



Item: AF: A-4

AUDIT AND FINANCE COMMITTEE

Wednesday, June 9, 2010

**SUBJECT: REQUEST APPROVAL OF FLORIDA ATLANTIC UNIVERSITY'S 2010-11
OPERATING BUDGET.**

PROPOSED COMMITTEE ACTION

Recommend approval of FAU's 2010-11 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

Fall Semester 2010.

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, 2010.

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

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

FLORIDA ATLANTIC UNIVERSITY

2010-11 OPERATING BUDGET

FLORIDA ATLANTIC UNIVERSITY 2010-11 OPERATING BUDGET EXECUTIVE SUMMARY

The 2010-11 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 Executive Committee and the Board of Trustees Committees. Finally, the operating budget is formally approved and adopted by the full Board of Trustees.

FAU's 2010-11 Expenditure Operating Budget totals \$587,027,379, an increase of 8.03 percent over the prior year. In order to accurately reflect total revenues within each budgetary component, the 2010-11 Budget reflects transfers between units.

FLORIDA ATLANTIC UNIVERSITY 2010-11 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 \$247,805,910 in estimated expenditures and reflects an increase of 3.25 percent over the previous year. Key components of this budget include an eight percent tuition increase for all in-state undergraduate and graduate students, a seven percent differential tuition for undergraduate in-state students, the cost to continue prior budgetary appropriations, and \$11,630,612 in Federal Stimulus/Budget Stabilization funding.

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 \$145,644,180 in projected expenditures, an increase of 21.46 percent over the prior year.

FLORIDA ATLANTIC UNIVERSITY 2010-11 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 \$62,974,241 in projected expenditures, a decrease of 16.69 percent 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, and housing and small 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 \$106,155,850 in projected expenditures, an increase of 21.78 percent over the prior year.

FLORIDA ATLANTIC UNIVERSITY

2010-11 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 \$14,011,516 in projected expenditures, an increase of 10.34 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 \$9,935,432 in projected expenditures, an increase of 33.74 percent over the prior year.

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, a decrease of 13 percent over the prior year.

FLORIDA ATLANTIC UNIVERSITY

2010-11 OPERATING BUDGET

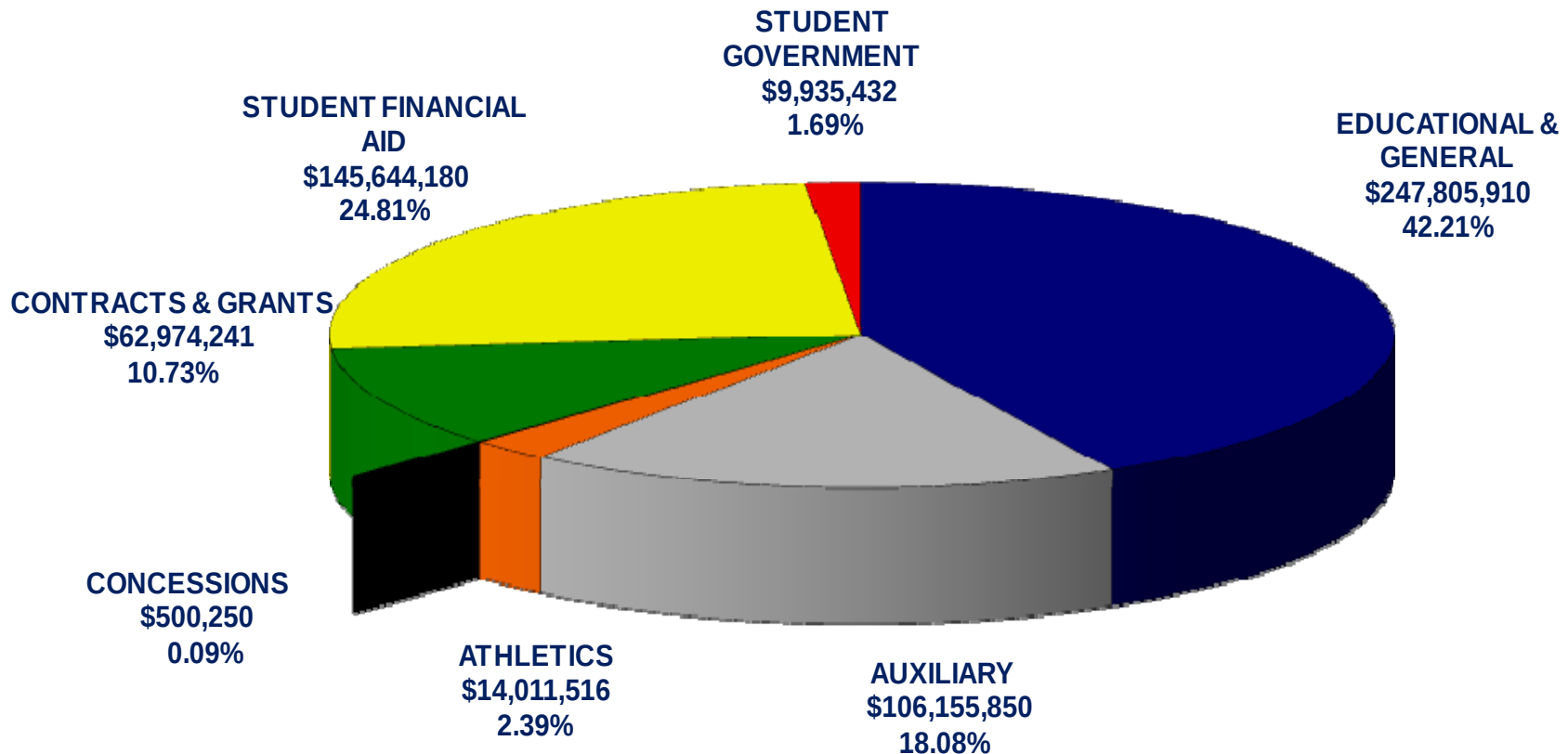
EXECUTIVE SUMMARY

<u>EXPENDITURE BUDGET</u>	<u>2009-10 Beginning</u>	<u>2010-11 Proposed</u>	<u>Percentage Change</u>
Educational & General	\$ 239,999,427	\$ 247,805,910	3.25
Student Financial Aid	\$ 119,915,409	\$ 145,644,180	21.46
Contracts & Grants	\$ 75,592,391	\$ 62,974,241	(16.69)
Auxiliary Enterprises	\$ 87,166,681	\$ 106,155,850	21.78
Athletics Local	\$ 12,698,375	\$ 14,011,516	10.34
Student Government	\$ 7,428,720	\$ 9,935,432	33.74
Concessions	<u>\$ 575,000</u>	<u>\$ 500,250</u>	<u>(13.0)</u>
TOTAL	\$ 543,376,003	\$ 587,027,379	8.03

