



Item: AF: A-7

AUDIT AND FINANCE COMMITTEE

Tuesday, June 19, 2012

SUBJECT: REQUEST FOR APPROVAL OF FLORIDA ATLANTIC UNIVERSITY'S 2012-13 OPERATING BUDGET.

PROPOSED COMMITTEE ACTION

Recommend approval of FAU's 2012-13 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

July 1, 2012.

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, 2012.

Supporting Documentation: PowerPoint Presentation: FAU 2012-13 Budget Presentation.

Presented by: Mr. Dennis Crudele, Senior Vice President for Financial Affairs **Phone:** 561-297-3267

FLORIDA ATLANTIC UNIVERSITY

2012-13

OPERATING BUDGET

FLORIDA ATLANTIC UNIVERSITY 2012-13 OPERATING BUDGET EXECUTIVE SUMMARY

The 2012-13 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 Senior Staff and the Board of Trustees Committees. Finally, the operating budget is formally approved and adopted by the full Board of Trustees.

FAU's 2012-13 Expenditure Operating Budget totals \$638,163,592, an increase of 4.8 percent over the prior year. In order to accurately reflect total revenues within each budgetary component, the 2012-13 budget reflects transfers between units.

FLORIDA ATLANTIC UNIVERSITY 2012-13 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 \$238,728,591 in estimated expenditures and reflects a net decrease of 1.2 percent over the previous year. The College of Medicine increased by \$2,266,178 and all other FAU E&G funding decreased by \$5,281,848 which resulted in a net change of (\$3,015,670).

Consistent with the “Special Category” allocation model of other Medical Colleges within the State University System (SUS), the State of Florida Legislature disaggregated the FAU College of Medicine from the FAU total university allocation in 2012-13.

Other key components of this budget include a fifteen percent tuition differential increase for all undergraduate students who qualify for the tuition differential assessment, an 8% tuition increase for non-resident undergraduate/graduate/professional students, and the cost to continue prior budgetary appropriations.

FLORIDA ATLANTIC UNIVERSITY 2012-13 OPERATING BUDGET EXECUTIVE SUMMARY

Educational and General Legislative Funding Detail

<u>Education & General</u>	<u>2011-12</u>	<u>2012-13</u>	<u>Difference*</u>
General Revenue	\$ 113,925,755	\$ 91,510,614	(\$22,415,141)
Lottery	<u>18,199,057</u>	<u>13,896,935</u>	<u>(4,302,122)</u>
Sub-total GR & Lottery	\$ 132,124,812	\$105,406,549	(\$26,717,263)
Tuition and Fees	<u>\$ 94,910,244</u>	<u>\$116,345,659</u>	<u>\$ 21,435,415**</u>
Total	\$ 227,035,056	\$221,753,208	(\$ 5,281,848)

2012-13 Overall Reduction

Operating Reduction (above)	(\$ 5,281,848)
Experiential Education – FAU/AMI	(\$ 1,500,000)
Tuition Differential to Financial Aid	<u>(3,950,776)</u>
Total FAU E&G Reduction	<u>(\$ 10,732,624)</u>

* Excludes College of Medicine Allocation

**This is the authority to collect student tuition. The University must collect the tuition in order to spend. If we do not collect this amount, it will result in an additional reduction in our 2012-13 budget.

FLORIDA ATLANTIC UNIVERSITY 2012-13 OPERATING BUDGET EXECUTIVE SUMMARY

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 \$193,986,305 in projected expenditures, an increase of 11.2 percent over the prior year.

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 \$64,748,439 in projected expenditures, an increase of 4.7 percent over the prior year.

Auxiliary Enterprises: The Auxiliary Enterprises Budget is comprised of business and enterprise operations that are self-supporting through user fees, payments, and charges. The range of operations include auxiliaries such as food service, traffic and parking, housing, 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 \$107,309,457 in projected expenditures, an increase of 4.6 percent over the prior year.

FLORIDA ATLANTIC UNIVERSITY 2012-13 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 \$22,969,903 in projected expenditures, an increase of 25.9 percent over the prior year. The significant increase in expenditures in 2012-13 is due largely to inclusion of the second year stadium operation with total of \$5,413,850 in expenses, including \$2,620,085 budgeted for debt service payments on the stadium.

