



Item: BF: A-1

Monday, June 19, 2023

SUBJECT: APPROVAL OF THE FAU 2023-24 PROPOSED OPERATING BUDGET.

PROPOSED Board ACTION

Presentation of Florida Atlantic University's 2023-24 Proposed Operating Budget to the Board of Trustees (BOT) for approval. 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

July 1, 2023.

FISCAL IMPLICATIONS

The operating budget governs the University's expenditures during the year.

Supporting Documentation: Presentation of 2023-24 Proposed Operating Budget

Presented by: Mr. Jayson Iroff, VP Financial Affairs and CFO

Phone: 561-297-3134



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Florida Atlantic University

The Office of Financial Affairs' Budget Proposal to the Board of Trustees

Budget Presentation
Fiscal Year 2024

Presented By
Jayson Iroff

Date:
June 19, 2023



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Presentation Outline

PART 1	Introduction
PART 2	University Financial Structure
PART 3	Education & General Budget Analysis
PART 4	Auxiliary Budget Analysis
PART 5	Contracts & Grants Budget Analysis
PART 6	Remaining Fund Types
PART 7	Fiscal Year 2024 Budget Overview & Approval



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Introduction

Our presentation of the Fiscal Year 2024 proposed budget includes revenues & expenses in each fund area.

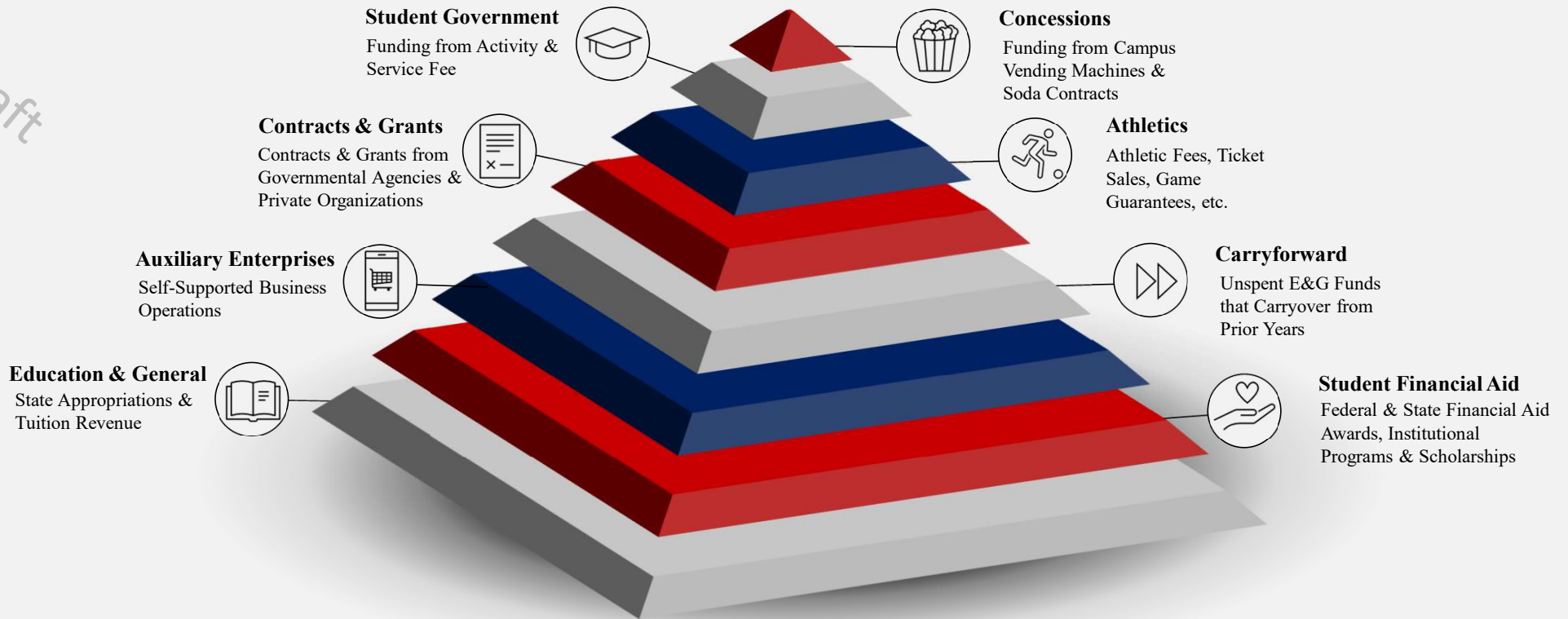
Our projections analyze the different funds while observing key differences from prior year performance. Exploring these key differences allows for a deeper understanding of the financial priorities and goals of each fund area.

This level of analysis also helps to ensure that each fund's budget aligns with the overall strategic objectives of FAU, and that resources are being allocated in a manner that supports FAU's mission and vision.



Florida Atlantic University Financial Structure

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Florida Atlantic University FY24 Budget at Glance

Forge **Your** Path

\$909.9M








Revenues

 417.6M Education & General	 213.0M Student Financial Aid
 136.8M Auxiliary Enterprises	 32.9M Athletics
 99.0M Contracts & Grants	 0.8M Concessions
 9.8M Student Government	



\$914.8M

Expenses

 417.6M Education & General	 213.3M Student Financial Aid
 140.7M Auxiliary Enterprises	 32.9M Athletics
 98.0M Contracts & Grants	 0.8M Concessions
 11.6M Student Government	

7.4% ↑

Increase in University Revenue Budget Since Last Fiscal Year.

12.5% ↑

Increase in Education & General Revenue Budget Since Last Fiscal Year.

15.3% ↑

Increase in Education & General Expenditure Budget Since Last Fiscal Year.

