



# **Academic Planning and Budget Committee FAU Financial Presentation**

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# FAU Budget Development Timeline

	FAU INTERNAL PROCESS	BOT	BOG	LEGISLATURE ACTION	GOVERNOR ACTION
May 2020	Finalize FY21 Budget Presentation for the ELT include Performance Funding \$		Performance Funding Allocations to Schools		
Jun 2020		Approves the FY21 University Budget. Approves FY21 DSO Budgets.		Legislature provides Budget to the Governor	Governor has 15 days to sign. Governor signs off on FY21 Budget with some Vetoes.
Jul 2020	Budget Office uploads budget all VP Areas				
Aug 2020			Final FAU FY21 Operating Budget submitted		
Sep 2020		Approves FY22 Carryforward Spending Plan.	Send Approved FY21 Carryforward Spending Plan. Approves FY21 all SUS Operating Budgets. BOG Approves SUS Accountability Plans	(EDR) Publish Florida Long Range Financial Outlook Revenue Estimates Conference	
Oct 2020					Legislative Budget Request (LBRs) from Agencies
Nov 2020				Election/Organization Session	
Dec 2020					
Jan 2021	Budget Office presents E&G Budget Expenditures of FY22 to the ELT			Revised Projections on Long Range Financial Outlook Revenue Estimates Committee Weeks	
Feb 2021	Budget Process Opens to All Business Managers. Budget Office meets with each VP area to review Carryforward and Auxiliary Budgets. Deadline for Submission of Budget end of Feb			Committee Weeks	
Mar 2021	Budget Office Review Budget Submissions.			First Day of Session- March 2, 2021	
Apr 2021	Begin Construction of BOT Materials. DSO Budgets are presented to their Board of Directors.	BOT Approves FAU's Accountability Plan (could be approved in late March or May)		Last Day of Session- April 30, 2021	
May 2021	Finalize FY22 Budget Presentation for ELT along with Performance Funding distribution.		BOG Approves FAU's Accountability Plan		
Jun 2021		Approves the FY22 University Budget. Approves FY22 DSO Budgets	Performance-based Funding Allocations to Schools	Legislature provides Budget to the Governor (could be sent in May or June)	Governor has 15 days to sign. Governor signs off on FY22 Budget with some Vetoes.