FLORIDA ATLANTIC UNIVERSITY

2010-11 OPERATING BUDGET - \$587,027,379

EXECUTIVE SUMMARY



FLORIDA ATLANTIC UNIVERSITY 2010-11 OPERATING BUDGET

EDUCATIONAL & GENERAL BUDGET

■ 2009-10 E&G Operating Expenditure Budget – Approved by BOT June 17, 2009	\$ 239,999,427
Base Recurring/Non-recurring/Discretionary Fund	
General Revenue/Lottery	
Operating Reduction	\$ (4,982,359)
Base Budget Adjustment Addback	\$ 980,934
G R - 2009-10 Non-recurring	\$ (1,025,602)
Restoration of Non-recurring Fund	\$ 1,000,352
Restoration of Non-recurring Stimulus Discretionary Fund	\$ 611,775
Federal Stabilization Fund (+/- of original \$12.2M)	\$ (524,453)
G R - restore Non-recurring Stimulus Discretionary	\$ 181,600
Additional Lottery Funding	\$ 2,046,709
	\$ (1,711,044)
Tuition & Fees	
Change-in-mix	\$ (2,301,324)
UG Resident Tuition Increase @ 8%	\$ 3,713,044
Graduate Resident Tuition Increase @ 8%	\$ 1,296,519
Tuition Differential Increase @ 7% (see FA)	\$ 1,825,435
Annualized Fees	\$ 733,130
Tuition & Fees (held in reserve)	\$ (733,130)
	\$ 4,533,674
Base Recurring/Earmarked-Special Purpose	
General Revenue	
Risk Management Insurance	\$ 399,834
Health Insurance Premium & Retirement Increase	\$ 2,533,549
New Space	\$ 1,291,876
Base Reduction For Student Financial Aid	\$ (23,736)
	\$ 4,201,523
Tuition & Fees	
Tuition Differential @ 7% - Financial Aid (30%)	\$ 782,330
■ 2010-11 E&G Legislatively Appropriated Expenditure Budget	\$ 247,805,910

NEW ISSUE

2009-10 Adjustment for Risk Management Insurance	\$399,834
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- Funding for Risk Management Insurance premiums is increased by \$399,834 to reflect the higher cost projected for 2010-11.

NEW ISSUE

2009-10 Adjustment for Health Insurance Premium Increase **\$225,891**

- The Legislature provided funding to support adjustments in health insurance premium increase in 2009-10.
- The University received a budget adjustment of \$225,891 for health insurance premiums.
- The cost to continue funding fulfills the annualized amounts needed to meet these obligations.

NEW ISSUE

2010-11 Adjustment for Health Insurance Premiums **\$1,129,453**

- The Legislature provided funding to support adjustments in health insurance premiums in 2010-11.
- The University received a budget adjustment of \$1,129,453 for health insurance premiums.

NEW ISSUE

**2010-11 Florida Retirement System
Normal Cost**

\$1,178,205

- **The Legislature provided funding to support Florida Retirement System Normal Cost in 2010-11.**
- **The University received \$1,178,205 for Florida Retirement System Normal Cost in 2010-11.**

NEW ISSUE

2010-11 General Revenue Base Reduction (\$4,982,359)

- **This year, the Legislature reduced General Revenue funding by \$4,982,359 (3.65%) due to lower-than-projected state-wide General Revenue collections.**
- **These are permanent, recurring reductions.**

NEW ISSUE

2010-11 General Revenue Base Budget	\$980,934
Adjustment Add back	

- **The Legislature made an adjustment to General Revenue Base Budget for \$980,934.**
- **It is a non-recurring adjustment in 2010-11.**

NEW ISSUE

2010-11 Additional Lottery Funding

\$2,046,709

- **The Legislature made an adjustment to Lottery Fund for \$2,046,709.**
- **It is a permanent and recurring adjustment.**

NEW ISSUE

2009-10 Cost to Continue – Plant Operations and Maintenance **\$857,788**

- Last year, the Legislature provided partial funding to support increases in plant operations and maintenance. This year the Legislature provided the remaining committed funds.
- The cost to continue funding fulfills the annualized amounts needed to meet these obligations.

NEW ISSUE

2010-11 New Space

\$434,088

- **Funding to support Plant Operations and Maintenance of new construction/buildings.**
- **These funds support the operating costs of new facilities such as utilities, janitorial services, and routine maintenance.**

NEW ISSUE

2010-11 Reduction to State-provided General Revenue Student Financial Assistance (\$23,736)

- **The Legislature reduced Florida Atlantic University's appropriation for Student Financial Assistance by \$23,736.**
- **The 2010-11 Financial Assistance appropriation will be \$940,372.**

NEW ISSUE

Restoration of 2009-10 Non-Recurring Fund (\$25,250)

- **Legislature provided \$1,000,352 to restore the non-recurring fund \$1,025,602 in 2009-10. The net decrease for 2010-11 is \$25,250.**
- **It is a recurring adjustment in 2010-11.**

NEW ISSUE

2010-11 Net Tuition Increase

\$4,209,563

- **The Legislature approved an eight percent base tuition increase in Undergraduate and Graduate in-state tuition.**
- **This increase is projected to generate \$5,009,563 in additional tuition revenue for the Fall and Spring semesters.**
- **A portion of the tuition increase, or \$800,000, will be used to support nine advising positions (\$450,000) and Faculty promotions (\$350,000).**

