



Item: BF: A-M

## **BUDGET AND FINANCE COMMITTEE**

**Tuesday, September 9, 2025**

**SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES FOR THE JUNE 10  
and 27, 2025 BOT BUDGET AND FINANCE COMMITTEE MEETINGS**

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### **PROPOSED COMMITTEE ACTION**

Initiate roll call to document member participation to ensure appropriate quorum numbers are achieved and to approve the minutes of the June 10 and 27, 2025 Budget and Finance Committee meetings.

#### **COMMITTEE MEMBERS**

Mr. Pablo Paez, Chair	_____
Mr. Robert Flipppo, Vice Chair	_____
Mr. Shaun Davis	_____
Mr. Scott McCleneghen	_____
Mr. Piero Bussani (ex-officio)	_____
Mrs. Sherry Murphy (ex-officio)	_____

#### **BOT MEMBERS**

Mr. Darsham Gonzalez	_____
Mr. Jon Harrison	_____
Mr. Brad Levine	_____
Mr. Jonathan Satter	_____
Mrs. Linda Stoch	_____
Dr. William Trapani	_____
Ms. Tina Vidal-Duart	_____



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Board of Trustees

## **BUDGET and FINANCE COMMITTEE**

### **MINUTES**

**Tuesday, June 10, 2025**

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#### **BF: A-M ROLL CALL AND APPROVAL OF MINUTES FOR April 8, 2025, FINANCE COMMITTEE MEETING.**

Chair Pablo Paez, a roll call commenced, confirming a quorum. The following members participated in the meeting: Vice Chair Robert Flippo, Mr. Piero Bussani, Mr. Shaun Davis, Mrs. Elycia Morris, Mr. William Trapani, Mr. Darsham Gonzalez, Mr. Brad Levin, Mrs. Shery Murphy, and Mr. Scott McCleneghen; Mr. Stefan Andjelkovic; Mr. Jon Harrison; Ms. Tina Vidal-Duart, and Mr. Jonathan Satter.

The following university officials participated: Mr. Adam Hasner, President; Mr. Jayson Iroff, Vice President of Financial Affairs and CFO; Mr. Matt Eisner, Associate Director of Financial Strategy and Analytics; Ms. Louisa Kelly, Associate VP of Financial Operations and University Controller.

The following guest: Mr. David Center, FEG Investment Advisors.

A motion was made and seconded to approve the April 8, 2025, minutes without change or correction.  
**The motion passed unanimously.**

#### **BF:1-1 Review of the Amended Investment Policy Statement:**

Mr. Jayson Iroff presented a review of the Amended Investment Policy Statement with Mr. David Center, an advisor from the firm FEG Investment Advisor, serving as our dedicated advisor. He focuses on investment advisory services for higher education entities. In the package that was sent out, you'll find our new Investment Policy Statement (IPS), with the last few pages showing the existing policy statement, which has been completely redlined.

The reason we are here today is simple: our existing IPS is outdated, unsophisticated, and not typical of what one would expect for a large public higher education institution. Currently, we have approximately \$483 million in operating and operating surplus dollars. Of that, roughly \$20 million is in operating accounts, \$351 million in the SBA, and \$111 million in the State Pools, realizing a blended annualized rate of around 4.3%. These vehicles comply with our current IPS, but the policy is more restrictive than necessary and more stringent than what the statute allows. We want the ability to invest in a broader range of



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vehicles to achieve a diversified portfolio that increases yields while remaining conservative.



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The new IPS addresses these concerns and is typical of higher education investment policies. David authored it, along with Matt and me. It aligns with other state higher education entities and is very similar to the IPS I helped implement at Broward College, where I worked with FEG for 13 years.

Managing operating surplus funds. Key highlights include prioritizing the safety of principal and liquidity of funds, while optimization of investment returns is secondary, as required by statute.

The IPS also establishes an Investment Committee of four members, one selected by the President, excluding the CFO as a voting member. This committee works with a third-party consultant to recommend managers and investment vehicles and will identify a custodian for the assets. Importantly, ESG factors will not be considered in investment decisions; safety and returns are the sole criteria. Investments are allocated into three buckets: short-term (35%) for near-term operating costs, intermediate- (50%) for assets needed within one to five years, and long-term (15%) for assets we hope never to need.