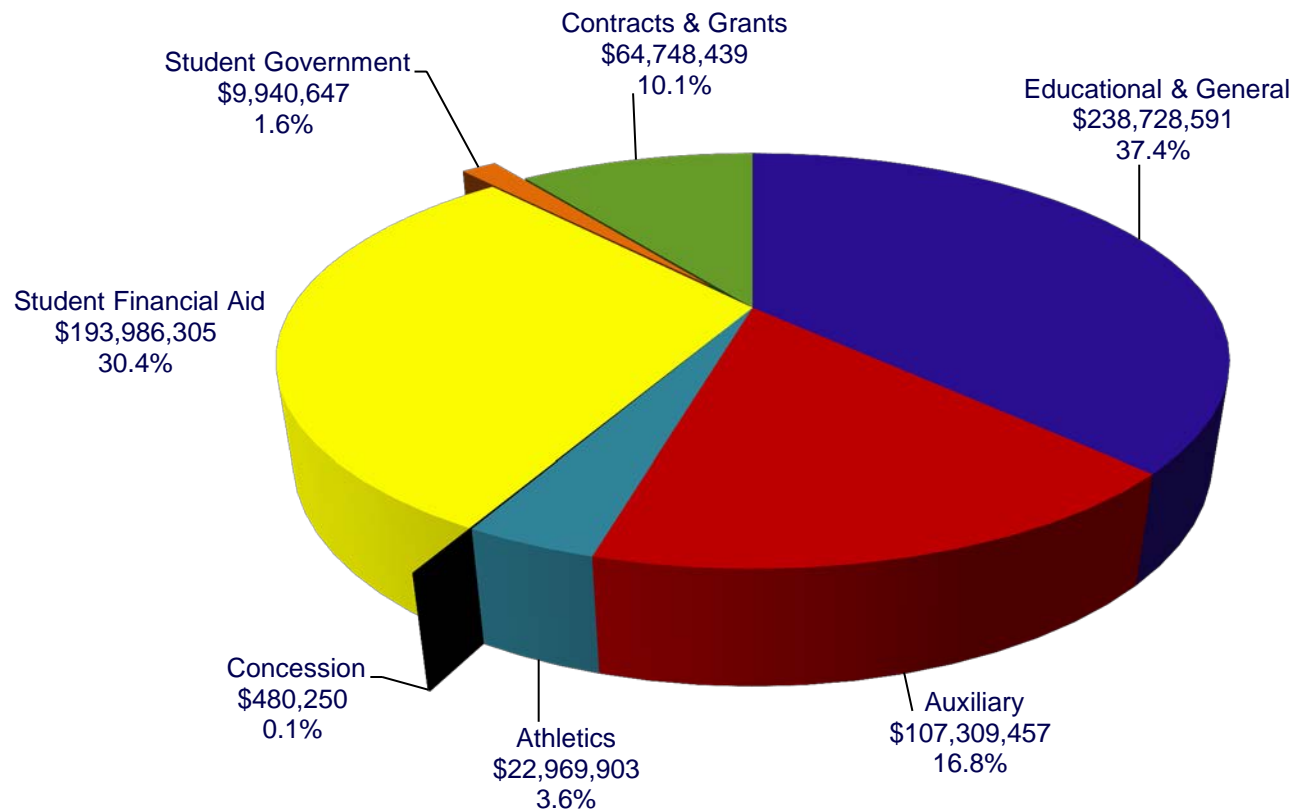
Student Government: The Student Government Budget is comprised of funding from the activity and service fee paid by students and well as other types of club and program income. The Student Government Budget totals \$9,940,647 in projected expenditures, an increase of 3 percent over the prior year due to the anticipated new and growing campus life programs, services, activities and projects.

Concessions: The Concessions Budget is comprised of funding derived from concessions operations such as soft drink and snack vending machines. The Concessions Budget totals \$480,250 in projected expenditures.

FLORIDA ATLANTIC UNIVERSITY 2012-13 OPERATING BUDGET EXECUTIVE SUMMARY

<u>EXPENDITURE BUDGET</u>	<u>2011-12 Adjusted Budget</u>	<u>2012-13 Proposed Budget</u>	<u>Percentage Change</u>
Educational & General	\$ 241,532,283	\$ 238,728,591	(1.2)
Student Financial Aid	174,483,578	193,986,305	11.2
Contracts & Grants	61,868,134	64,748,439	4.7
Auxiliary Enterprises	102,608,700	107,309,457	4.6
Athletics			
Athletics Operations	15,707,021	17,556,053	
Stadium Operations	2,534,843	2,793,765	
Stadium Debt Services	<u>0</u>	<u>2,620,085</u>	
Total Athletics	18,241,864	22,969,903	25.9
Student Government	9,651,114	9,940,647	3.0
Concessions	<u>500,250</u>	<u>480,250</u>	<u>(4.0)</u>
TOTAL	\$ 608,885,923	\$ 638,163,592	4.8