NEW ISSUE

2010-11 Undergraduate Differential Tuition Increase

\$2,607,765

- **The Legislature approved a seven percent increase in undergraduate differential tuition.**
- **This increase will not apply to students who have been in continuous attendance since July 2007 or to students covered by a Florida Pre-paid contract issued before July 2007.**
- **At least 30 percent of these funds, or \$782,330, is required to support need-based financial aid.**

NEW ISSUE

Change in Student Mix

(\$2,301,324)

- **The Legislature reduced FAU's appropriation by \$2,301,324 to better reflect the composition of FAU student enrollment (undergraduate/graduate and in-state/out-of-state).**
- **A reduction of our out-of-state student population is a national phenomenon due to a weak economy, encouraging students to attend in-state institutions.**

NEW ISSUE

Federal Stabilization Funds (Year 2 Increment)

\$268,922

- **Florida Atlantic University continued to receive Federal Stabilization funding to support operations as part of the American Recovery and Reinvestment Act of 2009. The total appropriation of \$12,423,987 received in 2010-11 consists of \$11,630,612 in Federal Stabilization Fund and \$793,375 in General Revenue and Lottery funds, an increase of \$268,922 over the prior year fund \$12,155,065.**
- **The amount of \$11,812,232 is non-recurring and will phase out in 2011-12, the remaining of \$611,755 is recurring.**

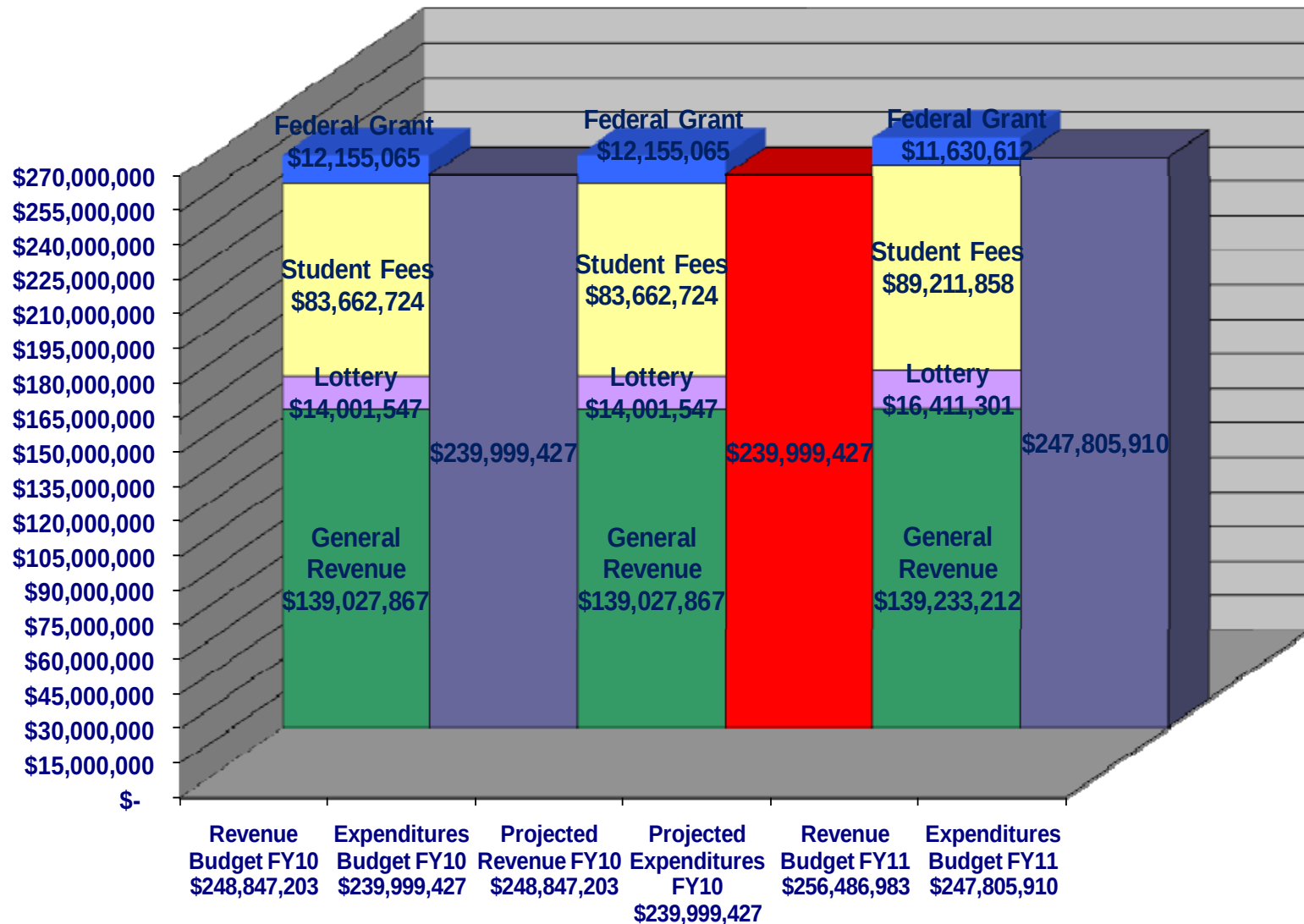
NEW ISSUE

Annualization of Fees (Fall 2009)

\$733,130

- **The Legislature authorized additional budget authority in the amount of \$733,130 from annualization of fees.**
- **This amount is only budget authority, not revenue.**

FLORIDA ATLANTIC UNIVERSITY EDUCATIONAL AND GENERAL 2010-11 OPERATING BUDGET WITH PRIOR YEAR



FLORIDA ATLANTIC UNIVERSITY 2010-11 OPERATING BUDGET EDUCATIONAL AND GENERAL BUDGET SUMMARY

■ Expenditure Budget 2009-10:	\$239,999,427
■ Estimated Expenditures 2009-10:	\$239,999,427
■ Expenditure Budget 2010-11:	\$247,805,910
■ Percentage Increase in Budget 2009-10 to 2010-11:	3.25%

