agencies, foundations and private sources that enables the University to conduct specific research projects or to provide specific services.**
- **Expenditures for the Division of Sponsored Research, the A. D. Henderson University School, the Florida Atlantic University Foundation, Inc. (payroll clearing account), and the HBOI Foundation are included in the Grants and Contracts budget.**

CONTRACTS AND GRANTS HIGHLIGHTS

- The 2011-12 operating budget represents a decrease of 1.8 percent from the prior year to accurately reflect the level of grant funding projected for the year.
- Expenditures:

• Sponsored Research	\$51,593,616
• FAU Foundation, Inc.	5,022,084
• HBOI Foundation	157,148
• A. D. Henderson School	<u>5,095,286</u>
Total	\$61,868,134

FLORIDA ATLANTIC UNIVERSITY CONTRACTS AND GRANTS 2011-12 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



THE AUXILIARY ENTERPRISES BUDGET CONSISTS OF:

University business operations that are self-supporting through user fees, payments and charges. These include:

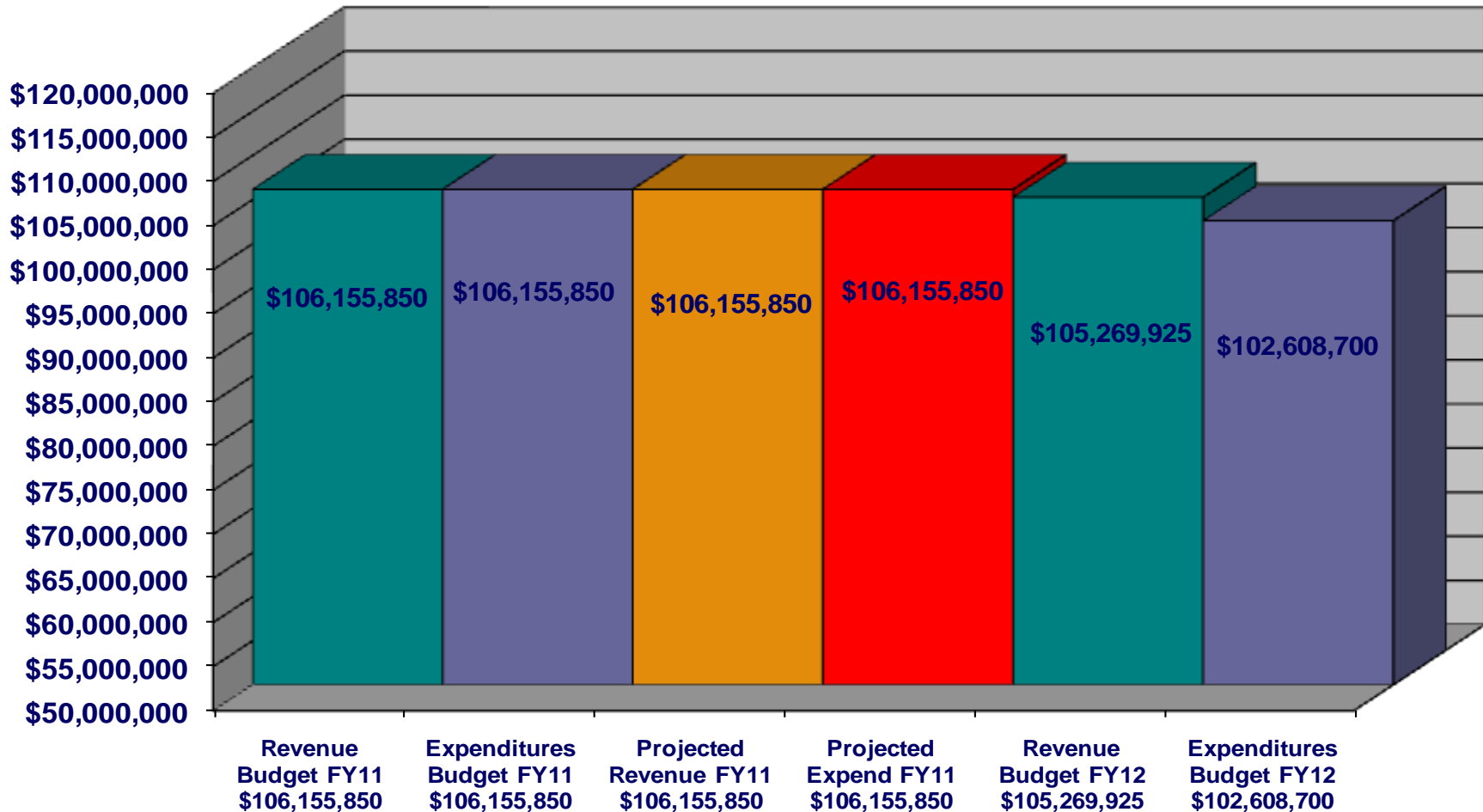
- **Food Services**
- **Housing**
- **Bookstore**
- **Printing/Duplicating**
- **Telecommunications**
- **Lifelong Learning Society**
- **Ocean Engineering Boat**
- **HBOI Auxiliary Operations**
- **Postal Services**
- **Student Health Center**
- **Traffic and Parking**
- **Student Center**
- **College Continuing Education**
- **University Theatre**
- **College of Science Machine Shop**
- **Technology Fee Expenditures**

