



March 31, 2020

SUBJECT: DELEGATION OF AUTHORITY TO AMEND THE 2019-20 UNIVERSITY CARRYFORWARD SPENDING PLAN AND 2019-20 UNIVERSITY OPERATING BUDGET

PROPOSED BOARD ACTION

Authorize the President to amend (i) the University's 2019-20 Carryforward Spending Plan to reallocate up to \$5,000,000 of University Carryforward funds, and (ii) the University's 2019-20 Operating Budget to reallocate up to \$3,500,000 of Auxiliary funds, both to partially refund student contracts for on-campus housing and meal service.

BACKGROUND INFORMATION

On March 11, the Florida Board of Governors (BOG) announced a requirement for state universities to provide remote instruction to their students for at least two weeks to minimize the spread of the COVID-19 virus. On March 17, the BOG extended this requirement through the end of the Spring 2020 semester. The University encouraged all residential students to move out of their residence halls and complete the semester from home, but for a variety of reasons, several hundred students remained. The University has continued to provide services for any student who chose to remain.

As the COVID-19 crisis persisted, the University has continued to urge students to depart, and more have chosen to do so. To minimize the economic burden that this may have on students, the BOG encouraged all SUS institutions to develop plans to refund students who are no longer able to utilize their university housing and meal plan services. To facilitate this recommendation, the BOG provided guidance that outlined allowable sources of funding for any refunds or credits, which included:

- A) Unencumbered surplus funds in housing that are not required for maintaining prudent debt service coverage.
- B) End-of-year balance funds in university E&G carryforward accounts that can be used for any purpose as specified by each university board of trustees pursuant to section 1011.45(3)(f), Florida Statutes. **In light of the emergency circumstances, the Board of Governors authorized use of these funds to provide students refunds, rebates, or credits for unutilized portions of housing and/or dining plan contracts through August 31, 2020.**
- C) Unencumbered surplus funds in any state university auxiliary.

Based on the extent of services provided and student utilization, the Administration has determined that a prorated refund of student housing and dining plan fees for the period March 27, 2020 through the end of the Spring semester for every student who no longer utilizes those services is the most

equitable approach. The final cost of the refund will depend on how many students move out of housing, but at 100% utilization the maximum total amount will not exceed \$8,500,000.

To fund the refunds and associated expenses, the Administration recommends the Board delegate authority to the President to reallocate expenditures of up to \$5,000,000 from the University's approved carryforward plan, and up to \$3,500,000 from the University's Auxiliary funds. The Administration has identified planned expenditures from these funds that can be deferred to allow for funding the refunds immediately. The Administration will provide the Board a final report of the amounts reallocated in its submission materials for the 2020-21 University operating budget.

IMPLEMENTATION PLAN/DATE

The Administration will complete its financing plan and issue the refunds in April, and will report the final re-allocations to the Board at its June meeting.

FISCAL IMPLICATIONS

Up to \$5,000,000 in carryforward funds and up to \$3,500,000 in Auxiliary funds may be reallocated and expended on refunds and related expenses. As the attached schedule of Sources of Funds demonstrates, there are sufficient balances in both funds to cover these expenses.

Supporting Documentation: Schedule of Sources of Funds

Presented by: Jeff Atwater, Vice President for Strategic Initiatives and Chief Financial Officer

**Florida Atlantic University
Sources of Funds
Refunds Housing/Meal Plans 2020**

Need Not to Exceed:	8,500,000.00
Reallocation of Carryforward	5,000,000.00
Auxiliary Funds	3,500,000.00

Florida Atlantic University Schedule of Department/College Carryforward March 31, 2020	
Total Budget Carryforward	58,828,517.63
Less:	
Actual Spending through 3/31	(11,084,859.40)
Projected Spending 4/1-6/30	(4,080,203.22)
7% Reserve	(24,906,417.00)
Requested Amendment for Refunds	(5,000,000.00)
Remaining Carryforward Balance	13,757,038.01

Florida Atlantic University Schedule of Auxiliaries March 31, 2020	
Fund Balance as of 3/31/20	93,784,221.36
Designated for Refunds	(3,500,000.00)
Remaining Fund Balance	90,284,221.36