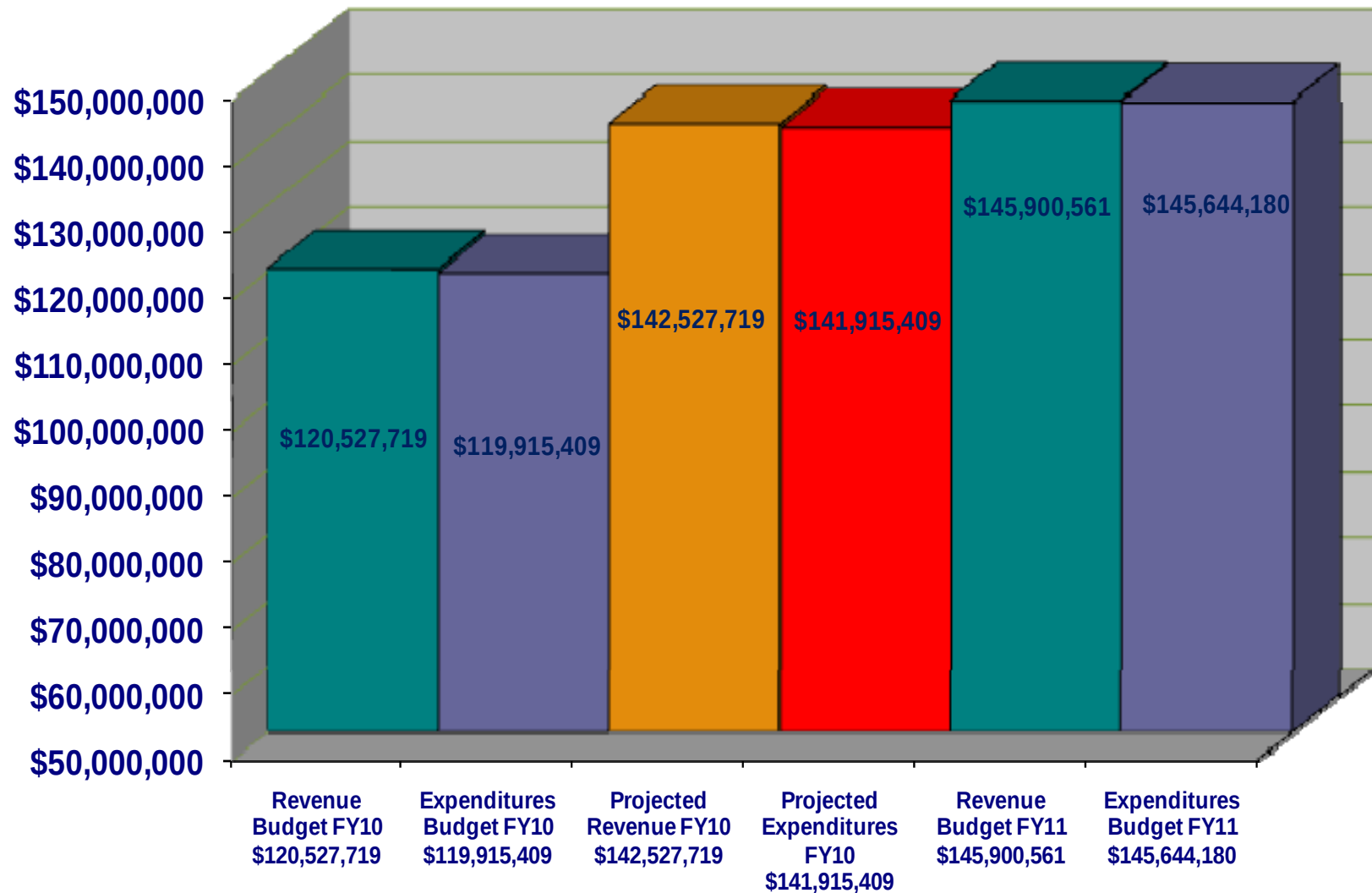
STUDENT FINANCIAL AID BUDGET

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:**
 - **\$ 4.78 Undergraduate In-State**
 - **\$25.95 Undergraduate Out-of-State**
 - **\$13.02 Graduate In-State**
 - **\$41.89 Graduate Out-of-State**

FLORIDA ATLANTIC UNIVERSITY STUDENT FINANCIAL AID 2010-11 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



FLORIDA ATLANTIC UNIVERSITY 2010-11 OPERATING BUDGET STUDENT FINANCIAL AID BUDGET SUMMARY

■ Expenditure Budget 2009-10:	\$119,915,409
■ Estimated Expenditures 2009-10:	\$140,915,409
■ Expenditure Budget 2010-11:	\$145,644,180
■ Percentage Increase in Budget 2009-10 to 2010-11:	21.46%

CONTRACTS AND GRANTS BUDGET

THE CONTRACTS AND GRANTS BUDGET CONSISTS OF:

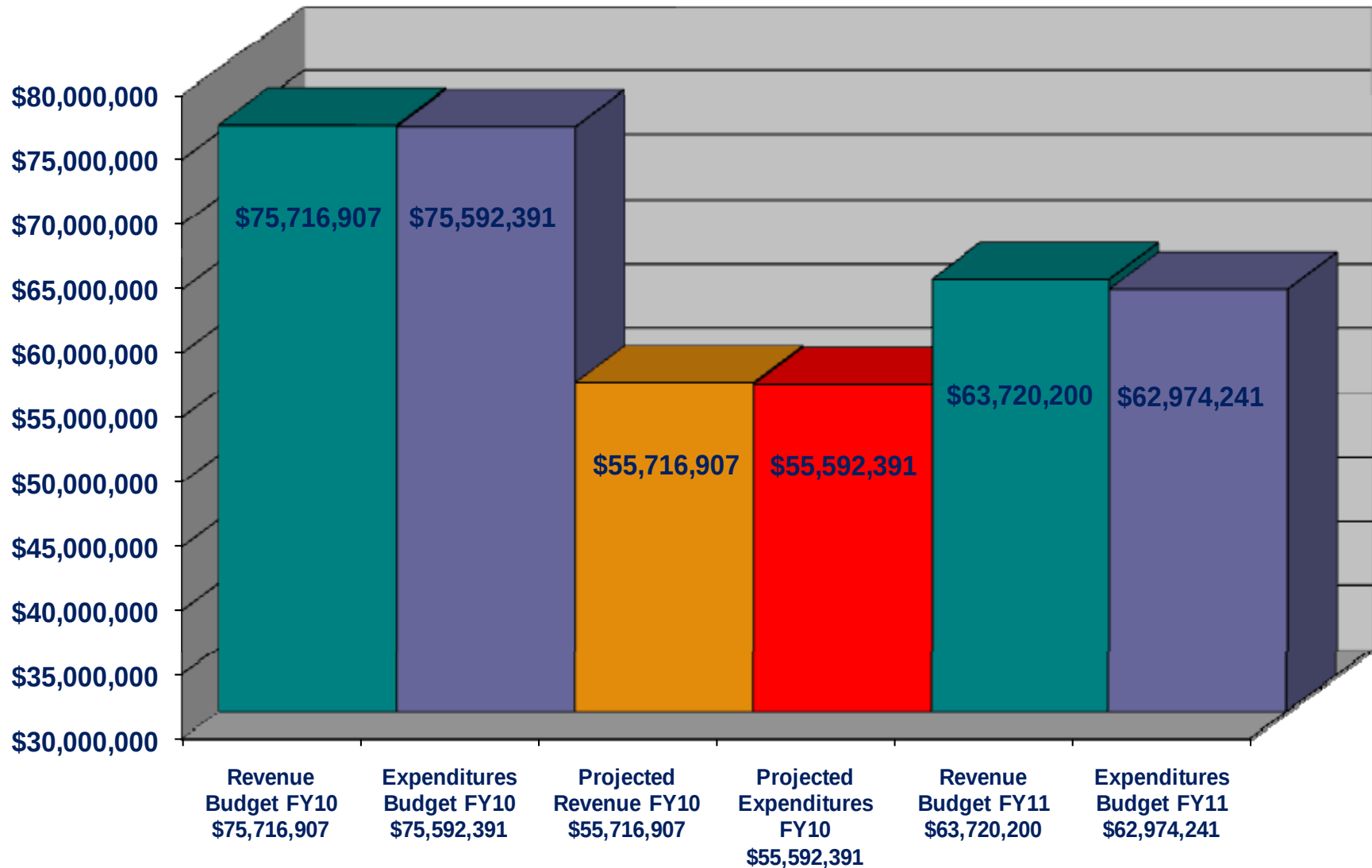
- **Funding from federal agencies, state agencies, foundations and private sources that enables the University to conduct specific research projects or to provide specific services.**
- **Expenditures for the Division of Sponsored Research, the A. D. Henderson University School, the Florida Atlantic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

CONTRACTS AND GRANTS HIGHLIGHTS

- The 2010-11 operating budget represents a decrease of 16.69 percent from the prior year to accurately reflect the level of grant funding projected for the year.
- Expenditures:

• Sponsored Research	\$52,274,475
• FAU Foundation, Inc.	4,600,052
• HBOI Foundation	1,496,533
• A. D. Henderson School	<u>4,603,181</u>
Total	\$62,974,241

FLORIDA ATLANTIC UNIVERSITY CONTRACTS AND GRANTS 2010-11 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



FLORIDA ATLANTIC UNIVERSITY 2010-11 OPERATING BUDGET CONTRACTS AND GRANTS BUDGET SUMMARY

■ Expenditure Budget 2009-10:	\$75,592,391
■ Estimated Expenditures 2009-10:	\$55,592,391
■ Expenditure Budget 2010-11:	\$62,974,241
■ Percentage decrease in Budget 2009-10 to 2010-11:	(16.69%)

AUXILIARY ENTERPRISES BUDGET

THE AUXILIARY ENTERPRISES BUDGET CONSISTS OF:

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

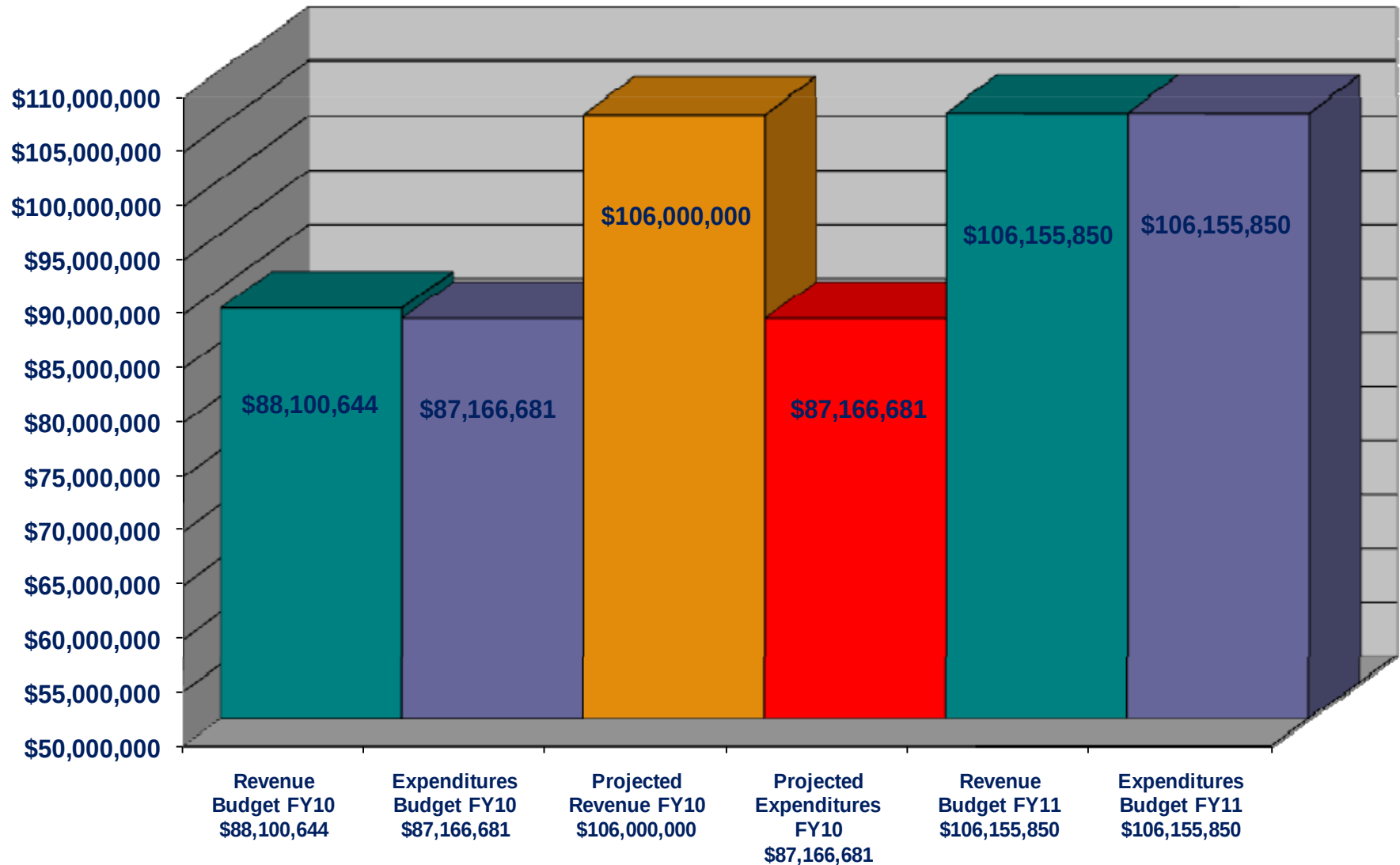
- **Food Services**
- **Housing**
- **Bookstore**
- **Printing/Duplicating**
- **Telecommunications**
- **Lifelong Learning Society**
- **Ocean Engineering Boat**
- **HBOI Auxiliary Operations**
- **Postal Services**
- **Student Health Center**
- **Traffic and Parking**
- **Student Center**
- **College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