The IPS further outlines governance and oversight, detailing the roles and responsibilities of the Board of Trustees, President, Investment Committee, CFO, investment consultant, and custodian of funds. It sets fiduciary standards guided by Florida Statutes, prohibits direct investment in digital assets like cryptocurrency due to volatility and regulatory uncertainty, and establishes time horizons, liquidity needs, return benchmarks, and volatility thresholds for each investment pool.

Ongoing compliance, manager selection, strategic asset allocation, and performance evaluation are also incorporated. Performance is reviewed quarterly and annually, benchmarked against Treasury bills, bond indexes, and peer group rankings, with rolling three-year reviews. The IPS, investment managers, and custodian performance will be reviewed annually to ensure continued alignment with objectives and regulatory compliance.

**ADJOURNMENT OF MEETING.** With no other issues to discuss, a motion was made and seconded to adjourn the meeting. The meeting adjourned at 10:10 am.



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**Board of Trustees**

**Board of Trustees Special Committee  
and Full Board Meeting.**

**BUDGET and FINANCE COMMITTEE**

**MINUTES**

**Friday, June 27, 2025**

**Virtual Meeting**

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**BF: A-M Roll Call:**

Chair Pablo Paez, a roll call commenced, confirming a quorum. The following members participated in the meeting: Vice Chair Robert Flippo, Mr. Piero Bussani, Mr. Shaun Davis, Mr. William Trapani, Mr. Darsham Gonzalez, Mr. Brad Levin, Mrs. Shery Murphy, Mr. Jon Harrison, Mr. Jonathan Satter, Ms. Tina Vidal-Duart, and Mrs. Linda Stoch.

The following university officials participated: Mr. Adam Hasner, President, Mr. Jayson Iroff, Vice President of Financial Affairs and CFO; Mr. Brian White, Vice President of Intercollegiate Athletics; Mr. Joseph Scott Van de Bogart, Vice President for Legal Affairs and General Counsel; Mr. Ryan Britton, Vice President for Government Relations, and Economic Development University Relations.

**BF: A-1 Approval of the FAU FY 2025-26 FAU Proposed Operating Budget and Amendments to the Operating Budget for FY 2024-25.**

Mr. Jayson Iroff, presentation, for approval of Florida Atlantic University's 2025-2026 operating budget, which exceeded \$1 billion for the first time. The budget includes a \$5 million transfer from auxiliary funds to athletics, compliant with new Board of Governors regulations. Key metrics highlighted included a \$22.9 million revenue surplus, a \$23.7 million increase in student financial aid, and a \$10.5 million one-time operating support. The FAU Research Corporation's proposed budget for 2026 is \$212,000, and the FAU Clinical Practice Organization's budget is \$8,126,000. The FAU Foundation's budget for 2026 is \$9.84 million, a 10% increase from the previous year.

The board is being asked to approve FAU's 2025–2026 operating budget, as well as the transfer of **\$5 million in auxiliary funds to athletics** for the current fiscal year. The proposed operating budget includes education and general funds, student financial aid, grants, auxiliary enterprises, athletics, student government, and concessions, with authority delegated to the President to amend budgets in line with state and board directives.



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A recently amended Board of Governors regulation now permits universities to use up to **\$22.5 million in non-athletic auxiliary reserves** for athletics, provided such transfers do not affect credit ratings or other auxiliaries. The university confirms the proposed funds have no debt obligations and are not tied to student fees, so additional reporting is not required.

The regulation also requires the Board of Trustees to adopt a **multi-year athletics budget** to ensure the sustainability of athletic programs, which will be presented during this session. Updated presentation materials include details on the auxiliary transfer, accounting adjustments, five-year financial trends, and year-to-date operating performance to provide context for the 2025–2026 budget proposal.

Upon call, a motion was made and seconded to **approve** and unanimously pass the **multi-year athletics budget for the FY 2025-26 Operating Budget**.

FAU's current year revenues are projected to exceed budget by \$22.9M, driven by strong enrollment (\$9M) and investment earnings (\$14M). Student financial aid outperformed by \$23.7M due to higher FAFSA completion, and auxiliary revenues are expected to beat budget by \$8.2M, led by executive education. Contracts and grants are also up, while sponsored research will fall short by \$10.5M. Athletics is projected to meet or slightly exceed budget after a \$5M auxiliary transfer. Student government revenues are over budget due to enrollment, while concessions will come in slightly under.