7.9% ↑

Increase in University Expenditure Budget Since Last Fiscal Year.

Education & General Budget Analysis



Revenues

University education & general revenues are comprised of a mix between tuition revenues and state appropriations.



Expenditures

University education & general expenditures flow throughout the university with the top 3 main functional expense categories consisting of instruction, academic support, & institutional support.



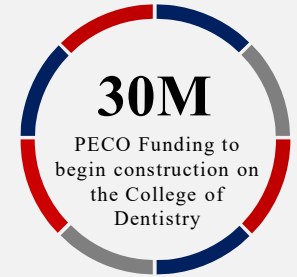
Budget Analysis

Analyzing the trends in tuition revenue and forecasting future growth allows FAU to better align our E&G budget to projected revenue.

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Education & General Revenue, Estimated Additional FY24 Funding Breakdown



This additional funding would add 39.1M into the University's expending power.

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Education & General Revenue, State Appropriations

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(In Millions)

University	FY20	FY21	FY22	FY23	FY24	1-Year % Change
University						
General Revenue	193.6	196.6	197.4	207.2	230.4	11.2
Tuition and Fees	136.1	136.4	136.4	136.4	144.8	6.1
Subtotal	329.7	333.0	333.8	343.6	375.2	9.2
Medical School						
General Revenue	16.5	16.6	16.7	16.7	21.7	29.9
Tuition and Fees	9.6	10.7	10.7	10.7	10.7	-
Subtotal	26.1	27.3	27.5	27.5	32.5	18.2
Dentistry School						
General Revenue	-	-	-	-	10.0	-
Tuition and Fees	-	-	-	-	0.0	-
Subtotal	-	-	-	-	10.0	-
FAU E&G Revenue Budget	355.8	360.2	361.3	371.1	417.6	12.5

In FY24, we anticipate revenue growth for the university from multiple sources, including enhanced performance funding, tuition revenue growth, operational support for general university purpose, and a College of Nursing enrollment expansion initiative.

The Medical School will also receive additional recurring funding for operational support.

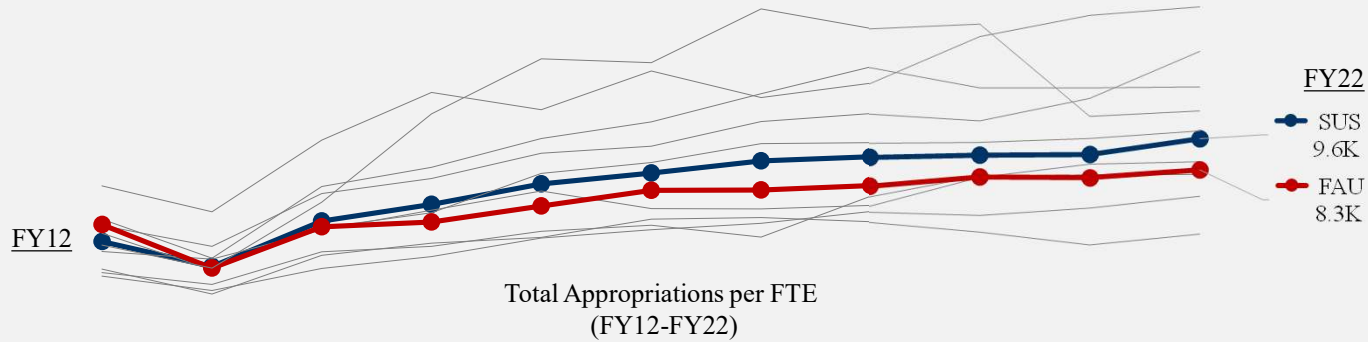
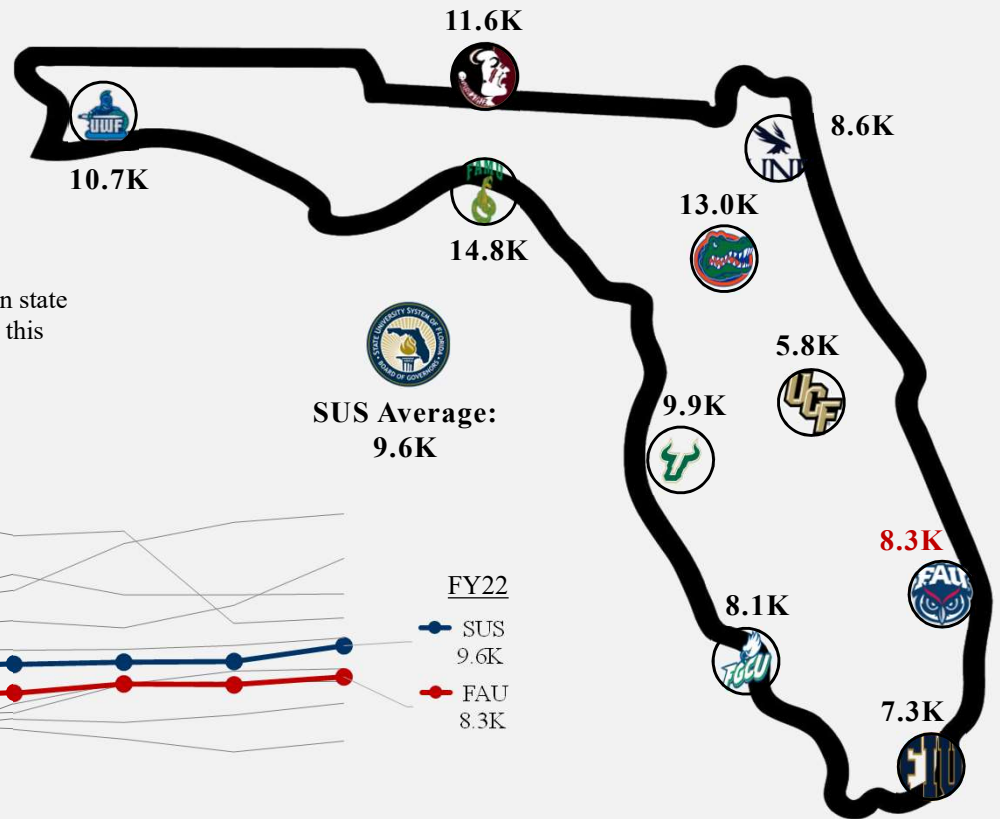
As the FAU College of Dentistry project advances, we are pleased to announce the College will receive operational funding support. This funding will enable the successful implementation and upcoming operation of the college.