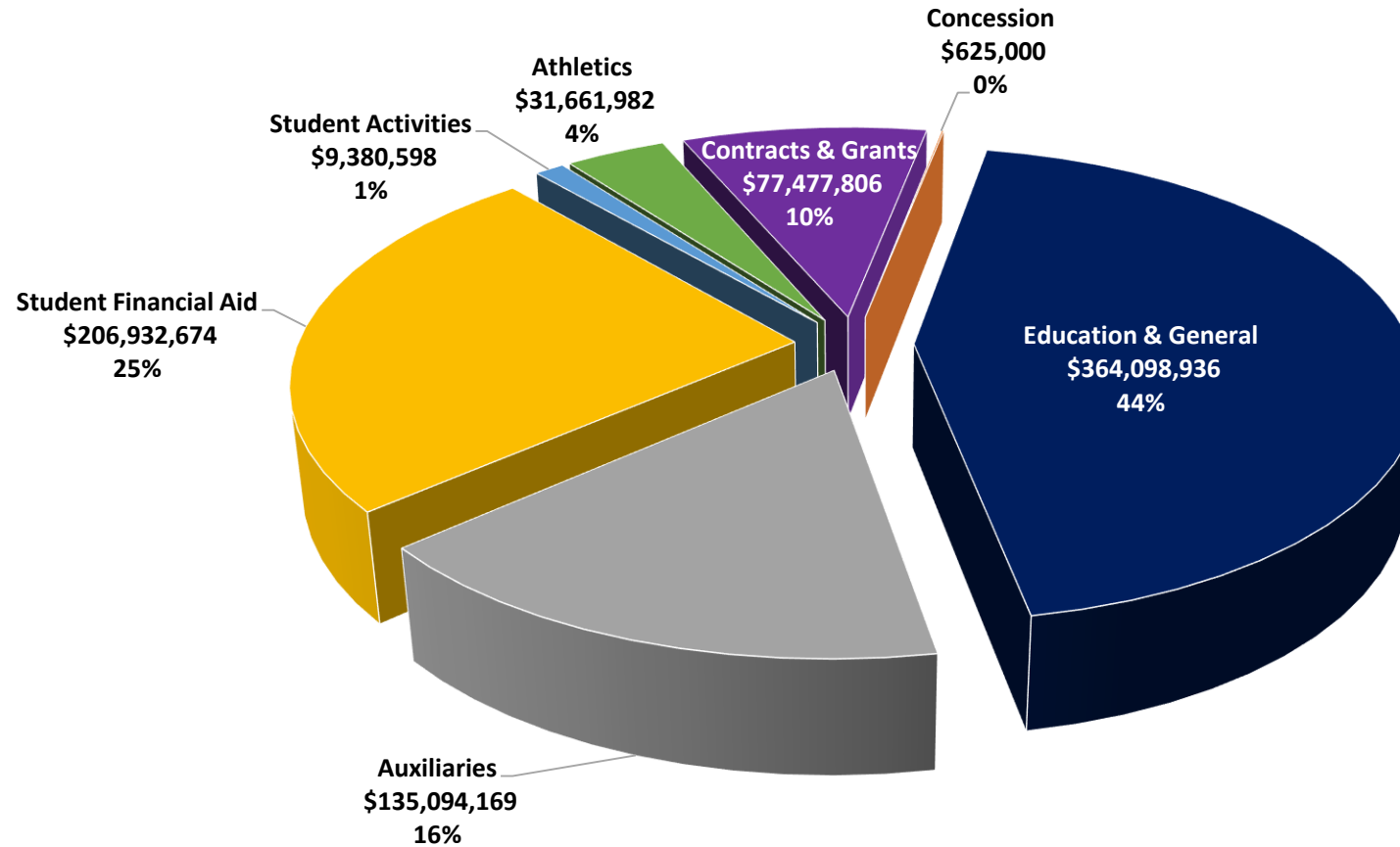


## FAU and Fund Accounting

- FAU reflects revenues and expenses via “Fund Accounting”. Government Accounting Standards Board (GASB - established GAAP for state and local governments) regulates principles for most of higher education. Financial books are audited annually to those standards.
- Money comes from different sources (State, Tuition and Fees, Research, Sales and Services, etc.) and allows us to track the flow of the money separately.
  - We track all financial activity by each fund.
  - Separating transactions by fund allows for accountability to government, donor agencies, and other stakeholders.
  - Type of fund used may determine spending controls and other legal statutes and rules associated with tracking and reporting. (i.e., Research, E/G)
- FAU has several Funds. They are ***Education and General, Auxiliary, Athletics, Contracts and Grants, Concessions, Student Activities, Student Financial Aid.***