On the expense side, E&G spending is forecasted at \$28.5M under budget (6.6%) due to reduced operating expenses, with carryforward funds increasing to \$60.5M (up 56%). Auxiliaries will underspend by about \$24M, mostly tied to capital projects, while sponsored research, athletics (due to the \$5M transfer), student government, and concessions are also under budget.

Looking forward, the proposed **FY 2025–2026 operating budget is \$1.049**, up \$59.9M (6.1%) from the current year. E&G revenues are expected to grow 4.4% (\$19.1M) to \$448.6, driven by \$6.3M in additional appropriations (2.5%) and \$12.8M in tuition and fees (7.4%). Over five years, tuition and fees are projected to rise 28.7% and appropriations by 22.5%, for total revenue growth of 24.2% (\$87.3M). Net tuition revenues continue to exceed budget in recent years, reversing shortfalls seen in FY 2021–2022 during the COVID period.

State support changes include the loss of \$6.2M in nonrecurring faculty retention and nursing funds, offset by \$10.5M in one-time operating support and \$2M for the Henderson School, along with \$1.1M for the Max Planck Partnership. Despite this, FAU's per-student funding remains significantly below peer institutions, with a gap of roughly **\$61M annually**. Tuition revenues for FY 2025–2026 are projected at \$201.5 gross, \$175.6 net after waivers (~\$25.4M), with waiver expenses remaining consistent as a percentage of gross revenues over the last five years.

Tuition waiver expenses have remained stable over time. In FY 2021–2022, waivers were 13.5% of gross tuition, while in FY 2025–2026 they are projected at 12.6%, showing no dramatic increase as previously questioned. Over the five-year period, undergraduate tuition revenue rose by \$25.7M (25.2%) to \$127.7M, graduate tuition revenue grew by \$38.8M (30.6%) to \$165.7M, and tuition differential increased by \$3.7M (14.4%) to \$29.6M.



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On the expense side, FAU's E&G budget for FY 2025–2026 is projected at **\$448.6M**, a 4.4% increase over the current year. Payroll remains the largest component, accounting for 69% of the budget, though slightly down from 72% in FY 2021–2022. Payroll expenses have grown 19.3% over five years, compared with 36.6% growth in operational expenses.

Underspending margins are narrowing in FY 2021–2022, expenses came in 14.9% under budget, while for the current fiscal year, the variance is projected at 6.6%. A new analysis comparing expenditures per FTE shows FAU trending closely with the SUS (State University System) average, though at a slightly lower level (\$15.2K vs. \$17.4K).

### President Hasner's Remarks – FY 2025–2026 Budget

Thank you, Jayson, and good morning to the members of the Board.

As Jayson mentioned, this year marks a significant milestone for Florida Atlantic: for the first time, we have a **billion-dollar operating budget**. I want you to know that I, and our entire leadership team, take the stewardship of these funds very seriously. This is taxpayer money and student tuition, and we are committed to managing these resources **wisely, efficiently, and with accountability**.

I also believe this year's budget reflects our **values and priorities**. At the top of that list is **student success**. We are making targeted investments in advising, academic coaching, financial support, and technology solutions—all aimed at improving the academic and classroom experience and strengthening our performance-based metrics. Many of these initiatives are already underway, and I want to thank Russ Ivey, James Capp, and their teams for helping bring them to life.

Equally important are our **people**. This year's budget includes:

- A **4.5% pay increase** negotiated through our collective bargaining agreement with the faculty union.
- A **3% salary increase** for all faculty and staff not covered by bargaining agreements, effective July 1.

We've also strengthened funding for **campus safety**, with additional resources dedicated to FAU Police. I want to personally thank the Chief and FAU PD for their continued commitment to protecting our students, faculty, staff, and visitors. On the **advocacy front**, the Legislature provided **\$12 million in nonrecurring operational support** this fiscal year. Of that

- \$2M is directed to A.D. Henderson University School.
- Within the remaining \$10M, specific allocations are required for the **Office of Ocean Economy** and the **Florida-Israel Institute**.
- I have directed that the balance be focused on three priorities:
  1. Advancing our **academic mission**
  2. Supporting our **research mission**
  3. Enhancing FAU's **brand and reputation**



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In the coming weeks, I will meet with our division VPs, ELT, and college deans to determine the best use of these funds to maximize their impact.