AUXILIARY ENTERPRISES HIGHLIGHTS

The 2010-11 budget reflects an increase of 21.78 percent which includes transfer authority.

The largest components of the increase are the Harbor Branch Ship and Manatee Project Operations, College of Business Executive Programs, Technology Fees, Clearwire funds and Student Health.

FLORIDA ATLANTIC UNIVERSITY AUXILIARY ENTERPRISES 2010-11 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



FLORIDA ATLANTIC UNIVERSITY 2010-11 OPERATING BUDGET AUXILIARY ENTERPRISES BUDGET SUMMARY

■ Expenditure Budget 2009-10:	\$87,166,681
■ Estimated Expenditures 2009-10:	\$87,166,681
■ Expenditure Budget 2010-11:	\$106,155,850
■ Percentage Increase in Budget 2009-10 to 2010-11:	21.78%

ATHLETICS BUDGET

THE ATHLETICS BUDGET CONSISTS OF:

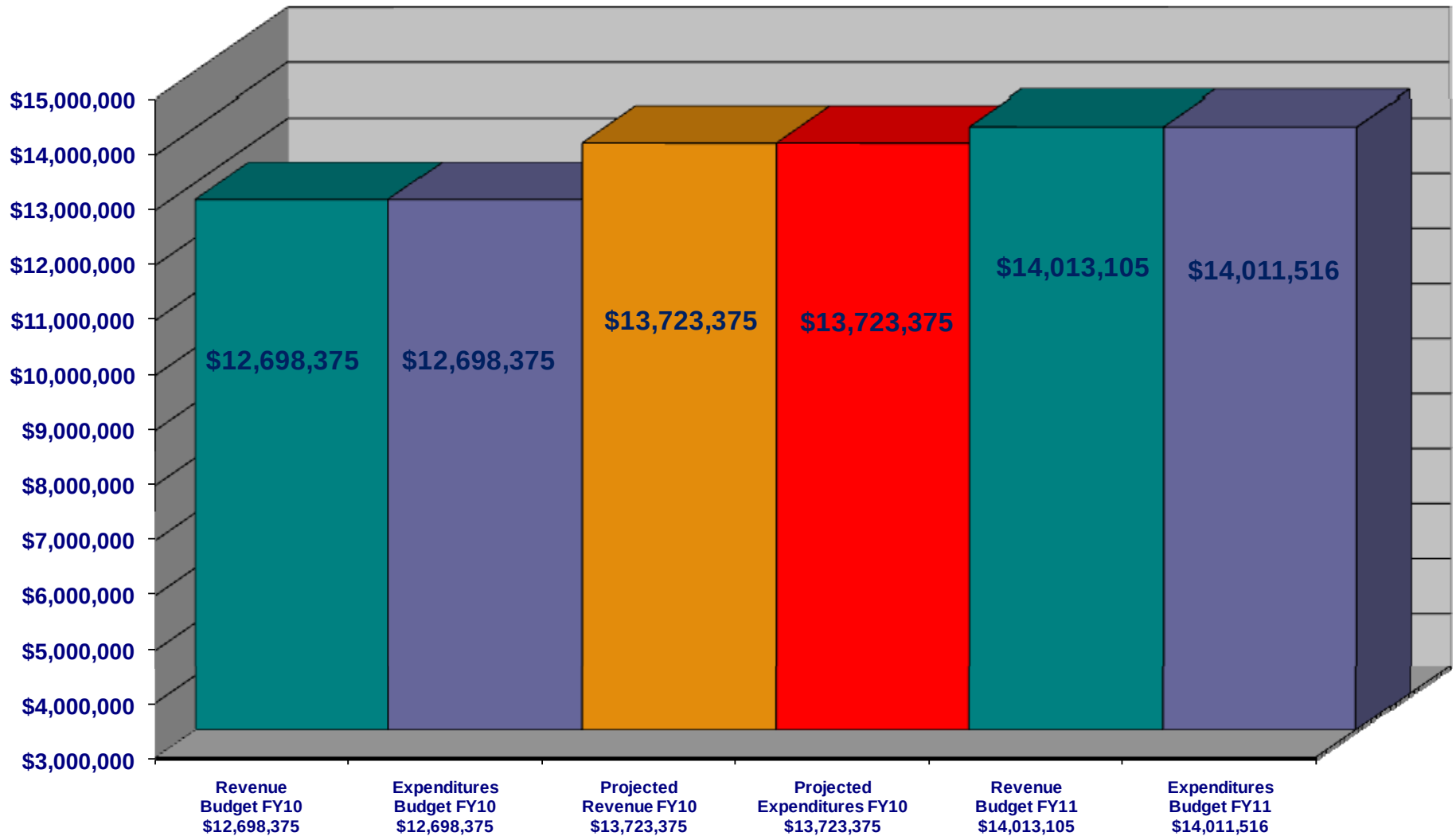
- **The Athletics Operating Budget supports the University's student athletics program. Funding is generated from student athletics fees (\$16.45 per-credit hour) as well as ticket sales to athletics events, game guarantees, NCAA distributions, sponsorships and private support.**
- **In addition to the 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 2010-11 total \$14,011,516.**
- **Revenues include \$480,000 in private fundraising support, \$364,579 in facilities rental receipts, \$9,349,650 in athletic fees, \$2,017,376 in game guarantees, \$725,000 in NCAA/Conference distributions, \$345,000 in corporate sales, and \$663,500 in ticket sales, and \$68,000 in miscellaneous revenue.**
- **Total expenditures are 10.34% increase than initial 2009-10 expenditure budget.**