AUXILIARY ENTERPRISES HIGHLIGHTS

The 2011-12 budget reflects a decrease of 3.3 percent which includes transfer authority.

The largest components of the budget change are a reduction of revenues to the University for the Innovation Village Housing now directed to the DSO, College of Business Executive Programs, Student Health & Counseling, Traffic & Parking, Boca Recreation, and Center Market Place.

FLORIDA ATLANTIC UNIVERSITY AUXILIARY ENTERPRISES 2011-12 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



THE ATHLETICS BUDGET CONSISTS OF:

- **The Athletics Operating Budget supports the University's student athletics program. Funding is generated from student athletics fees (\$16.45 per-credit hour, which is unchanged from 2010-11) 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 and \$1,076,569 in out-of-state waiver authority and financial aid.**

ATHLETICS BUDGET HIGHLIGHTS

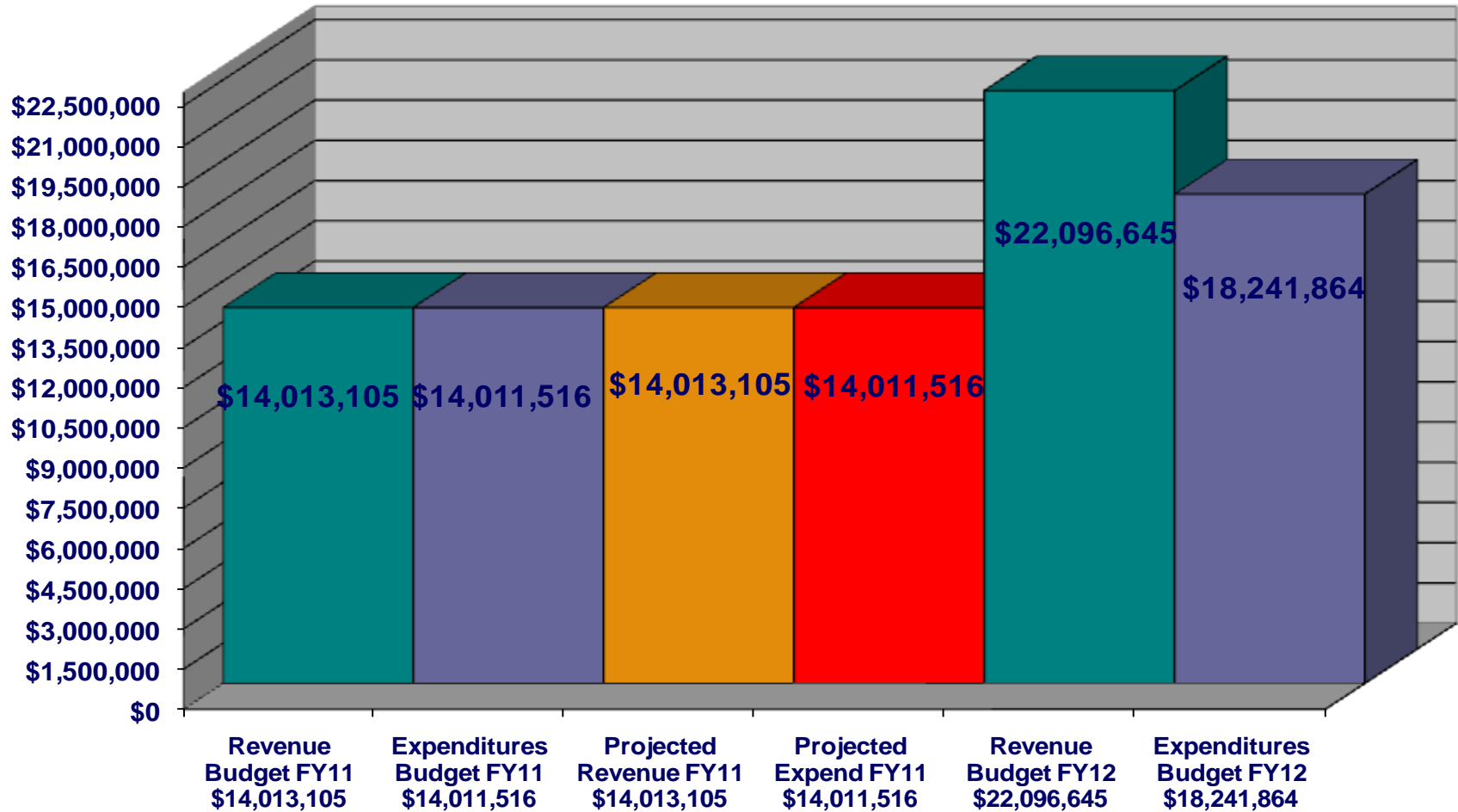
- **Projected expenditures for 2011-12 total \$18,241,864, \$15,707,021 for Athletics operations and \$2,534,843 for the new Stadium operation.**
- **A table depicting revenues and expenditures for both Athletics Operations and Stadium Operations follows to bring clarity to the new overall budget for Athletics.**