FLORIDA ATLANTIC UNIVERSITY 2012-13 OPERATING BUDGET - \$638,163,592 EXECUTIVE SUMMARY



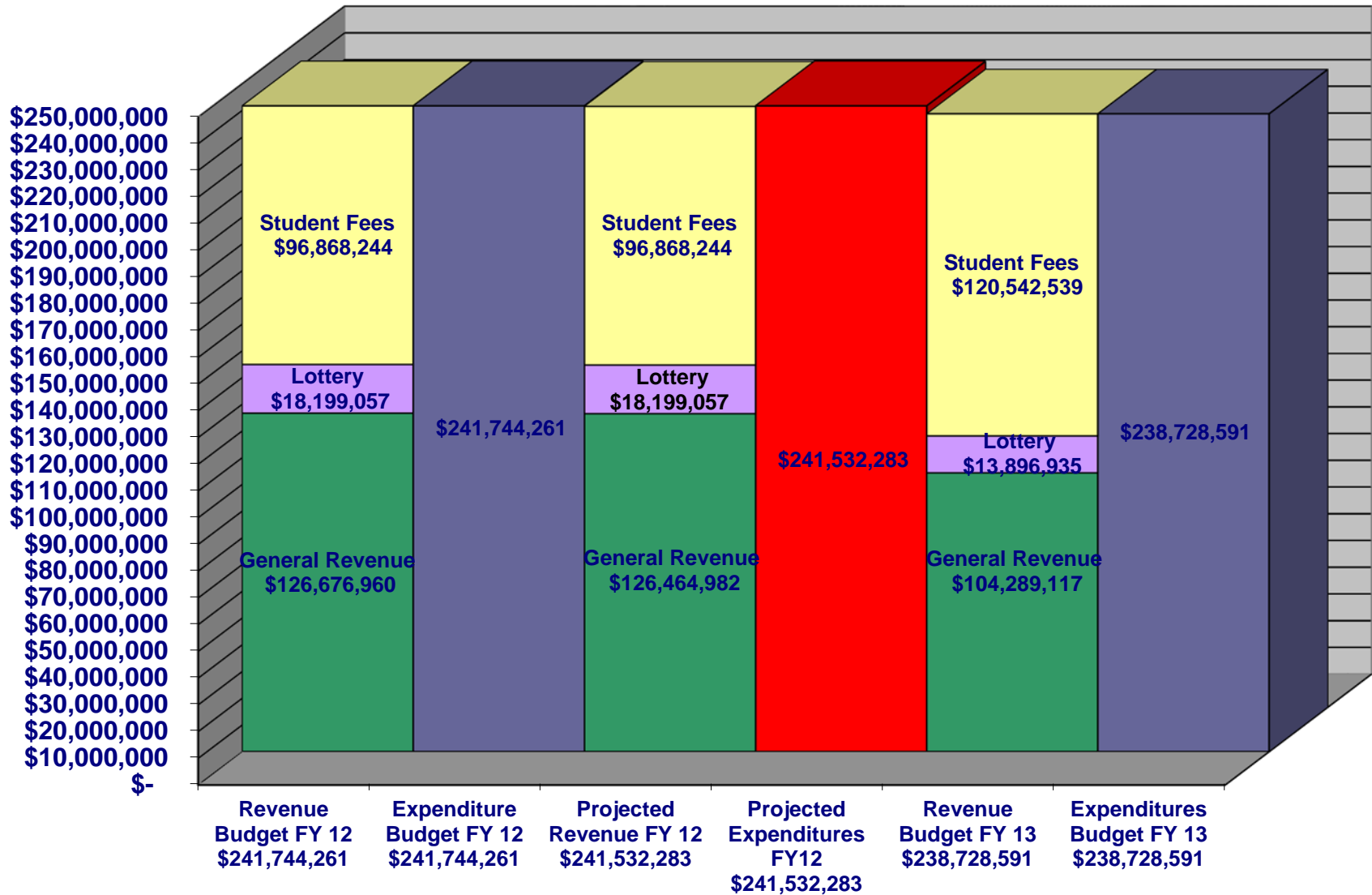
FLORIDA ATLANTIC UNIVERSITY 2012-13 OPERATING BUDGET

EDUCATIONAL & GENERAL BUDGET

2012-13 BOT Expenditure Budget

	<u>University</u>	<u>Medical School</u>	<u>Total FAU</u>
2011-12 E&G Operating Expenditure Budget	227,035,056	14,709,205	241,744,261
Recurring/Non-recurring/Discretionary			
General Revenue/Lottery			
Operating Reduction	(24,790,484)		(24,790,484)
ORP Contribution Rates Adjustment	(2,535,802)	(156,148)	(2,691,950)
FRS Retirement System - Normal Costs	531,420	13,579	544,999
Decrease in Allowable Excess Hours Graduate Tuition Increase	(1,040,551)		(1,040,551)
Risk Management Adjustment	(211,978)		(211,978)
BOG Budget Separation of FAU MS	(169,867)	169,867	-
Total	(28,217,262)	27,298	(28,189,964)
Tuition/Fees			-
2011-12 Annualization of Tuition (Fall 2011)	1,130,262		1,130,262
Florida Prepaid Adjustment	(3,674,061)		(3,674,061)
UG Resident @8% (Prior year annualization)	693,304		693,304
Estimated Enrollment Alignments	8,612,748		8,612,748
70% Budget for Tuition Differential @15%	9,218,477		9,218,477
Graduate/Professional/Non-resident Tuition Increase @8%	1,503,909	310,880	1,814,789
Medical School Tuition	-	1,928,000	1,928,000
Total	17,484,639	2,238,880	19,723,519
Recurring/Special Purpose			
Experiential Education Curriculum - FAU/AMI	1,500,000		1,500,000
30% Budget for Tuition Diff @15% Financial Aid	3,950,776	-	3,950,776
2012-13 BOT Expenditure Budget	221,753,209	16,975,383	238,728,592
2012-13 Base Decrease	(5,281,847)	2,266,178	(3,015,669)
Pass Through FAU/AMI	(1,500,000)		
Special Purpose/Tuition Diff.	(3,950,776)		
2012-13 Total Base Reduction	(10,732,623)		