Tuition & fees line, including FY 24's 144.8M, is net of tuition waivers

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Education & General, Across the SUS

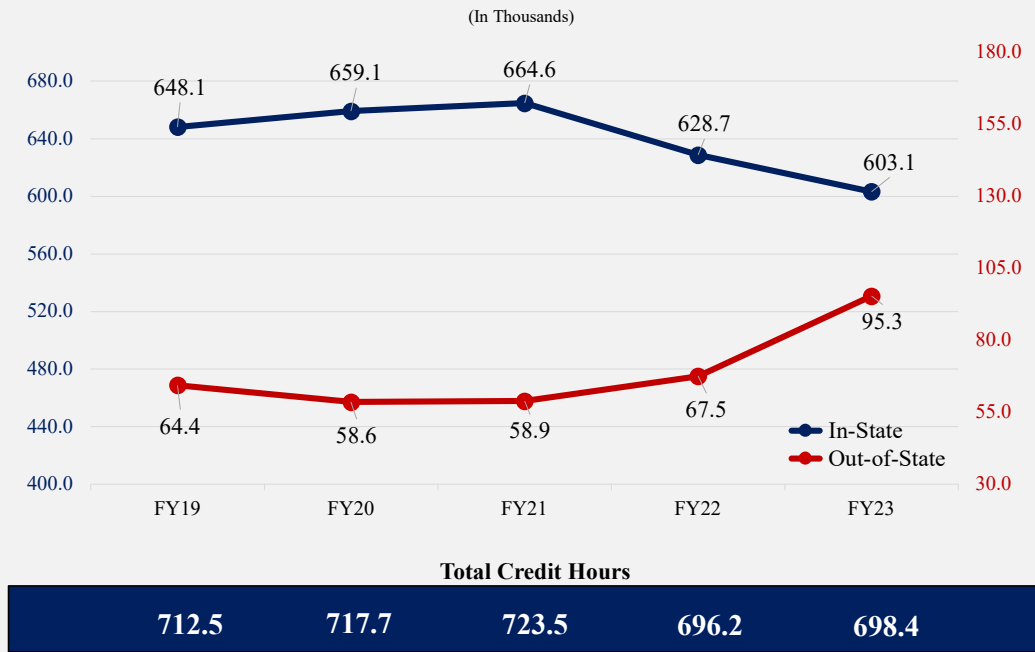
Florida Atlantic University received an average of \$1.2K less per FTE in state appropriations than the State University System average. For reference, this equated to a \$-29.3M funding difference for FAU in FY22.



Education & General, Credit Hours Analysis

(Revenue Driver)

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48.1%

Percent Change of Out-of-State Credit Hours Since Fiscal Year 2019

Currently, the tuition for an out-of-state credit hour is \$599 for an undergraduate and \$928 for a graduate student.

The tuition for an in-state credit hour is \$105 for an undergraduate and \$304 for a graduate student.

(6.9)%

Percent Change of In-State Credit Hours Since Fiscal Year 2019

FAU is investing in attracting more in-state transfers and applications are up for Fall 2023.

(2.0)%

Percent Change in Total Credit Hours Since Fiscal Year 2019

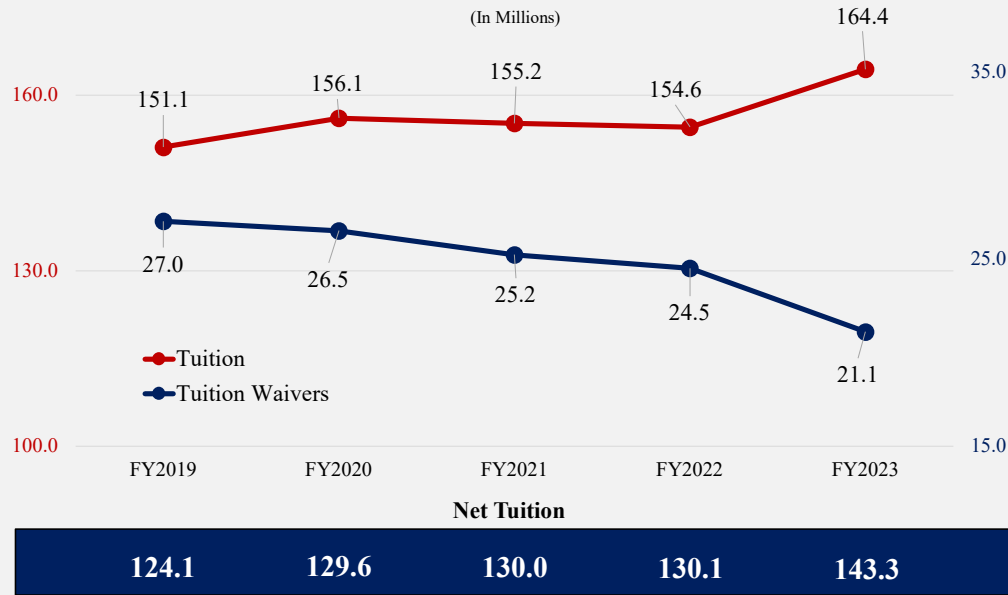
Although out-of-state credit hours have enjoyed a significantly more positive trend than in-state credit hours, in-state credit hours occupy an 86% of the total student credit hour count.