	Revenues		
	Athletic Operations	Stadium Operations	Total
Ticket Sales	\$ 133,000	\$ 1,781,250	\$ 1,914,250
Other Event - Tickets		\$ 340,000	\$ 340,000
Game Guarantees	\$ 270,000	\$ 1,625,000	\$ 1,895,000
NCAA/Conference Dist.	\$ 750,000		\$ 750,000
Student Fees	\$ 9,532,775	\$ 501,725	\$ 10,034,500
Development/Corporate Sales	\$ 489,000	\$ 986,000	\$ 1,475,000
Catering/Concessions/Novelties	\$ 37,000	\$ 512,000	\$ 549,000
Facilities/Parking	\$ 541,580	\$ 1,016,000	\$ 1,557,580
Other Miscellaneous Revenue	\$ 105,500		\$ 105,500
Premium/Priority Seating		\$ 1,752,000	\$ 1,752,000
Naming Rights		\$ 400,000	\$ 400,000
Institutional Support	\$ 1,323,815		\$ 1,323,815
Transfers In/Out	\$ 2,524,351	\$ (2,524,351)	\$ -
Total Revenue	\$ 15,707,021	\$ 6,389,624	\$ 22,096,645

	Expenditures		
	Athletic Operations	Stadium Operations	Total
Salaries and Benefits	\$ 5,286,391	\$ 330,667	\$ 5,617,058
Utilities//Maintenance/Facility Repairs	\$ 500,473	\$ 350,000	\$ 850,473
Replacement/Repairs Fund	\$ 72,500	\$ 345,000	\$ 417,500
Game day Expenses	\$ 358,011	\$ 440,000	\$ 798,011
Equipment/Supplies/Memberships	\$ 736,664	\$ 151,500	\$ 888,164
Advertising/Promotions	\$ 362,177	\$ 336,000	\$ 698,177
Insurances	\$ 388,160	\$ 55,000	\$ 443,160
Recruiting/Travel	\$ 2,121,140		\$ 2,121,140
Other Expenses	\$ 551,731	\$ 51,676	\$ 603,407
Scholarships	\$ 3,624,899		\$ 3,624,899
Waivers/Title IX/Financial Aid	\$ 1,323,815		\$ 1,323,815
Game Guarantees	\$ 381,060		\$ 381,060
Debt Service		\$ 475,000	\$ 475,000
Total Expenditures	\$ 15,707,021	\$ 2,534,843	\$ 18,241,864