FLORIDA ATLANTIC UNIVERSITY EDUCATIONAL AND GENERAL 2012-13 OPERATING BUDGET WITH PRIOR YEAR COMPARISON

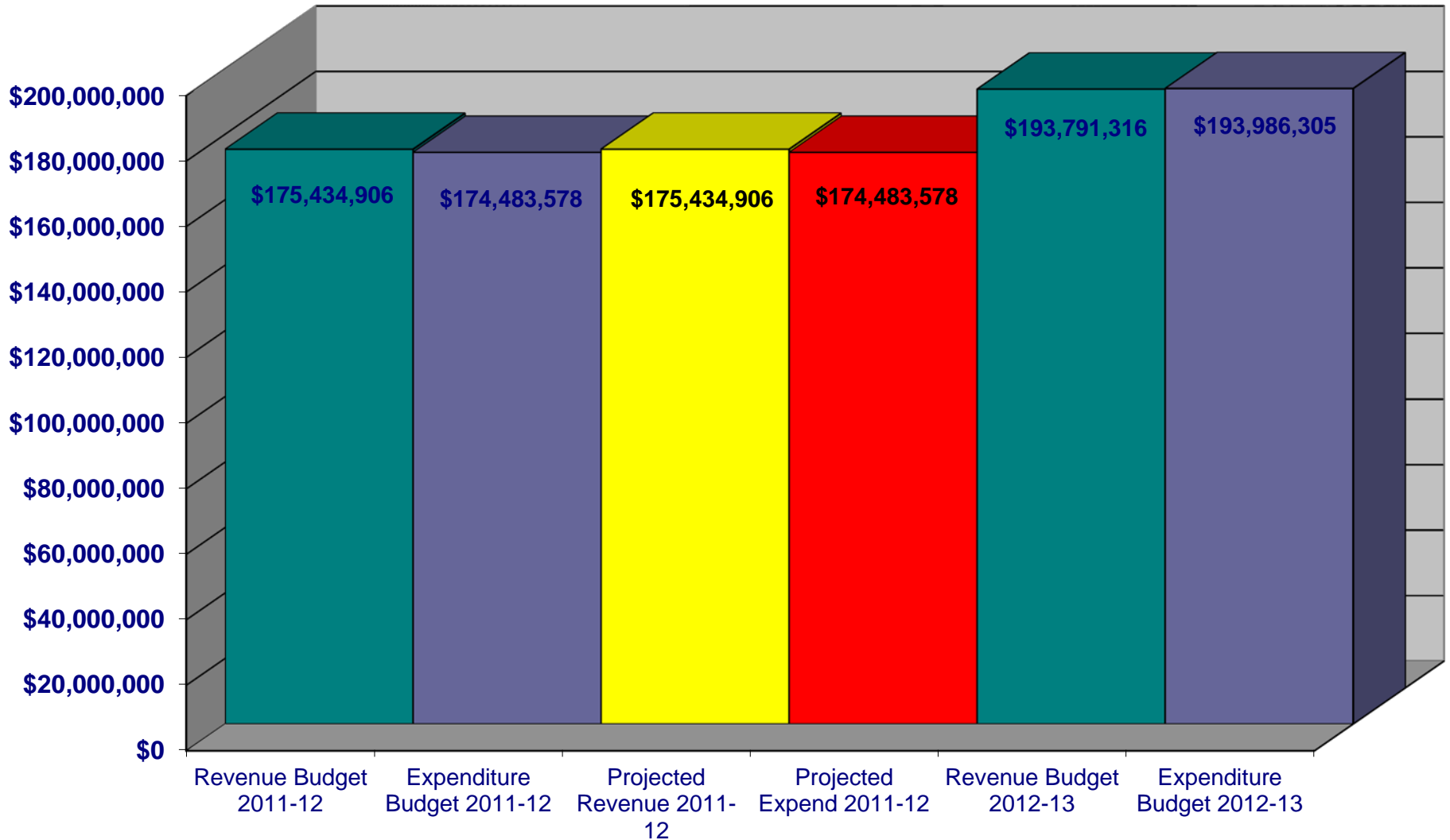


THE STUDENT FINANCIAL AID BUDGET CONSISTS OF:

- **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:**
 - **\$ 5.16 Undergraduate In-State**
 - **\$29.85 Undergraduate Out-of-State**
 - **\$15.18 Graduate In-State**
 - **\$46.37 Graduate Out-of-State**