This trend effects our total credit hour output & fee revenue generation.

*Credit hour data includes fundable credit hours & excludes college of medicine
Credit Hours are using preliminary credit hours for summer 1&2, collected on 5/9/2023*

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Education & General, Tuition Revenue Analysis



Tuition is Net of Tuition Waivers and Includes Tuition Differential & Student Fees
Excludes College of Medicine Tuition
Tuition for FY23 is a preliminary number pulled on 5/11/23

8.8%

Percent Growth of Tuition Since Fiscal Year 2019

Additional revenue generated shows the strength of our out-of-state credit hour increase.

(21.9)%

Percent Change of Tuition Waivers since Fiscal Year 2019

Tuition Waivers have seen a decline in FY23 partly due to the \$0 out-of-state fee for graduate teaching assistants.

50.5M

Out-of-State Tuition Collected in FY23 Excluding Tuition Differential & Student Fees

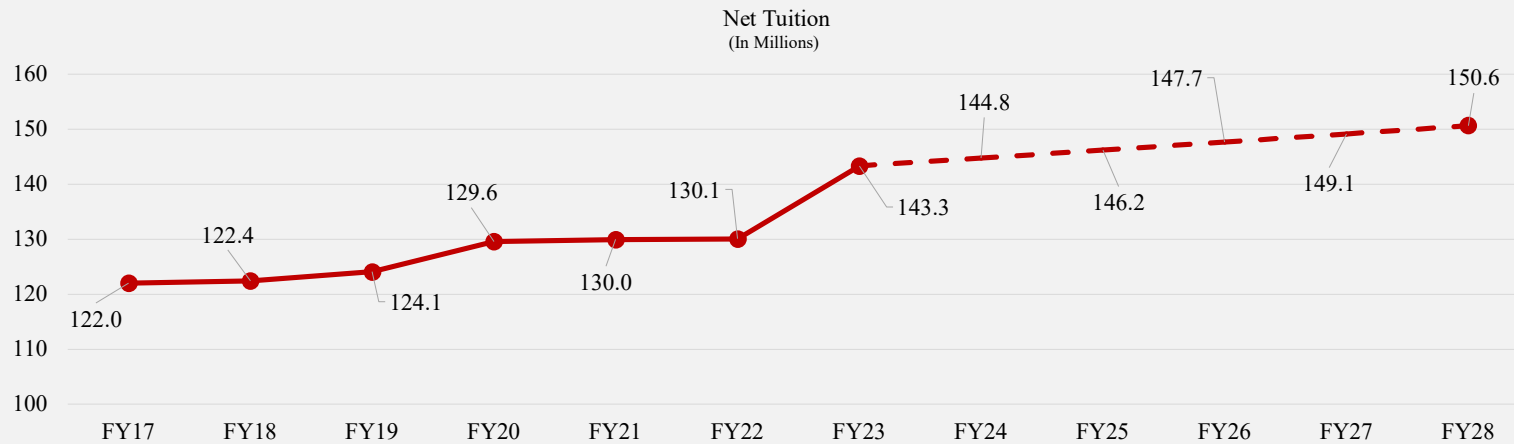
\$50.5M represents a 48.5% positive change in out-of-state tuition from fiscal year 2019

82.1M

In-State Tuition Collected in FY23 Excluding Tuition Differential & Student Fees

\$82.1M represents a 6.7% negative change in in-state tuition from fiscal year 2019

Education & General Tuition Projections



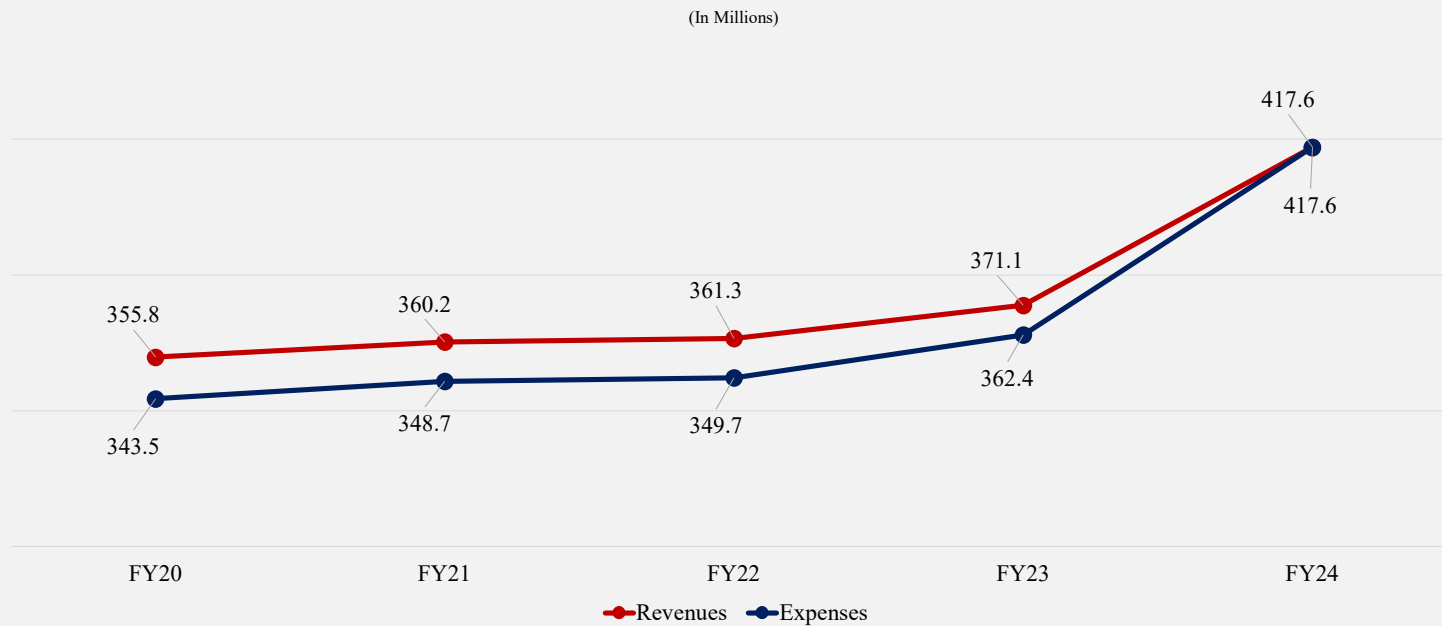
Residency/Class Level	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
In-State	648.1	659.1	664.6	628.7	603.1	609.2	615.3	621.4	627.6	633.9
Out-of-State	64.4	58.6	58.9	67.5	95.3	96.3	97.2	98.2	99.2	100.2
Total SCH	712.4	717.7	723.5	696.2	698.4	705.4	712.5	719.6	726.8	734.1