FLORIDA ATLANTIC UNIVERSITY ATHLETICS

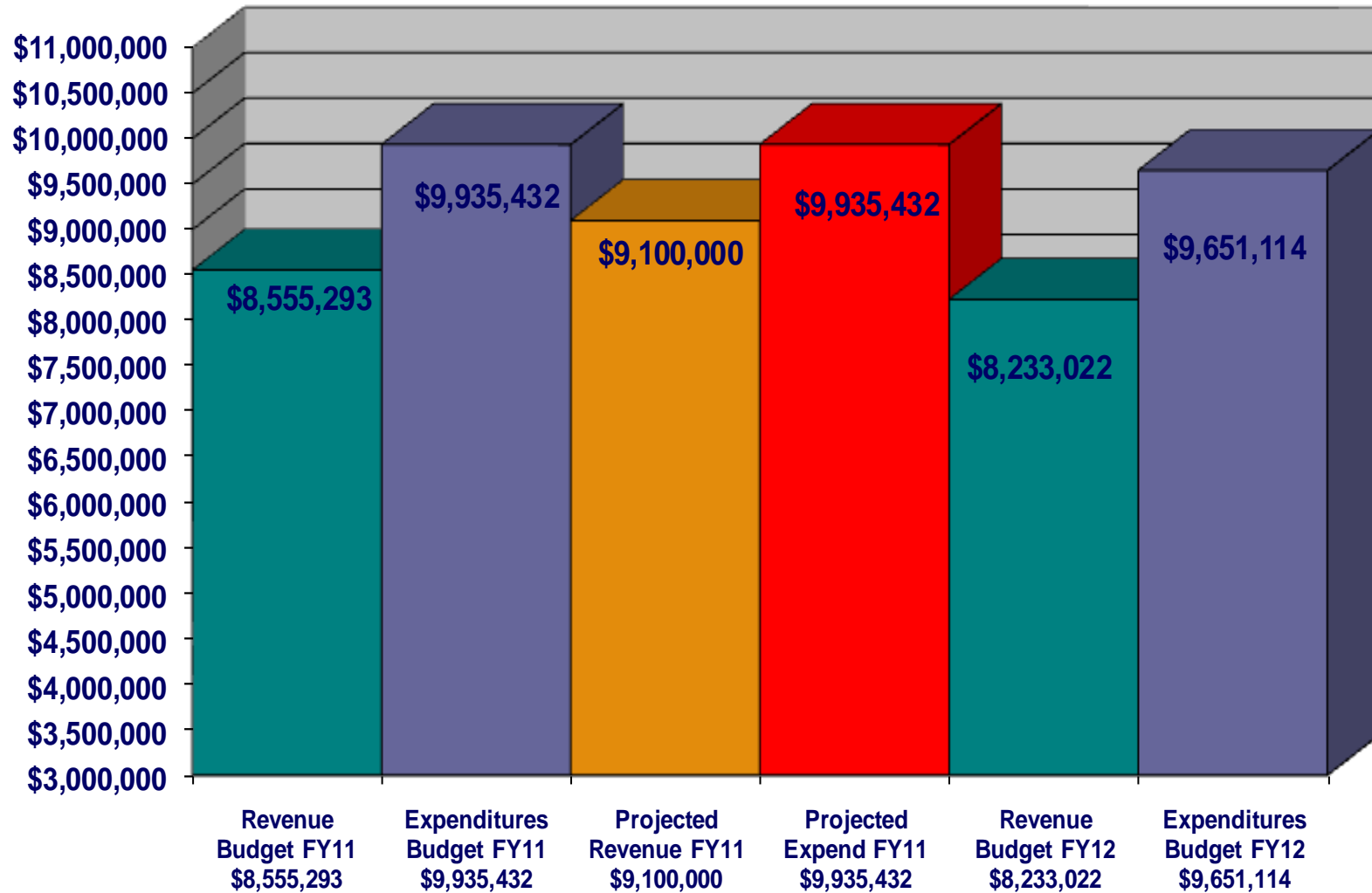
2011-12 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