FLORIDA ATLANTIC UNIVERSITY STUDENT FINANCIAL AID 2012-13 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



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.**

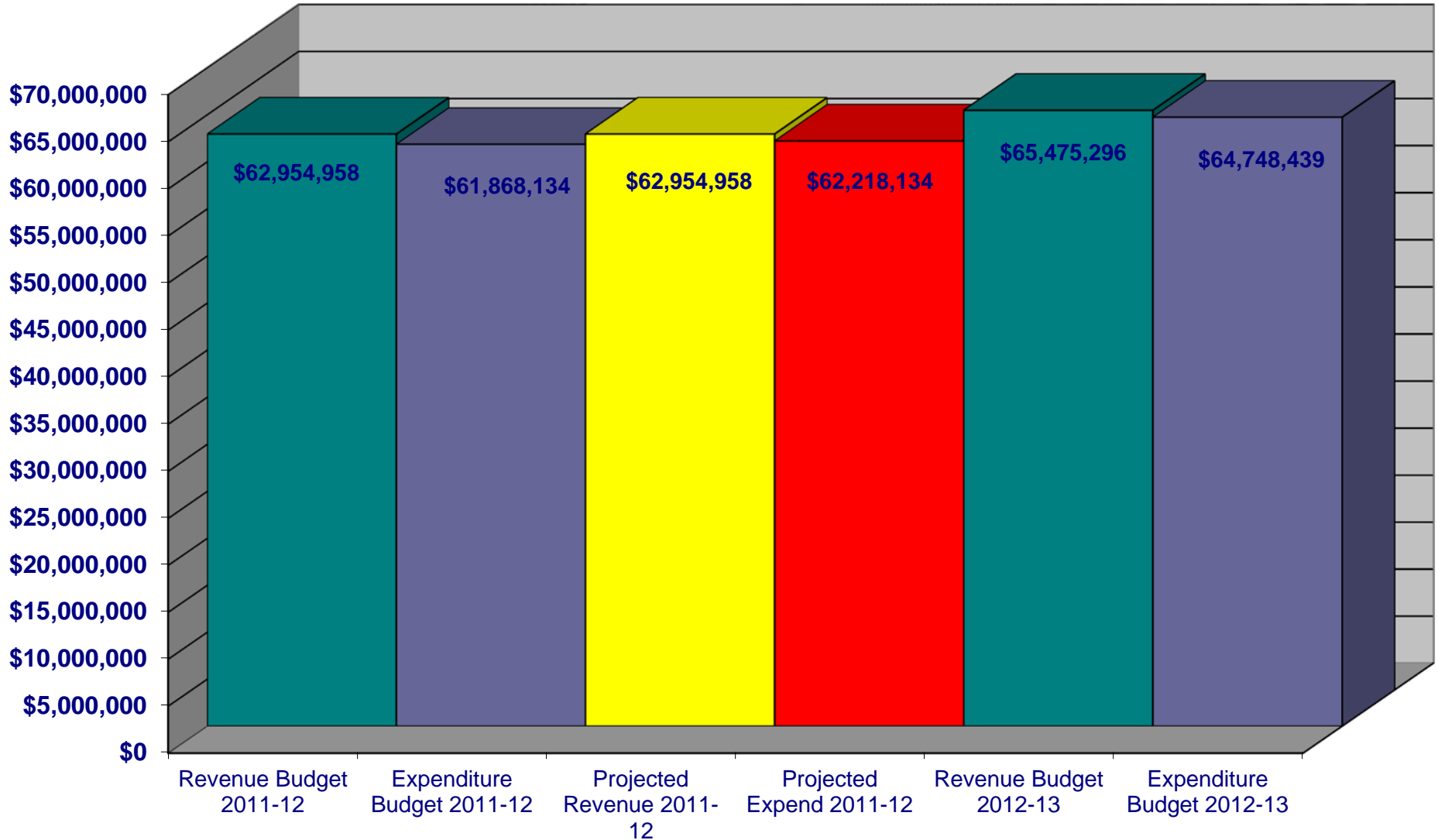
CONTRACTS AND GRANTS HIGHLIGHTS

- The 2012-13 operating budget represents an increase of 4.7 percent from the prior year to accurately reflect the level of grant funding projected for the year.

- Expenditures:

• Sponsored Research	\$52,600,000
• FAU Foundation, Inc.	5,855,890
• HBOI Foundation	166,911
• A. D. Henderson School	<u>6,125,638</u>
Total	\$64,748,439

FLORIDA ATLANTIC UNIVERSITY CONTRACTS AND GRANTS 2012-13 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



THE AUXILIARY ENTERPRISES BUDGET CONSISTS OF:

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

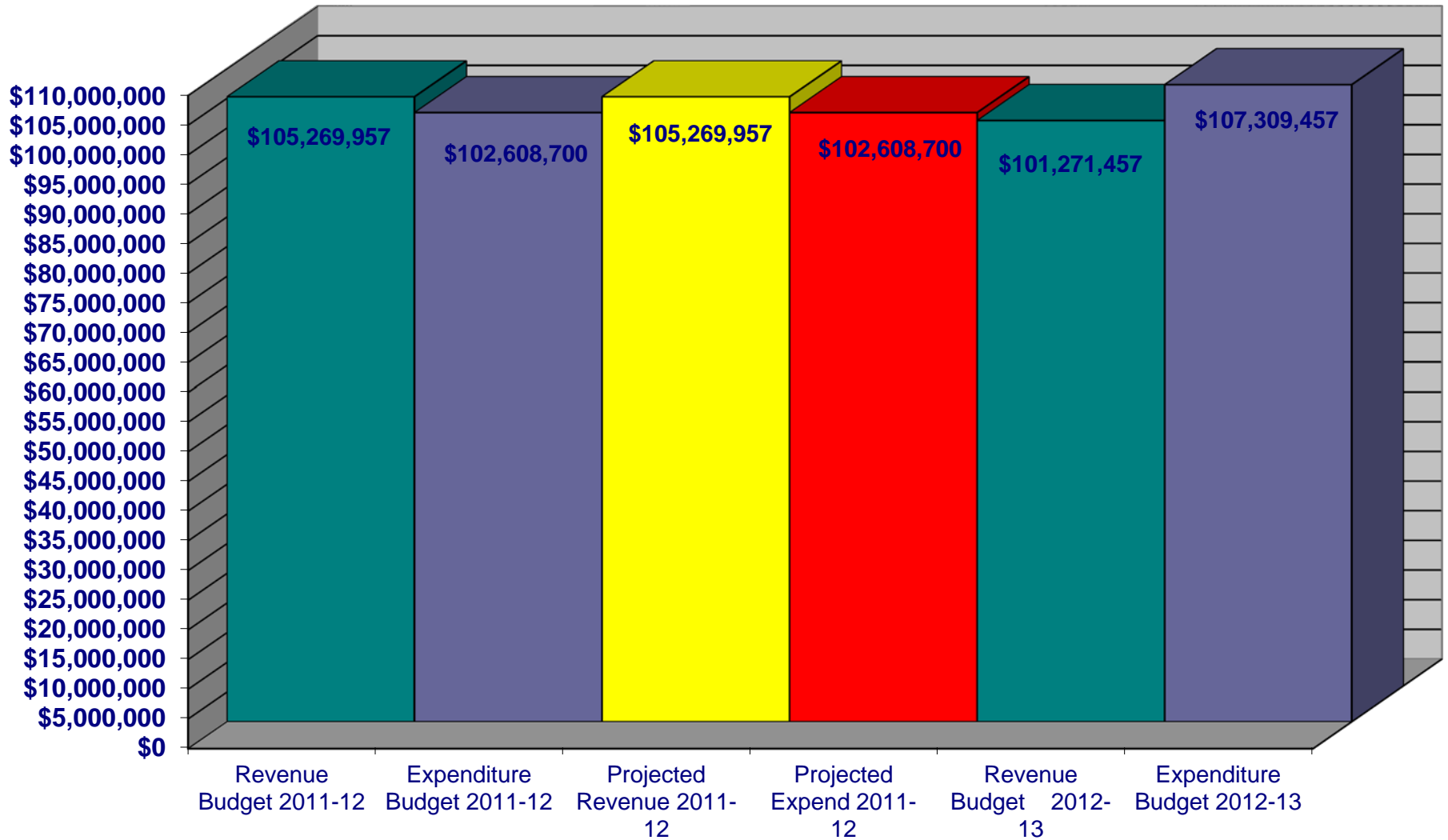
- **Food Services**
- **Housing**
- **Bookstore**
- **Printing/Duplicating**
- **Telecommunications**
- **Lifelong Learning Society**
- **Ocean Engineering Boat**
- **HBOI Auxiliary Operations**
- **Postal Services**
- **Student Health Center**
- **Traffic and Parking**
- **Student Center**
- **College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