In short, this budget underscores our commitment to **academic excellence, student success, research innovation, campus safety, strategic priorities, and investment in our people**. We are headed in the right direction, and I look forward to keeping you updated throughout the year as we execute on this vision.

### Auxiliary Enterprises Overview:

Turning now to the other side of our operating budget—**auxiliary enterprises**:

- **Revenues** are projected to grow **8.8%** in FY 2025–2026, reaching **\$165.2**, mainly driven by enrollment growth.
- **Expenses** are projected to grow **7.9%** to **\$281.3M**. Because expenses exceed revenues, auxiliary reserves are used to support campus projects, many of which span multiple years.
- Key revenue generators include:
  - College of Business: **\$34M**
  - Medicine Residency Program: **\$18.5M**
  - (followed by other primary auxiliaries as listed on the slide)

This breakdown provides a clear picture of the **enterprises that consistently drive revenue** for the university.

Mr. Jayson Iroff, thank you, Trustee Levine, and thank you, Chair Bussani.

I would add—going back to our General Counsel’s comments earlier—that the **funding source here is the Clearwire agreement**, which was the sale of spectrum approximately 15–16 years ago under a 30-year deal. This is an **annual funding source**, and importantly, it is neither indebtedness nor part of student fees.

We wanted to make it very clear that the funds being transferred from auxiliary to athletics, according to the new Board of Governors rule for **Competitive Excellence**, fully meet that definition. This first installment will make a significant impact in helping us remain competitive **on the field**, and, as Chair Bussani noted, it will also provide a **tremendous benefit to the university off the field**.

### Athletics Budget

- In compliance with the Board of Governors’ amendment regarding auxiliary fund use in athletics, a **multi-year athletics budget** is presented for the three periods indicated.
- **Revenues** are projected to increase due to:
  - Higher enrollment
  - The **naming rights agreement with Flagler Credit Union**
  - The approved **auxiliary fund transfer**
  - Slightly lower game-day guarantee revenues, reflecting a modest projected decrease in other revenues.





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- **Expenses** remain within a **balanced budget framework**, ensuring sustainability and fiscal responsibility.

### Contracts and Grants

- The FAU Foundation has increased its commitment by **24.6% (\$4M)** over the current fiscal year.
- The Henderson School receives **additional operational funding of 11.3% (\$1.4M)**.
- Sponsored research revenues are projected to increase **3%**, totaling **\$84.8M**.
- Expenses across these entities are expected to remain within or equal to their anticipated revenues for FY 2025–2026.

### Student Financial Aid

- Student financial aid is directly correlated with enrollment growth.
- With projected enrollment increases, **student aid awards and scholarships** are expected to rise **8.2% to \$242.4M**.
- A slight difference between awarded and distributed aid reflects **timing differences**, as some awards cross fiscal years.

### **BF: A-2 Approval of the FY2024-25 Annual Budget for FAU Direct Support Organizations:**

Upon call, a motion was made and seconded to **approve** and unanimously pass the **FAU 2025-26 Operating Budget and amendments to the Operating Budget for Fiscal Year 2024-25**.

### **2a FAU Research Corporation (FAURC).**

Mrs. Lynn Asseff presented the FAU Research Corporation.

- **Proposed Budget:** \$212,000
  - **Contracts & Grants:** \$85,000
  - **Royalties:** \$110,000
  - **Investment Income:** \$17,000
- **Purpose:** Covers operating expenses and royalty distributions, exceeding the prior year's budget by \$30,300.

### Key Financial Highlights

- Revenues have increased due to higher contracts, grants, and new royalty agreements.
- Net income projections: \$41,000 for FY 25; historical net income: \$51,403 for FY 24.
- Past revenue drop (FY 21) linked to mature technologies, recovery through new licensing agreements.
- Budget adjustments reflect stable royalty trends and consistently higher-than-expected contracts.



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## Board of Trustees

### Strategic Initiatives

- Celebrate **R1 status** with research showcases and events.
- Support new faculty contributors to intellectual property.
- Added staff to assist the Associate Director of Technology Development in supporting faculty research.

**Board Consideration:** FAURC requests approval of the **FY 2026 budget of \$212,000**, ensuring balanced operations and continued support for faculty innovation.

Upon call, a motion was made and seconded to **approve** and unanimously pass the **FAU Research Corporation (FAURC) 2025-26 Operating Budget**.