*Tuition is Net of Tuition Waivers & Includes Tuition Differential & Student Fees
Excludes College of Medicine Tuition
Tuition for FY23 is a preliminary number pulled on 5/11/23*

Education & General FY24 Revenues Vs. Expenses

In FY24, we have budgeted to spend an equal amount to our revenues. Not all budgeted expenditures are recurring expenses, as there were additional one-time funds issued to the university.

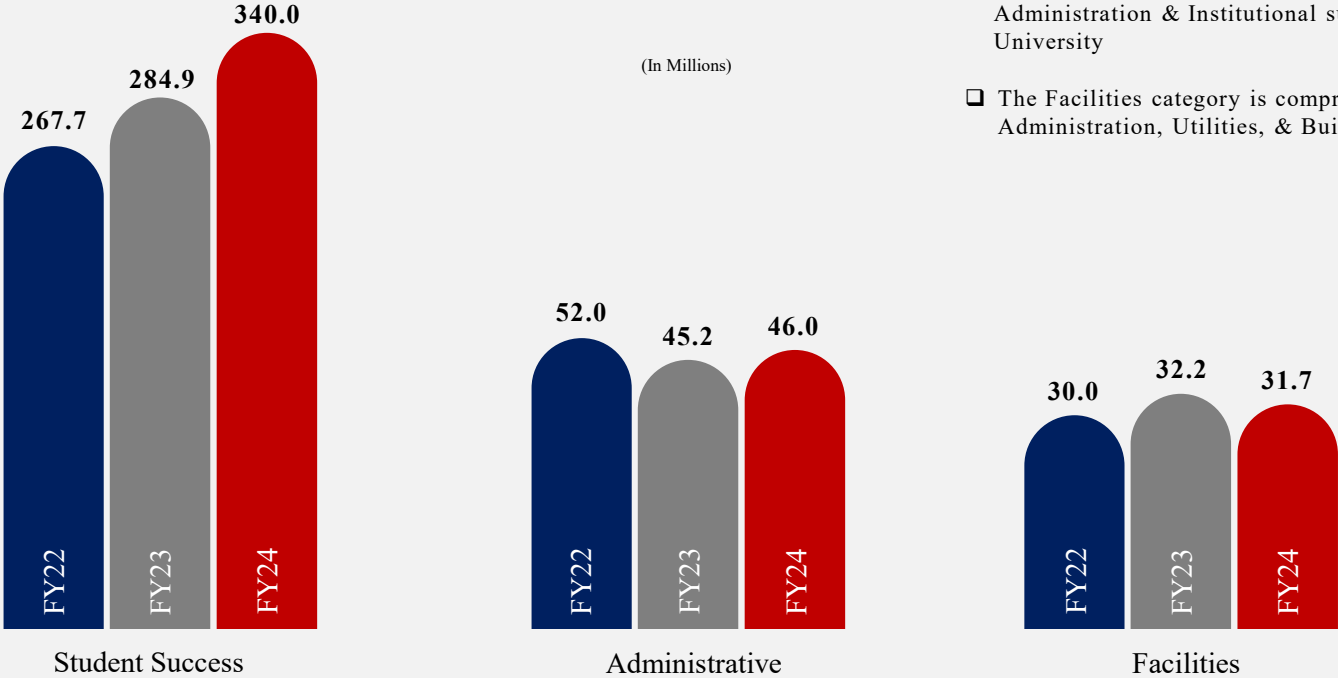
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Education & General Budget

Investing in Student Success

(Expenses by Functional Categories)