AUXILIARY ENTERPRISES HIGHLIGHTS

The 2012-13 budget reflects an increase of 4.6 percent which includes transfer authority.

The budget increase includes the growing activities for the weekend programs in College of Business, College of Education, Housing, Traffic and Parking, and the new Center for e-Learning.

FLORIDA ATLANTIC UNIVERSITY AUXILIARY ENTERPRISES 2012-13 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



THE ATHLETICS BUDGET CONSISTS OF:

- **The Athletics Operating Budget supports the University's student athletics program. Funding is generated from student athletics fees (\$17.27 per-credit hour, which is a five percent increase from 2011-12) 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 \$247,246 in State Educational and General Title IX Gender Equity funding and \$1,054,111 in out-of-state waiver authority and financial aid.**

ATHLETICS BUDGET HIGHLIGHTS

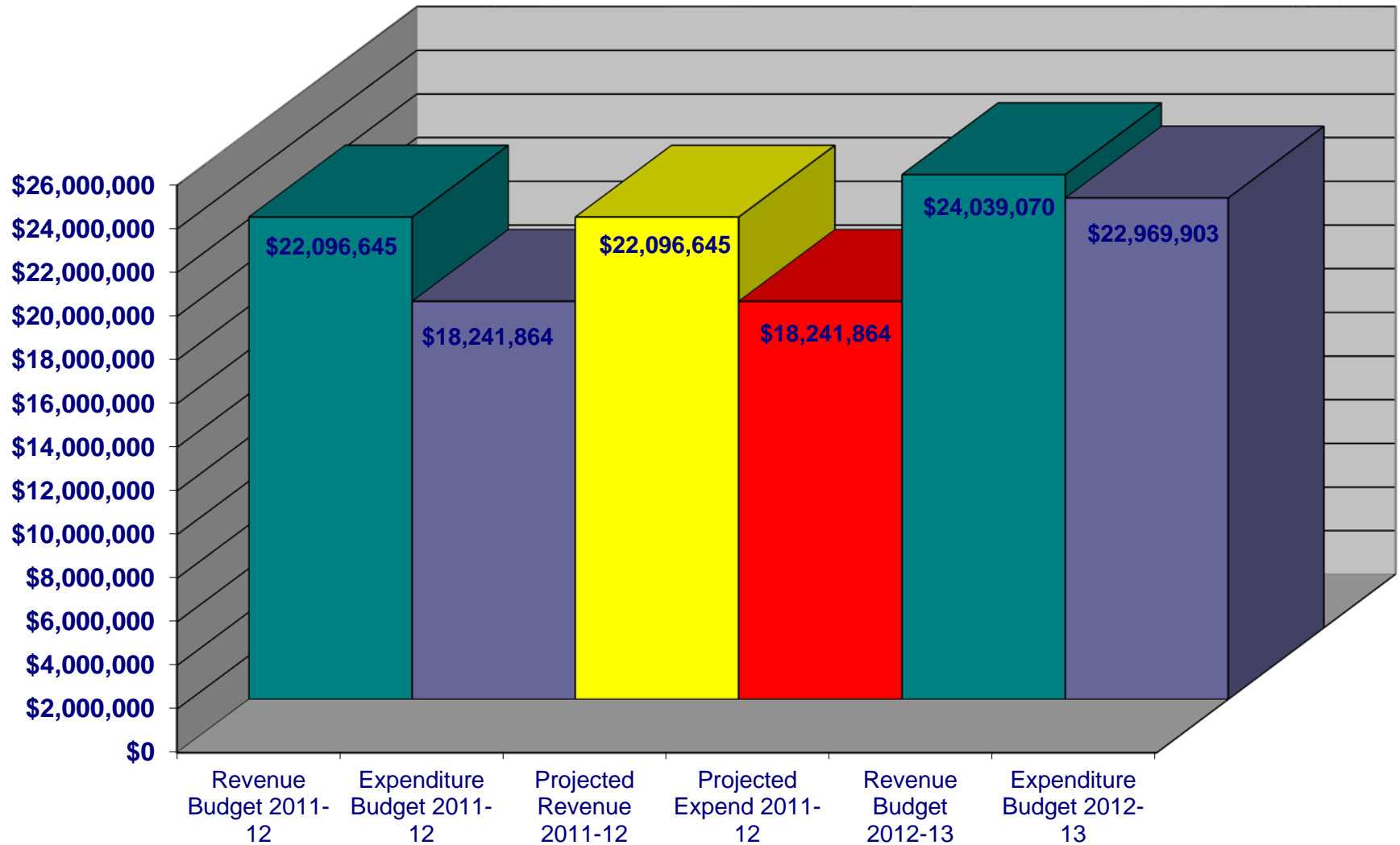
- **Projected expenditures for 2012-13 total \$22,969,903, \$17,556,053 for Athletics operations and \$5,413,850 for the new Stadium operation.**
- **A table depicting revenues and expenditures for both Athletics Operations and Stadium Operations follows to bring clarity to the overall budget for Athletics.**