FLORIDA ATLANTIC UNIVERSITY ATHLETICS

2010-11 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



FLORIDA ATLANTIC UNIVERSITY 2010-11 OPERATING BUDGET ATHLETICS BUDGET SUMMARY

■ Expenditure Budget 2009-10:	\$12,698,375
■ Estimated Expenditures 2009-10:	\$13,723,375
■ Expenditure Budget 2010-11:	\$14,011,516
■ Percentage Increase in Budget 2009-10 to 2010-11:	10.34%

STUDENT ACTIVITIES BUDGET

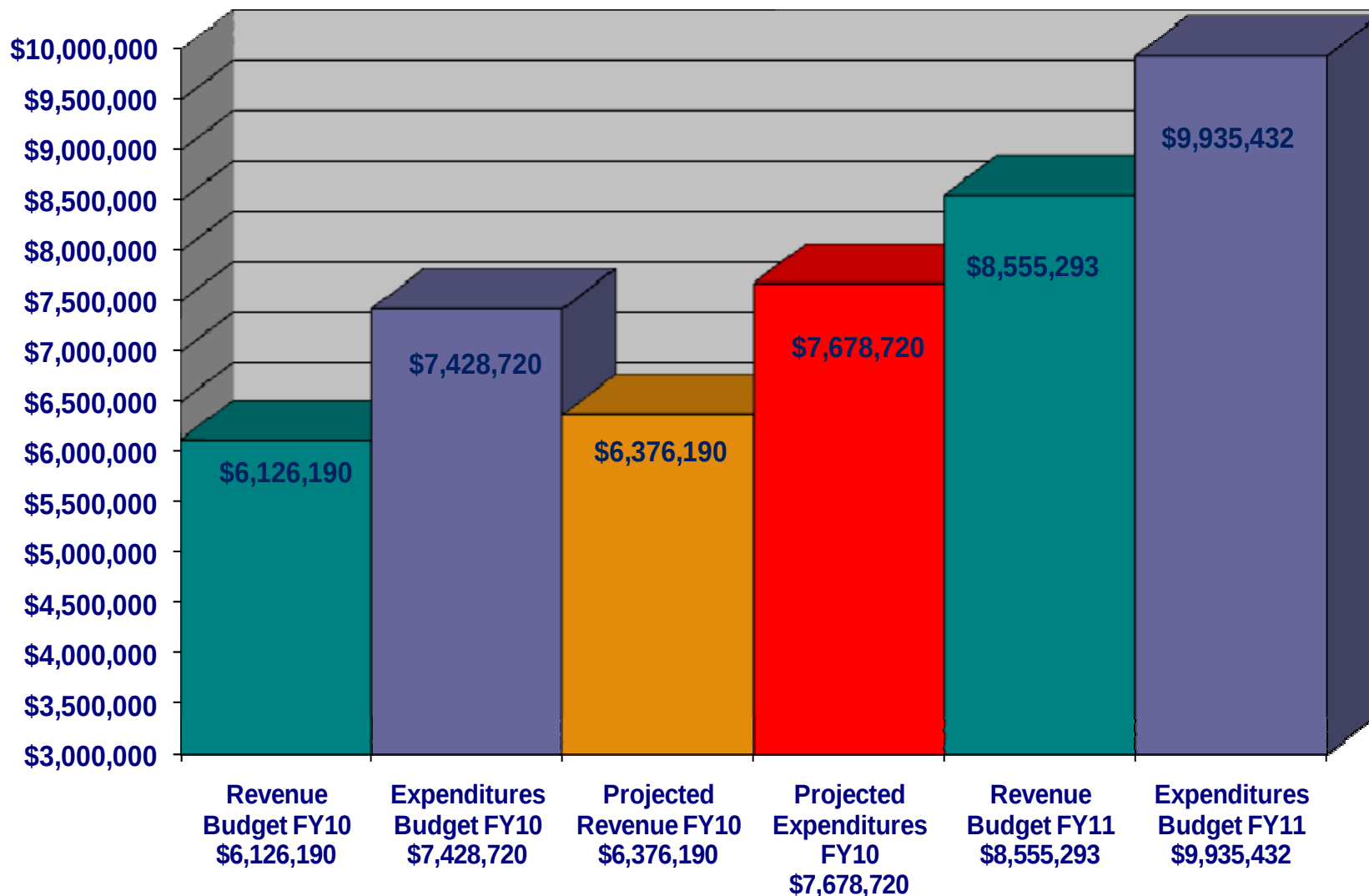
THE STUDENT ACTIVITIES BUDGET CONSISTS OF:

- **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 \$7,066,710.**
- **Other funds available for expenditures include Program Board revenue, homecoming revenue, campus recreation revenue, and available cash balances.**

STUDENT ACTIVITIES BUDGET HIGHLIGHTS

The 2010-11 operating expenditure budget of \$9,935,432 represents a 33.74 percent increase over the prior year original budget.