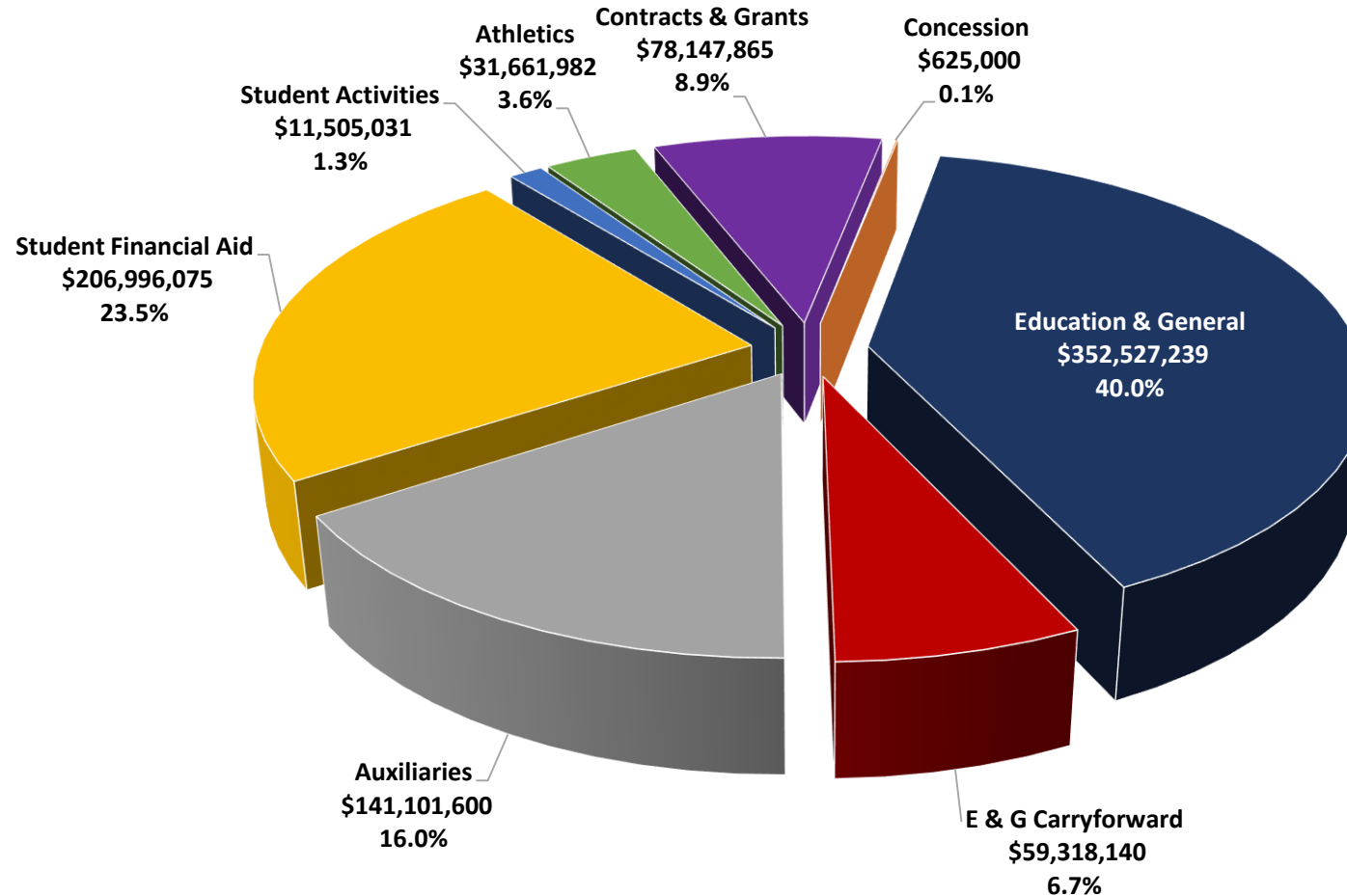


## FAU FY21 Revenue Budget by Fund Type - \$825.3M





## FAU FY21 Expense Budget by Fund Type - \$881.9M





## **Education and General Fund (E/G)**



## **E/G - General Revenue Appropriations (GR) and Educational Enhancement Trust Fund (EETF or Lottery)**

- GR and EETF funds are appropriated annually to the university by the Legislature to support our basic mission of teaching, research and community service. Nearly all Colleges and Administrative Units are supported by these funds.
- GR appropriations are derived from state taxes on goods and services. The largest contributor to GR is the Sales Tax and accounts for 78% of all General Revenues.
- EETF funds are generated through the sale of Lottery and scratch off tickets as well as taxes on slot machines. These funds are used to support the K-20 system in Florida as well as to provide financial aid to students through programs such as the Florida Bright Futures Program.
- Depending on the revenues realized in a given year, the Legislature regularly interchanges how much in appropriations come from which of these two funding sources to support Higher Education.