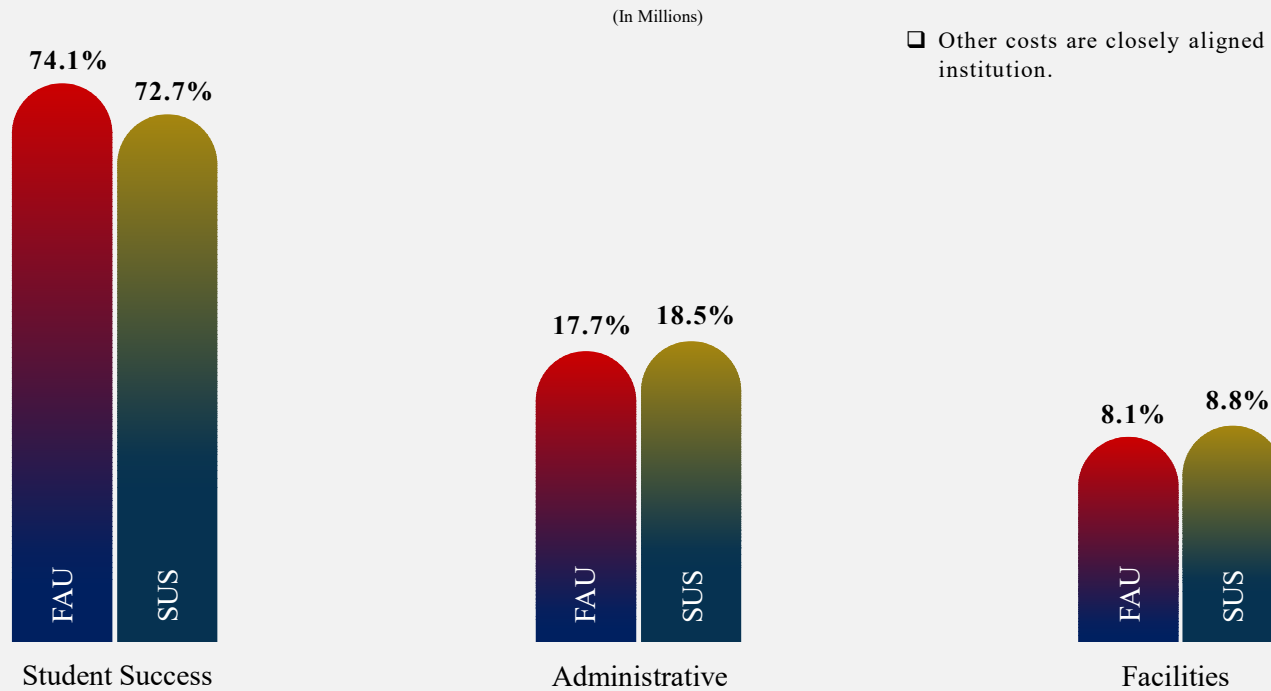
- ❑ The Student Success category is comprised of Instruction, Research, Advising, Financial Aid, Career Placement, Institutes and Research Centers & Other Student Services
- ❑ The Administrative category is comprised of General Administration & Institutional support across the University
- ❑ The Facilities category is comprised of Plant Administration, Utilities, & Building Maintenance

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Includes both reoccurring & non-reoccurring funding

Education & General Budgeted Expenses by Functional Categories Across the SUS (FY23 Budget)

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- ❑ FAU has made significant advancements in promoting student success through various initiatives. Notably, in the previous fiscal year we allocated a greater proportion of our budget towards supporting our students compared to the average allocation of the SUS.
- ❑ Other costs are closely aligned with the average SUS institution.

University Auxiliaries Budget Analysis



Revenues

University auxiliaries must accurately budget their revenues to plan for future expenses and make the necessary investments into their businesses.



Expenditures

University auxiliaries are expected to be financially self-sufficient.



Budget Analysis

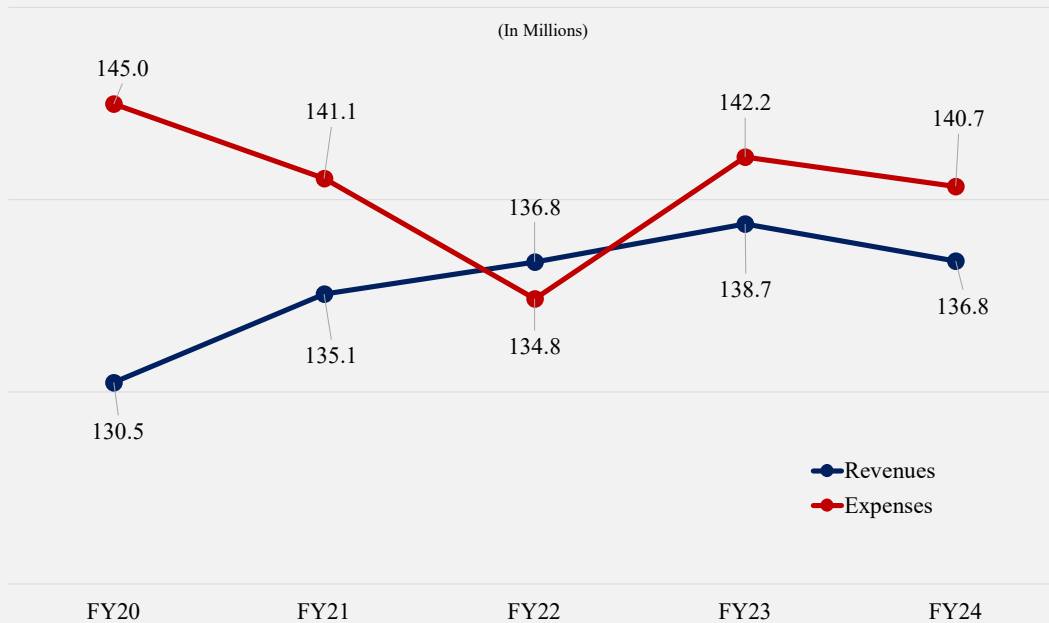
Analyzing the variance between budget and actuals will ensure the financial health and sustainability of each university auxiliary service.



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University Auxiliaries Trend Analysis

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4.8%

Percent Growth of
Revenue Since Fiscal
Year 2020

(3.0)%

Percent Growth of
Expenditures Since
Fiscal Year 2020

University Auxiliaries consist of self-supporting business operations.