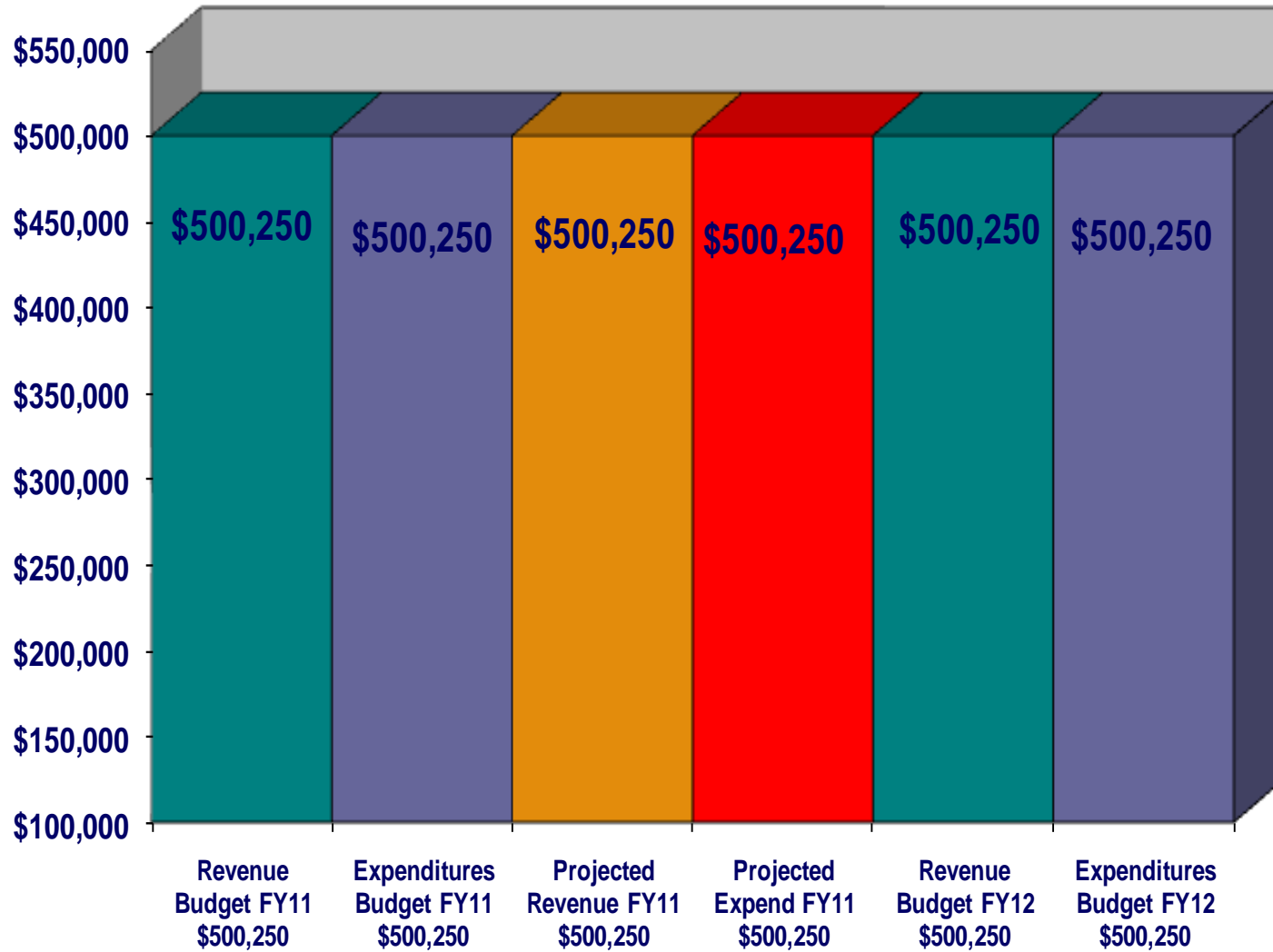
THE STUDENT ACTIVITIES BUDGET CONSISTS OF:

- **Funds from student activities and service fees are provided to support student government operations and student activities such as clubs and organizations.**
- **The Activity and Service Fee of \$11.96 per credit hour generates approximately \$7,175,522.**
- **Other funds available for expenditures include Program Board revenue, homecoming revenue, and available cash balances.**

FLORIDA ATLANTIC UNIVERSITY STUDENT ACTIVITIES 2011-12 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



FLORIDA ATLANTIC UNIVERSITY CONCESSIONS 2011-12 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



2011-12

CAPITAL OUTLAY BUDGET

FLORIDA ATLANTIC UNIVERSITY

2011-12

CAPITAL OUTLAY BUDGET

Section 1013.61, Florida Statutes, requires the Florida Atlantic University Board of Trustees to adopt a capital outlay budget for the ensuing year to inform the public of the University's capital outlay needs. The capital outlay budget is part of the annual budget and shall be based upon the Board's capital outlay plan. The budget shall designate the proposed capital outlay expenditures by project for 2011-12 from all fund sources, as amended.

The Florida Atlantic University Board of Trustees approved the University's Capital Improvement Plan as recommended by the Strategic Planning Committee in the Spring 2010. Subsequently the Board of Governor's approved the FAU fixed capital outlay request for the Public Education Capital Outlay (PECO) projects.

Our request from the Legislature to cover Infrastructure/Utilities/Capital Renewal of \$3,251,463 was vetoed by the Governor. There is no allocation of Capital Outlay for FAU in 2011-12, however the Board of Governors will be determining whether to distribute \$775,488 to FAU from the PECO Cash Reserve.

2011-12 BUDGET SUMMARY

**OPERATING BUDGET
\$609,097,901**

**CAPITAL OUTLAY BUDGET
\$775,488***

***Subject to Final Board of Governors Modification**