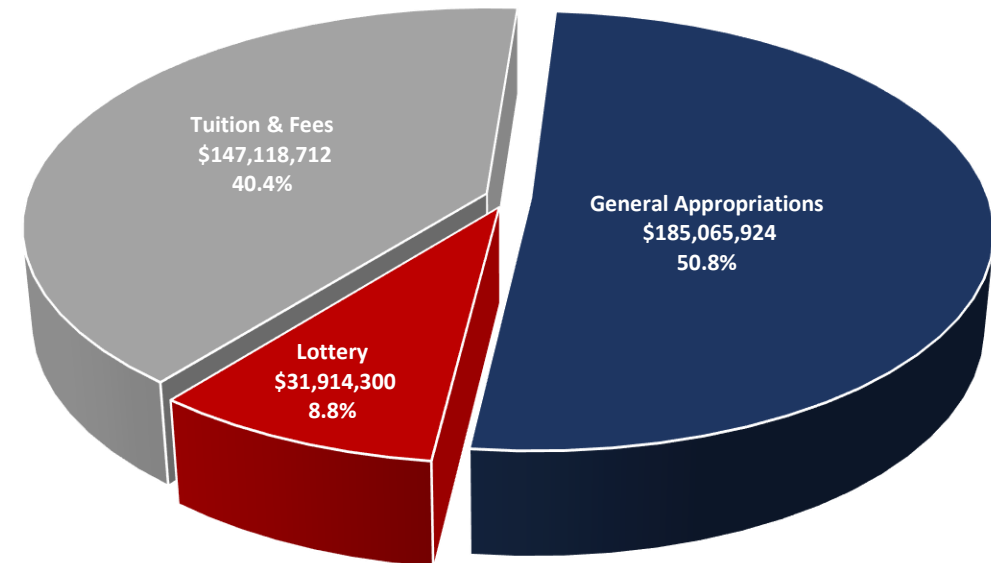




## FY21 Education and General (E/G)

- State Appropriations from General Revenue
- State Appropriations from Educational Enhancement Trust Fund
- Student Tuition and Fees – No increase in tuition rates since 2013-14 – 8 years