Historically, the expense budget has been higher on average than the revenue budget and this is due to programs utilizing fund balances.

Excludes HEERF lost revenue drawdown of 43.1M during FY22 & FY23

Excludes HEERF lost revenues budgeted expenditures, consisting of a remaining 18.7M budgeted to expend this upcoming FY24

Budget Items Remaining

Contracts & Grants Budget

The contracts & grants budget consists of funding from federal agencies, state agencies, foundations, & private sources that enable the university to conduct specific research projects or to provide specific non-research services.

Remaining Fund Types

The remaining fund types are:

- Student Financial Aid
- Athletics
- Student Government
- Concessions

University Direct Support Organizations

FAU's direct support organizations include the following:

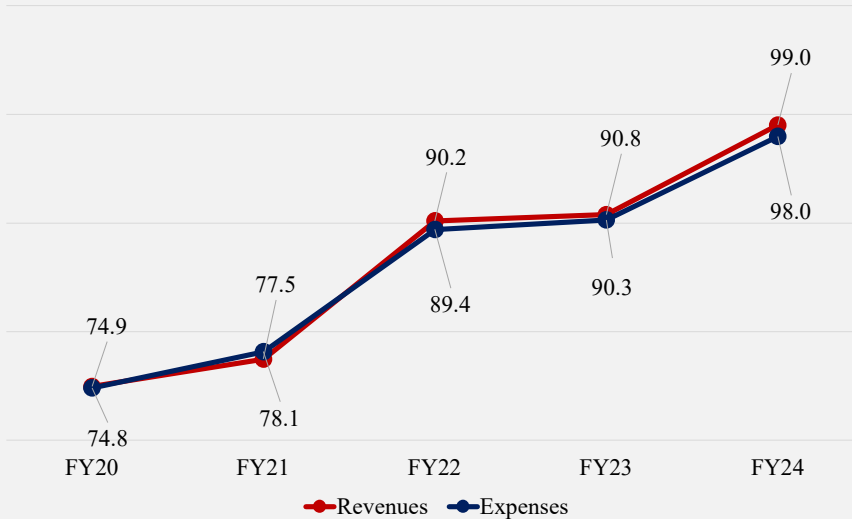
- FAU Foundation
- FAU Finance Corp.
- FAU Research Corp.
- FAU HBOI
- FAU CPO



Contracts & Grants Budget Trend Analysis

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Total Contracts & Grants Budget
(In Millions)



*BSA – Base Student Allocation
**FTE – Full Time Equivalent

Sponsored Funded & DOR Operations

Projected revenues for Q1 and Q2 have increased due to an 11% rise in the value of sponsored proposals and a 10% increase in sponsored awards when compared to the same quarters in the previous fiscal year.

Henderson School

FY23 to FY24 revenue variance is due to BSA* & FTE** enrollment, while the expense variance is due to promotions & mandated salary increases.

FAU Foundation

FAU Foundation is expecting additional gifts in the upcoming fiscal year leading to further annual budget growth.

Sponsored Funded & DOR Operations	FY20	FY21	FY22	FY23	FY24
Revenues	53.8	53.6	64.9	64.4	70.7
Expenses	53.8	55.2	64.9	64.4	70.7
Henderson School	FY20	FY21	FY22	FY23	FY24
Revenues	9.6	10.8	10.9	11.0	12.3
Expenses	9.5	9.9	10.1	10.5	11.2
FAU Foundation	FY20	FY21	FY22	FY23	FY24
Revenues	11.6	13.0	14.4	15.3	16.1
Expenses	11.6	13.0	14.4	15.3	16.1

Student Financial Aid, Concessions, & Student Government

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Student Financial Aid

	FY20	FY21	FY22	FY23	FY24
Revenues	203.9	206.9	209.0	209.0	213.0
Expenses	203.8	207.0	209.0	209.3	213.3

Student Financial Aid

Expense budget estimated based on projected revenue budget and enrollment growth. Expenses are usually higher than revenue due to student disbursements happening prior to the department of education drawdown.

Student Government

Student Government did not meet its targeted revenue in FY23 and expects enrollment to be flat in FY24, leading to a reduction in their projected budget for FY24.

Student Government

	FY20	FY21	FY22	FY23	FY24
Revenues	9.2	9.4	9.8	10.1	9.8
Expenses	10.0	11.5	11.4	11.7	11.6

Concessions

	FY20	FY21	FY22	FY23	FY24
Revenues	0.6	0.8	0.6	0.6	0.8
Expenses	0.6	0.8	0.6	0.6	0.8

Concessions

The concessions budget has been raised due to multiple initiatives, including tech runway, CoM events, presidential search, and expos for recruiting new freshmen.

(In Millions)

Athletics

20%

5 Year Revenue Growth

Comprehensive Athletics Budget Including Student Scholarship Support					
	FY20	FY21	FY22	FY23	FY24
Athletics Fund Revenues	31.2	31.7	31.9	34.3	37.4
Athletics Expenses	31.2	31.7	31.9	34.3	37.4

9%

1 Year Revenue Growth



Direct Support Organization Actual & Budgeted Efforts Use of University Property, Facilities & Personnel

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Fiscal Year 2023 Projected

DSO	Property	Facilities sq. ft.	No. of Personnel	Personnel Cost
FAUF	\$0	2,269	21	\$1,683,029
FAUFC	-	-	-	-
FAURC	-	-	4	\$62,182
HBOIF	-	-	-	-
CPO	\$6,611	17,219	10	\$131,046

Under Board of Governors regulation, the university documents and reports the above actual usage of university time and effort provided to the Direct Support Organizations to support the purpose for and value of such services.