2012-13 Athletics Budget

<u>Revenue Budget</u>	<u>Athletic Operations</u>	<u>Stadium Operations</u>	<u>Total</u>
Ticket Sales/Other Event-Tickets	200,000	2,195,394	2,395,394
Game Guarantees	1,850,500	1,000,000	2,850,500
NCAA/Conference Dist.	900,000	-	900,000
Student Fees	10,144,521	535,370	10,679,891
Development/Corporate Sales	450,000	1,553,322	2,003,322
Catering/Concessions/Novelties	-	500,745	500,745
Facilities/Parking	438,000	581,728	1,019,728
Other Miscellaneous Revenue	87,000	42,436	129,436
Premium/Priority Seating	-	1,858,697	1,858,697
Naming Rights	-	400,000	400,000
Institutional Support	1,301,357	-	1,301,357
Transfers In/Out	2,184,675	(2,184,675)	-
Total Revenue	17,556,053	6,483,017	24,039,070
<u>Expenditure Budget</u>			
Salaries and Benefits	6,281,746	338,815	6,620,561
Utilities//Maintenance/Facility Rental	129,556	610,500	740,056
Replacement/Repairs Fund	345,836	350,000	695,836
Game day Expenses	356,546	721,750	1,078,296
Equipment/Supplies/Memberships	768,541	10,500	779,041
Advertising/Promotions	170,459	430,020	600,479
Insurances	424,841	56,650	481,491
Recruiting/Travel	2,613,743	-	2,613,743
Other Expenses	573,941	275,530	849,471
Scholarships/Waivers/Title IX/Financial Aid	5,395,454	-	5,395,454
Game Guarantees	495,390	-	495,390
Debt Service	-	2,620,085	2,620,085
Total Expenditures	17,556,053	5,413,850	22,969,903

FLORIDA ATLANTIC UNIVERSITY ATHLETICS

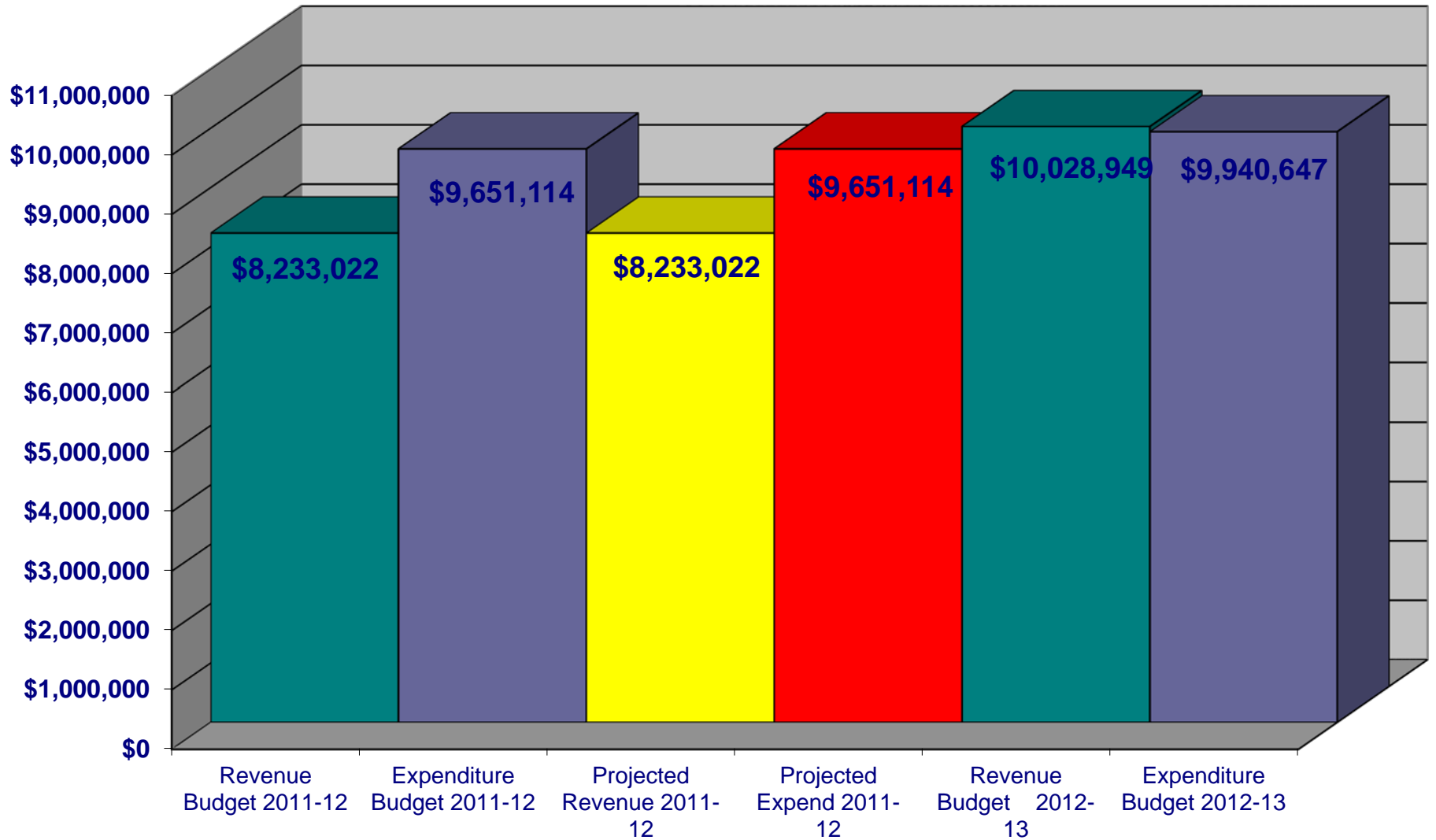
2012-13 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