2020-21 Education & General Operating Revenue Budget



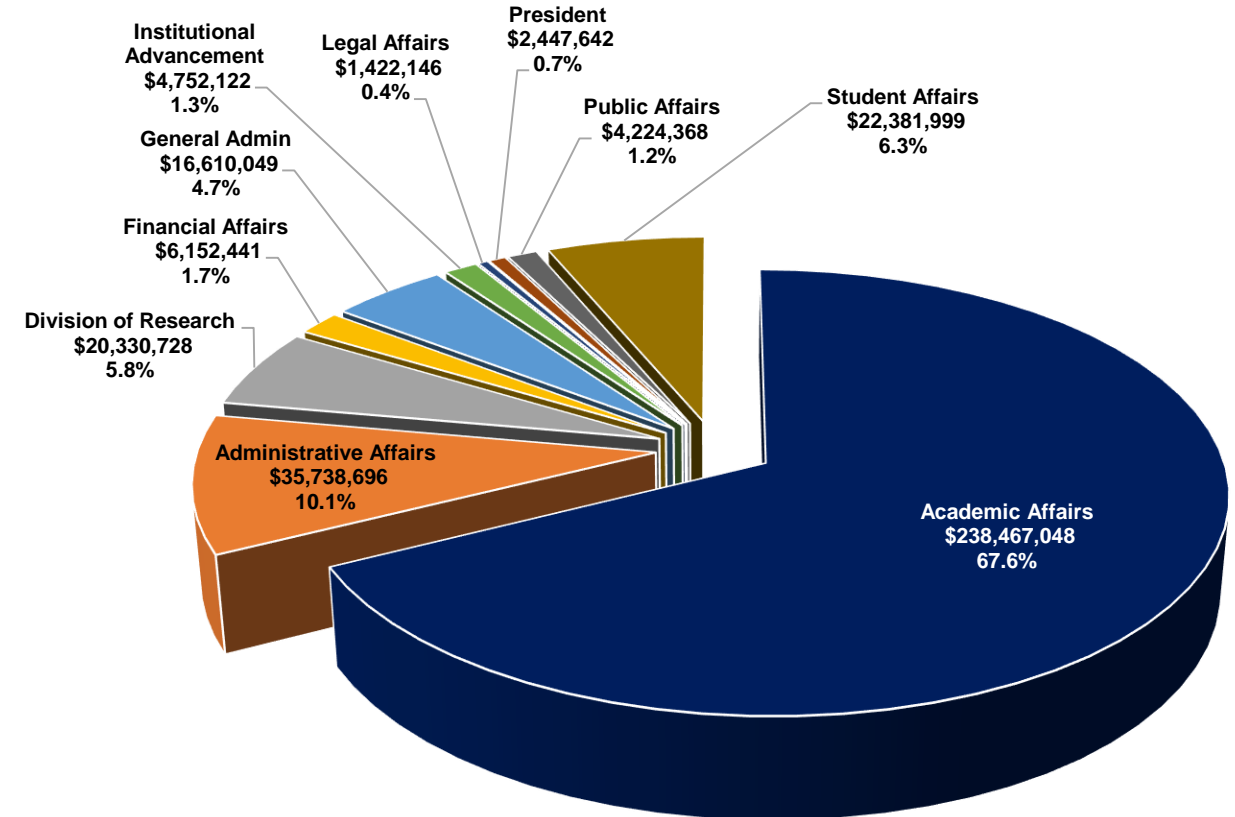
Total E/G Revenue Budget \$364.1M



## E/G Expenditure Budget by VP Area

VP Budgets are based on incremental budgeting

- This means that VP budgets are relatively fixed year-year aside from new appropriations as described in next slide.
- It is important to note that not all allocations from the State of Florida are recurring.
- Most significant is Performance Funding which is non-recurring. Funds are appropriated in one year, returned the following year and appropriated again during that same year.



FY21 Total E/G Expense Budget \$352.5M



## Performance Funding History

	2017-18	2018-19	2019-20	2020-21	Total	Proportion of Allocation	Proportion of E/G Budget
Academic Affairs	15,612,821	14,364,147	12,545,119	12,138,106	54,660,193	69.4%	68.4%
Division of Research	1,132,517	508,556	856,539	646,001	3,143,613	4.0%	6.6%
Admin Affairs	966,873	1,010,618	1,888,221	754,310	4,620,022	5.9%	11.6%
Financial Affairs	187,603	205,957	206,145	101,877	701,582	0.9%	2.0%
Institutional Advancement	2,181,847	770,162	2,978,764	2,904,405	8,835,178	11.2%	1.5%
Legal Affairs	42,379	33,856	33,856	19,411	129,502	0.2%	0.5%
President	30,438	28,659	38,079	14,720	111,896	0.1%	0.8%
Public Affairs	1,168,048	1,174,497	1,170,038	1,106,526	4,619,109	5.9%	1.4%
Student Affairs	105,494	411,924	1,399,908	55,938	1,973,264	2.5%	7.3%
<b>Total</b>	<b>21,428,020</b>	<b>18,508,376</b>	<b>21,116,669</b>	<b>17,741,294</b>	<b>78,794,359</b>	<b>100.0%</b>	<b>100.0%</b>

*Proportion of budget based on Total E&G expense budget excluding Governor Vetoes of \$3.9M.  
College of Medicine is included underneath Academic Affairs.*



## E/G New Recurring Funds FY18-FY21

	<u>Total</u>	
Health Insurance	\$4,266,986	(Distributed to all units based on Staff Benefit increases)
FAU100	9,293,000	(\$7.2M to Acad. Affairs; \$1.0M to Enrollment Management; \$1.0M to Div. of Research)
World Class	5,674,164	(Acad. Affairs \$1.9M and Div. of Research \$3.8M)
Graduate Degree	2,688,992	(Acad. Affairs)
Operation Support	2,000,000	(Admin. Affairs – Deferred Maintenance)
Tuition Authority	<u>1,917,167</u>	(Base funded Enrollment Inc. – Acad. Affairs)
	<b>\$25,840,309</b>	<b>Total New Recurring Funds</b>