FLORIDA ATLANTIC UNIVERSITY STUDENT ACTIVITIES 2010-11 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



FLORIDA ATLANTIC UNIVERSITY 2010-11 OPERATING BUDGET STUDENT ACTIVITIES BUDGET SUMMARY

■ Expenditure Budget 2009-10:	\$7,428,720
■ Estimated Expenditures 2009-10:	\$7,678,720
■ Expenditure Budget 2010-11:	\$9,935,432
■ Percentage Increase in Budget 2009-10 to 2010-11:	33.74%

CONCESSIONS BUDGET

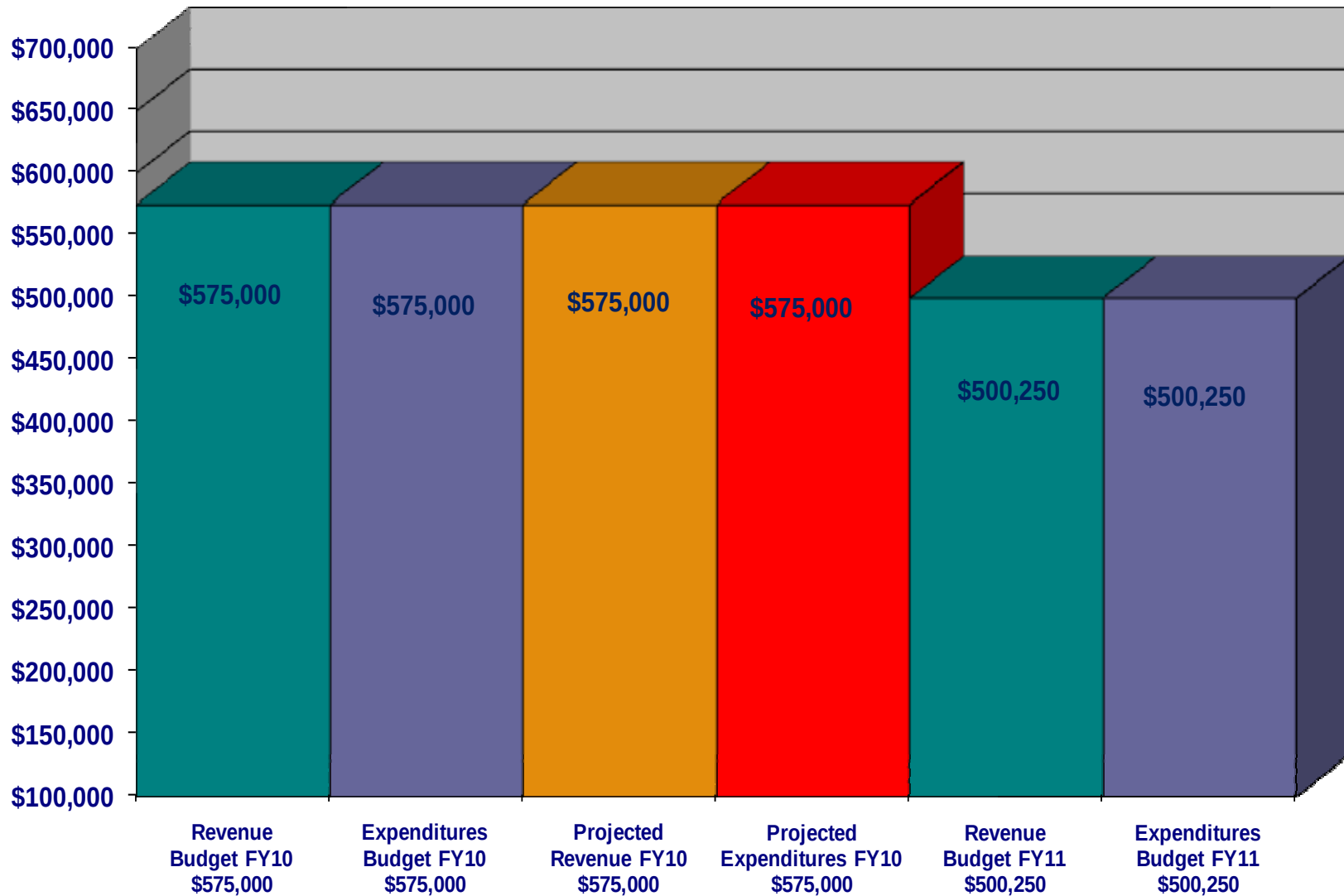
THE CONCESSIONS BUDGET CONSISTS OF:

- **Funds from concession operations such as soft drink and snack vending machines.**
- **Expenditures from these funds support the academic mission of the University.**

CONCESSIONS BUDGET HIGHLIGHTS

- The concessions budget for 2010-11 represents a decrease of 13 percent in expenditures.
- Revenues are relatively constant and expenditures are projected to be in line with projected revenues.

FLORIDA ATLANTIC UNIVERSITY CONCESSIONS 2010-11 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



FLORIDA ATLANTIC UNIVERSITY 2010-11 OPERATING BUDGET CONCESSIONS BUDGET SUMMARY

■ Expenditure Budget 2009-10:	\$575,000
■ Estimated Expenditures 2009-10:	\$575,000
■ Expenditure Budget 2010-11:	\$500,250
■ Percentage Decrease in Budget 2009-10 to 2010-11:	(13%)

2010-11

CAPITAL OUTLAY BUDGET

FLORIDA ATLANTIC UNIVERSITY

2010-11

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 2010-11 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.

PROJECTS OF THE 2010-11 CAPITAL OUTLAY BUDGET

Public Education Capital Outlay Projects (PECO)

Infrastructure/Utilities/Capital Renewal (P,C,E)	\$ 7,778,832
FAU/UF Davie Joint Use Facility (E)	\$ 1,130,628
General Classroom Facility/Engineering (E)	\$ 1,818,012
General Classroom Facility – Phase I (E)	\$ 720,995
FAU/Scripps Joint Use Facility Expansion – Jupiter (P,C,E)	\$ 2,000,000
FAU/Florida Atlantic Blvd 4 Lane – Lee Street to R&D Park	<u>\$ 9,195,000</u>
TOTAL 2010-11 CAPITAL OUTLAY BUDGET REQUEST	\$ 22,643,467

2010-11 BUDGET SUMMARY

**OPERATING BUDGET
\$587,034,379**

**CAPITAL OUTLAY BUDGET
\$22,643,467**