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 \$12.32 per credit hour generates approximately \$8,121,116.**
- **Other funds available for expenditures include Program Board revenue, homecoming revenue, and available cash balances.**

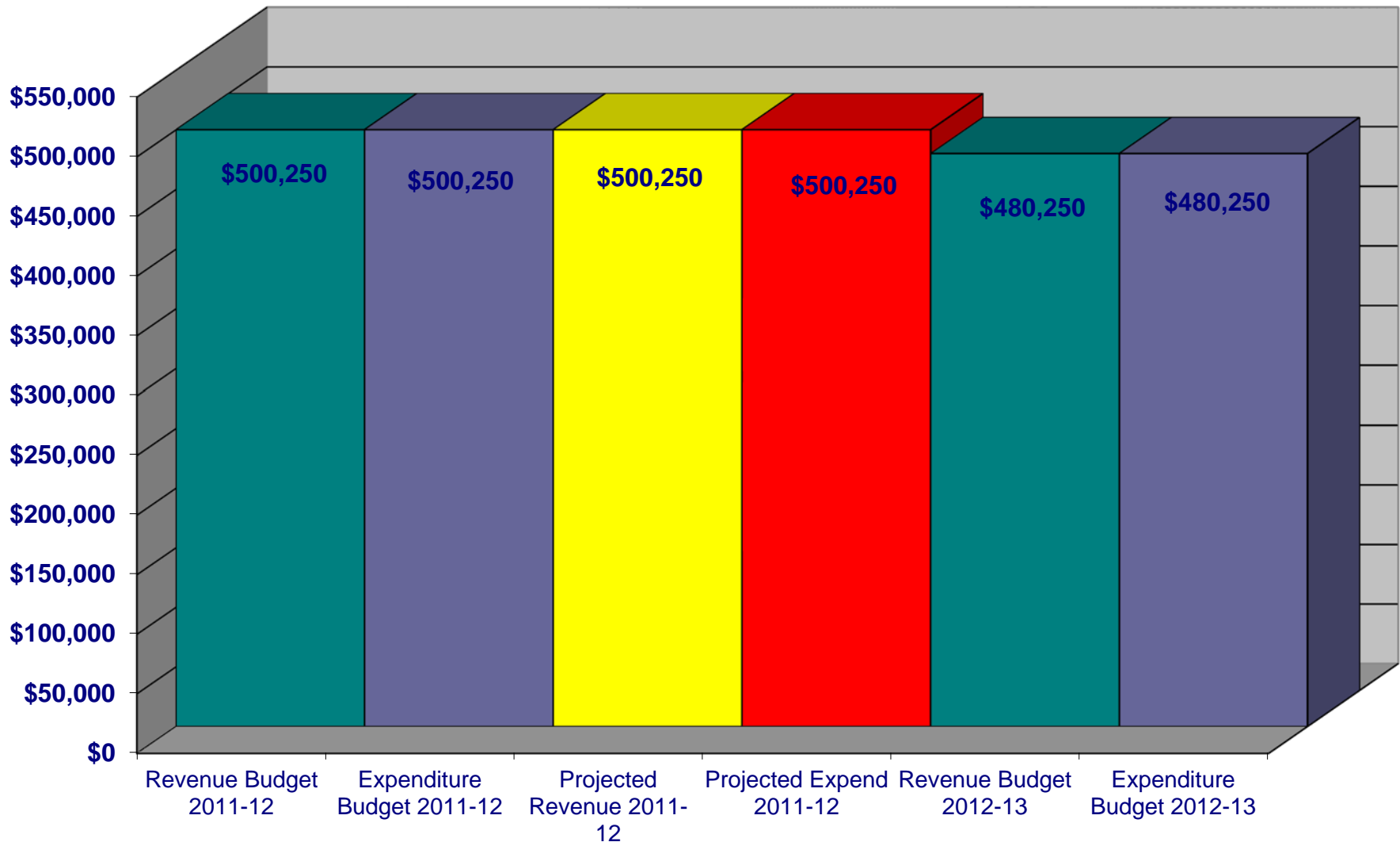
FLORIDA ATLANTIC UNIVERSITY STUDENT ACTIVITIES 2012-13 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



CONCESSIONS BUDGET HIGHLIGHTS

- **The concessions budget for 2012-13 represents a decrease of 4 percent in expenditures.**
- **Revenues are relatively constant and expenditures are projected to be in line with projected revenues.**

FLORIDA ATLANTIC UNIVERSITY CONCESSIONS 2012-13 OPERATING BUDGET WITH PRIOR YEAR COMPARISON



FLORIDA ATLANTIC UNIVERSITY

2012-13

CAPITAL OUTLAY BUDGET

2012-13 CAPITAL OUTLAY BUDGET

	<u>2012-13 Request</u>	<u>2012-13</u>
Scripps	\$2,000,000	\$0
Infrastructure	\$3,092,357	\$0
Infrastructure (2011)	\$3,251,463	\$0
BOG Infrastructure*	<u>\$0</u>	<u>\$392,000</u>
 Total	 <u>\$8,343,820</u>	 <u>\$392,000</u>

* Estimated Allocation Pending BOG Approval

2012-13 BUDGET SUMMARY

**OPERATING BUDGET
\$638,163,592**

**CAPITAL OUTLAY
\$392,000**