## **What Lies Ahead – FY21 and FY22**



## The Funds Defined- Impact of COVID-19 on State Revenues and General Appropriations

- Due to the reduced level of economic activity and tourism in Florida, tax revenues have taken a substantial hit.
- In the most recent forecasts from state economists, General Revenue was revised downwards by \$3.4B in FY2021 and by \$2.0B in FY2022 from their previous forecasts.
- *This means that over the next two fiscal years, the State is expecting a two-year impact of \$5.4B of which \$3.4B will be realized this year. This change reflects a 9.9% loss in FY21 revenue and a 5.6% loss in FY2022.*
- These forecasts are used to determine how much revenue the Legislature can appropriate for the upcoming Fiscal Year.
- Due to the current and future economic uncertainty, the Governor has requested that all state agencies (including the SUS) holdback 6% of their appropriated budget with an additional 2.5% being requested by the Board of Governors. In total FAU has held back the requested 8.5% of our appropriated budget. The total impact is \$18.1M.
- This holdback is technically not a budget cut due to the nature of how the General Appropriations Budget is created, however the Legislature has the ability to re-open the budget mid-year and make budget adjustments as needed. Doing so would require a signature from the Governor on the new budget.



## The E&G Holdback 8.5%

	<u>E&amp;G Budget</u>		<u>Positions</u> <u>Reductions</u>	<u>OPS</u> <u>Reductions</u>	<u>Expense</u> <u>Reductions</u>	<u>Total 8.5%</u> <u>Holdback</u>	<u>Share of</u> <u>Holdback</u>	<u>Percentage</u> <u>Impact to Budget</u>
Academic Affairs	238,467,048	71.0%	8,273,579	1,633,707	2,945,852	<b>12,853,137</b>	70.8%	5.4%
Administrative Affairs	35,738,696	10.6%	491,735	76,923	1,366,058	<b>1,934,716</b>	10.7%	5.4%
President's Office	2,447,642	0.7%	35,306	-	97,197	<b>132,503</b>	0.7%	5.4%
Financial Affairs	6,152,441	1.8%	322,332	-	23,719	<b>346,051</b>	1.9%	5.6%
Student Affairs	22,381,999	6.7%	470,735	42,920	697,995	<b>1,211,650</b>	6.7%	5.4%
Legal Affairs	1,422,146	0.4%	-	-	76,988	<b>76,988</b>	0.4%	5.4%
Institutional Advancement	4,752,122	1.4%	249,570	-	7,686	<b>257,256</b>	1.4%	5.4%
Division of Research	20,330,728	6.1%	174,109	74,274	852,222	<b>1,100,605</b>	6.1%	5.4%
Public Affairs	4,224,368	1.3%	-	-	228,686	<b>228,686</b>	1.3%	5.4%
<u>Total</u>	<b>335,917,190</b>	<b>100.0%</b>	<b>10,017,367</b>	<b>1,827,824</b>	<b>6,296,403</b>	<b>18,141,593</b>	<b>100.0%</b>	<b>5.4%</b>

By recommendation of Governor DeSantis State Universities are asked to holdback 6% of state appropriated dollars in June. Later, this recommendation was increased to 8.5% by the Board of Governors in July. For FAU, this equates to \$18.1M.

*Holdback based on the total appropriations from the state excluding the vetoed \$3.9M. Total appropriations is \$213.1M  
College of Medicine included underneath Academic Affairs. General Admin not included.*



## The Funds Defined- Impact of COVID-19 on State Revenues and Coronavirus Aid, Relief, and Economic Security Act (CARES) Funding

- The Coronavirus Aid, Relief, and Economic Security Act (CARES) was passed on March 27<sup>th</sup>, 2020. This act allocated \$2.2T worth of economic relief to individuals, businesses and local and state governments to help fight the impact of COVID-19.
- Florida received a total of \$8.3B of which \$2.4B was distributed to local governments with populations greater than 500K
- The remaining \$5.9B was transferred to the State of Florida. These funds can be used to cover qualifying expenditures related to COVID-19 but they cannot be used to fill shortfalls in state or local government revenue.