### 2b FAU Clinical Practice Organization (FAUCPO).

Dr. Lewis S. Nelson presented the FAU Clinical Practice Organization, The Clinical Practice Organization (CPO) at FAU integrates the clinical practices of the Colleges of Medicine, Nursing, and Education. Reviewing performance through the third quarter of FY 25, revenues increased by \$143,000 compared to FY 24, driven primarily by higher patient care services across the three colleges. Operating expenses rose by approximately \$213,000, with the majority attributable to salaries and benefits (\$136,000), as well as electronic health record and billing costs, and consulting services (\$47,000). Net income for FY 25 Q3 totaled \$301,000, comprised of \$150,000 from Medicine, \$141,000 from Nursing, and \$9,000 from Education. The slight decrease from FY 24 (\$69,000) reflects the timing of expense recognition, as each college matches its expenses to available revenue monthly, with any unallocated costs supported at the college level. Looking ahead to FY 26, the proposed CPO budget is \$8.126 million, representing a year-over-year increase of approximately \$2 million. The College of Medicine accounts for the majority of this growth (+\$1.8M), driven by a \$926,000 agreement with Florida Hospital Medical Services for faculty clinical services and increased revenue from the college's clinical sites (+\$692,000). Nursing's budget increases by \$155,000, reflecting additional patient service revenue due to two new full-time practitioners. At the same time, the College of Education sees a modest increase of \$6,000 from projected patient volume growth. Expenses continue to correlate directly with revenues, with salaries and benefits comprising roughly 95% of annual costs. The CPO units manage monthly expenditures in alignment with earned revenue, and any net surplus or deficit at year-end is a result of timing differences. The board is asked to consider approval of the FY 26 CPO budget as presented.

- **Structure:** Combines clinical operations from the Colleges of Medicine, Nursing, and Education.
- **Revenue:** Increased by **\$143,000** over FY 24, primarily due to higher patient care activities.
- **Expenses:** Rose **\$213,000**, mainly from salaries and benefits, EHR and billing systems, and consulting costs.
- **Net Income:** **\$301,000**, a decrease of \$69,000 from FY 24, mainly due to timing differences in expense allocation.
- **Operational Note:** Colleges match expenses to revenue monthly; end-of-year net income or loss reflects timing of expense transfers to CPO.



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- **Implication for Budget:** Future budgets will continue to track revenue and expenses closely, maintaining balance while supporting clinical services.

Upon call, a motion was made and seconded to **approve** and unanimously pass the **FAU Clinical Practice Organization (FAUCPO) 2025-26 Operating Budget**.

**2c FAU Foundation Inc. (FAUF).**

Mrs. Michelle De Palma presented the FAU Foundation. The Foundation's unrestricted operating budget is primarily funded through management distribution fees, endowment management fees, and interest from expendable or non-endowed funds. These sources are market-driven, and despite recent market volatility, the Foundation has maintained strong performance, exceeding expectations for interest on non-endowed funds. Gift fees and other revenue streams were slightly down from last quarter due to timing and small variations in contributions, but this had minimal impact overall. On the expense side, increases reflect higher operational activity and a previously approved increase in funding for university initiatives and priorities. As a result, the Foundation expects to report approximately \$3.5 million in sources over funds for the fiscal year, with assets and liabilities remaining largely consistent with the prior year. Restricted contributions and endowment gifts have remained stable, though their recognition can vary based on the timing of donor commitments.

Comparing the FY 24/25 and proposed FY 25/26 budgets, the Foundation anticipates a roughly 10% increase in total budget, primarily driven by expected market performance. The endowment management fee remains at 2.65%, and projected interest from non-endowed funds is conservatively estimated at \$2.4 million. FY 24/25 actuals exceeded the prior budget by 16%, with an 8% underspend in expenses due to timing delays on some projects. Fundraising has also been strong, with the Foundation surpassing its \$70 million goal and endowment value increasing to \$313 million as of May. The proposed FY 25/26 budget totals \$9.84 million, a 9.6% increase over last year, with 75% allocated to university initiatives and government relations, and 26% retained for operational expenses supporting the Advancement staff, donor stewardship, and community engagement.

Upon call, a motion was made and seconded to **approve** and unanimously pass the **FAU Foundation (FAUF) budget for the FY 2025-26 Operating Budget**.

**ADJOURNMENT OF MEETING.** With no other issues to discuss, a motion was made and seconded to adjourn the meeting. The meeting adjourned at 10:58 am.