CPO Lease Cost:

Primary Care: \$25.67 per SqFt through 9/30/23, then \$26.03 per SqFt 10/1/23 – 9/30/24
 Integrative Health: \$24.29 per SqFt through 9/30/23, then \$24.90 per SqFt 10/1/23 – 9/30/24

In FY23, CPO reported \$6.6K for last year's amortization. No property was purchased.

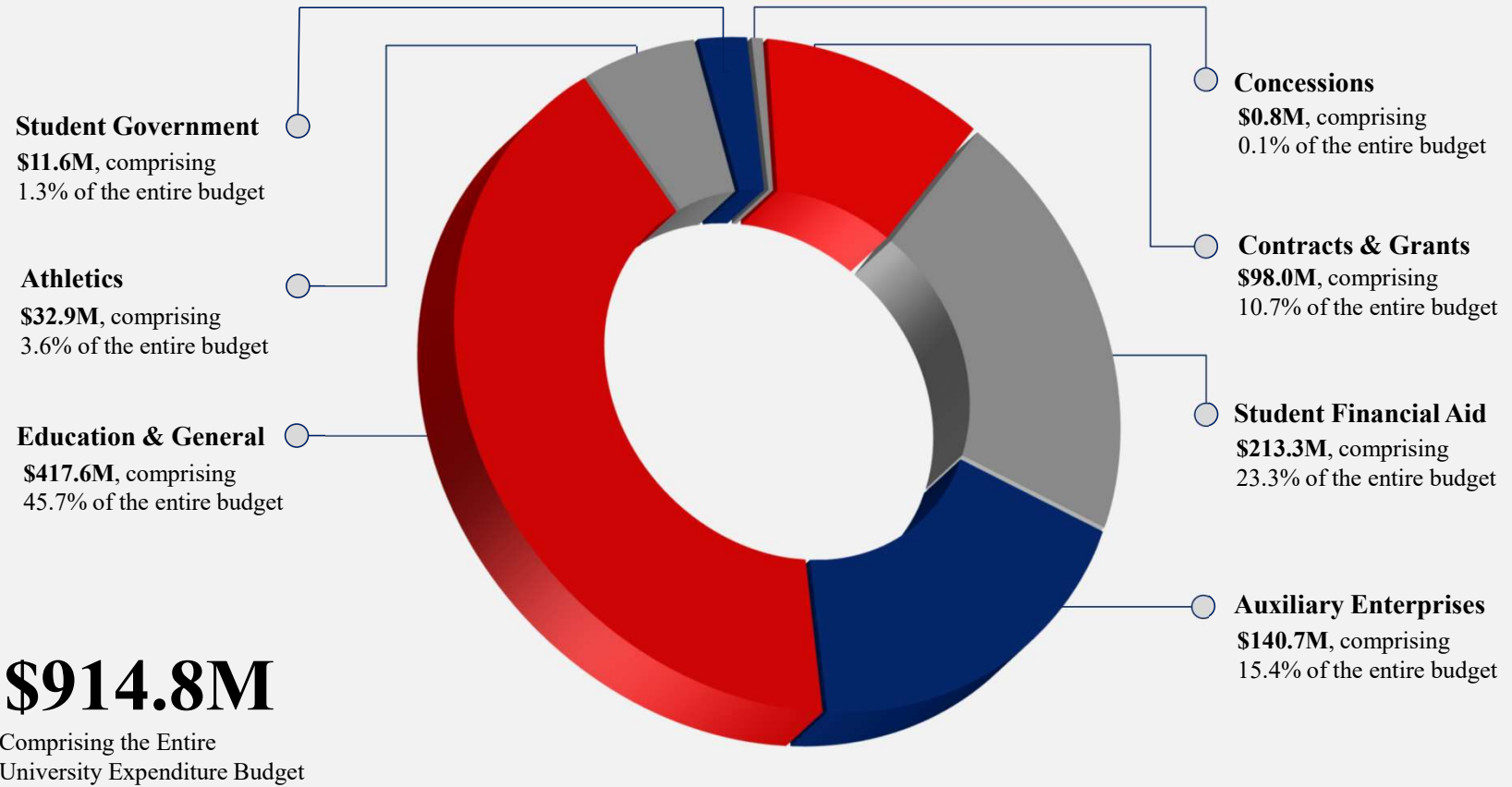
Fiscal Year 2024 Budget

DSO	Property	Facilities sq. ft.	No. of Personnel	Personnel Cost
FAUF	\$0	2,269	21	\$1,922,063
FAUFC	-	-	-	-
FAURC	-	-	4	\$62,182
HBOIF	-	-	-	-
CPO	\$0	19,848	10	\$128,360

The university documents for the Trustees' consideration and approval of DSO anticipated use of university resources, at least on an annual basis, before the use occurs. Trustees-approved documentation should identify the positions of the employees who will provide personal services, the square footage of the office space and related buildings that will be used by the respective DSOs, and the value of such use.

Fiscal Year 2024 University Operational Expenditure Budget

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Fiscal Year 2024 Budget Overview & Approval

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Fund Type	FY24
Educational & General	417.6
Student Financial Aid	213.3
Contracts & Grants	98.0
Auxiliary Enterprises	140.7
Athletics	32.9
Student Government	11.6
Concessions	0.8
Total	914.8

This represents Florida Atlantic University's 2023-24 Proposed Operating Budget which is now presented to the board of Trustees for approval. The Operating Budget consists of Educational and General; Student Financial Aid; Contracts & Grants; Auxiliary Enterprises; Athletics Local; Student Government; Concessions; and Lost Revenue Usage.

In addition, the approval will 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.

Thank You