## CARES Act Funds

### 9/11/20 Quarterly Reporting - USDOE - CARES

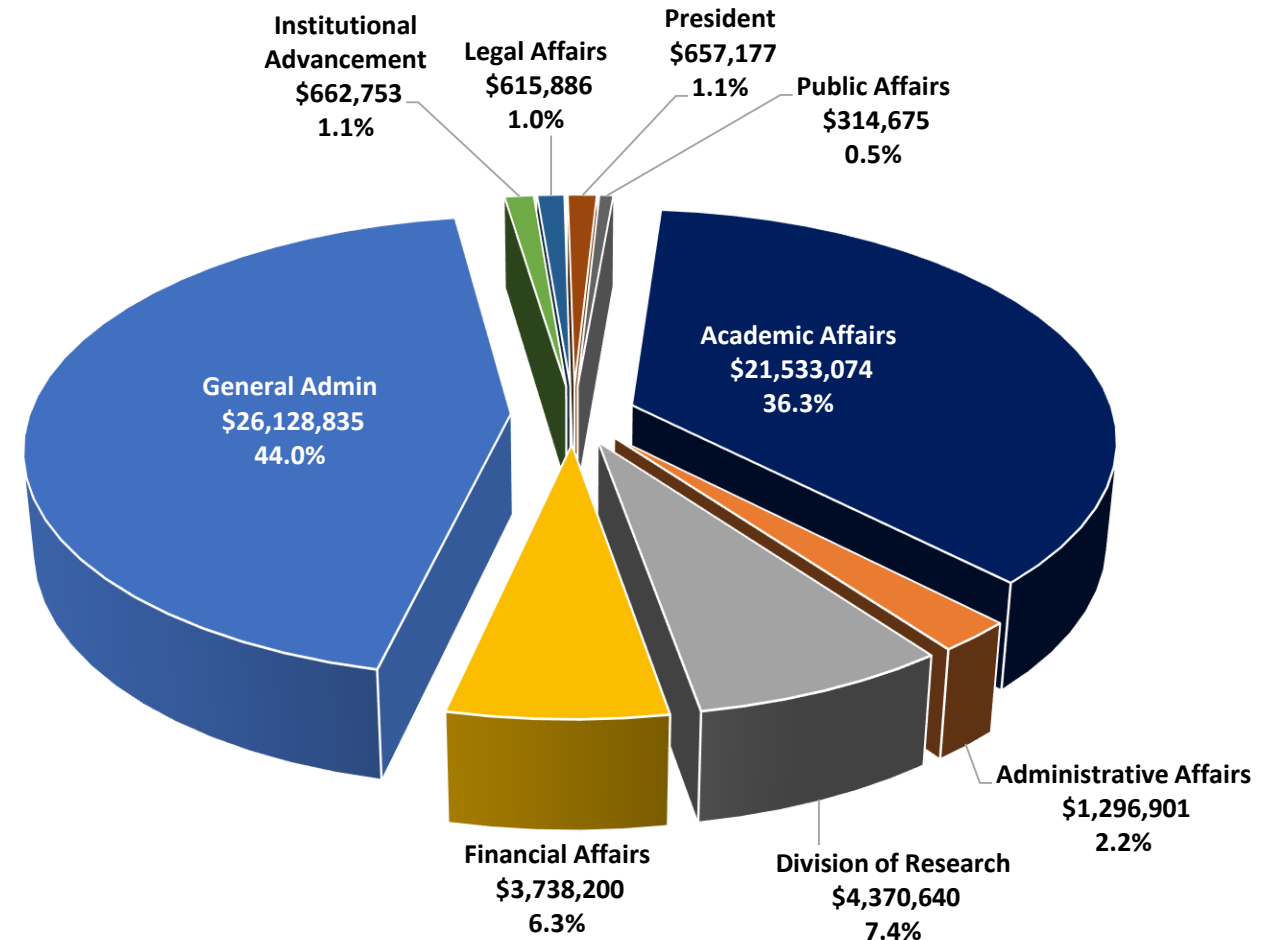
PR/Award Number	Cares Funds	Awarded	Expended 9/11/20	Unspent Balance
P425E201435	Student Portion	\$ 11,214,937	\$ 9,599,000	\$ 1,615,937
P425F200283	*Institutional Portion	\$ 11,214,937	\$ 8,532,581	\$ 2,682,356
P425L200119	Institutional-Hispanic Serving	\$ 1,646,039	\$ -	\$ 1,646,039
<b>Total</b>		<b>\$ 24,075,913</b>	<b>\$ 18,131,581</b>	<b>\$ 5,944,332</b>

<b>*Institutional Portion Expended in Detail:</b>	
PPE	\$ 706,585
Remote Learning	\$ 932,691
Communications	\$ 119,984
Housing Refunds	\$ 5,287,018
Meal Plan Refunds	\$ 1,486,303
<b>Total</b>	<b>\$ 8,532,581</b>



## Carryforward Funds

- Made up of:
  - Accumulated ending E/G fund balance.
  - Statutorily required 7% reserve of total budgeted E/G (\$25.4M)
- Carryforwards can be used for:
  - Operating Expenses (non-recurring)
  - Contingency for unfunded enrollment growth
  - Prior year encumbrances
- Carryforwards cannot be used for new construction



FY21 Total Carryforward Expense Budget \$59.3M



## Carryforward Holdback – 17%

	<u>17% Holdback</u>	<u>Complete Florida</u>	<u>Remaining Holdback</u>
Academic Affairs	3,256,426	463,955	2,792,471
Division of Research	1,065,563	151,814	913,749
Administrative Affairs	729,909	103,993	625,916
Financial Affairs	678,211	96,627	581,584
Institutional Advancement	120,772	17,207	103,565
General Counsel	98,096	13,976	84,120
President	173,879	24,773	149,106
Public Affairs	64,167	9,142	55,025
Student Affairs	18,513	18,513	-
<b>Total</b>	<b><u>6,205,536</u></b>	<b><u>900,000</u></b>	<b><u>5,305,536</u></b>

Complete Florida Program - BOG redistributed costs to all SUS. Funds held centrally for payment.



# **Other Funds Allocated to FAU by the State of Florida**



## Capital Improvement Trust Fund (CITF)

- A \$6.76 fee that is charged on a credit hour basis to all students at FAU
- These revenues are collected by the university and transmitted to the State to pay for debt service. Afterwards, remaining funds are returned to the University after receiving authorization from the Legislature and signature by Governor. These funds are also used to fund any project or real property acquisition.
- A portion of this fee may be used for university child care centers as well

Capital Improvement Trust Fund					
	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Student Union	3,029,743	3,852,480	3,500,000		4,627,604



## Public Education Capital Outlay (PECO)

- PECO funds are generated through revenues from the Gross Receipts Tax as well as a portion of the Communication's Services Tax, and transfers or appropriations from General Revenue and the Educational Enhancement Trust Fund (EETF)
- Additional PECO funds may also be provided through bonds that are secured by the revenues from the Gross Receipts Tax.
- PECO is established in the Florida Constitution and must be used for K-20 capital projects, including state universities. PECO funds are appropriated annually by the Legislature and are distributed through the Florida Department of Education.
- In FY2021, \$92.7M was appropriated to the State University System.
  - FAU received \$26.1M or 28% of all PECO appropriations to Higher Education
    - Jupiter Life Sciences
    - AD Henderson School

Public Education Capital Outlay					
	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Jupiter Life Sciences	3,031,247	9,850,000		11,000,000	11,146,000
Henderson School			1,700,000	11,500,000	15,000,000
BT-659			2,500,000		



## Fixed Capital Outlay Budget (FCO)

- FAU must prepare and adopt a Fixed Capital Outlay Budget for the fiscal year that designates proposed expenditures for the year from all funding sources
  - The fixed capital outlay budget includes appropriated funds and non-state appropriated funds for projects in the following categories:
    - E&G Operating Budgets- No Individual project may exceed \$1M
    - Minor Carryforward Projects- Project with costs under \$2M
    - Major Carryforward Projects- Project funded in whole or in part from carryforward with total cost over \$2M
    - State Appropriated Projects- Projects funded by State of Florida (PECO, CITF)