



Item: BF: A-1

Tuesday, June 4, 2024

SUBJECT: APPROVAL OF THE FAU 2024-25 PROPOSED OPERATING BUDGET.

PROPOSED Board ACTION

Presentation of Florida Atlantic University's 2024-25 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, 2024.

FISCAL IMPLICATIONS

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

Supporting Documentation: Presentation of 2024-25 Proposed Operating Budget

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

Phone: 561-297-3134



Florida Atlantic
University



FINANCIAL AFFAIRS

Annual Budget Report to the Board of Trustees | Fiscal Year 2025

Presented By
Jayson Iroff

Presented To
FAU Board of Trustees

Date
06/04/2024

OUTLINE

3 University Overview

4 FY24 Q3 Financial Performance Update

7 FY25 Operating Budget

9 Education & General

17 Auxiliaries

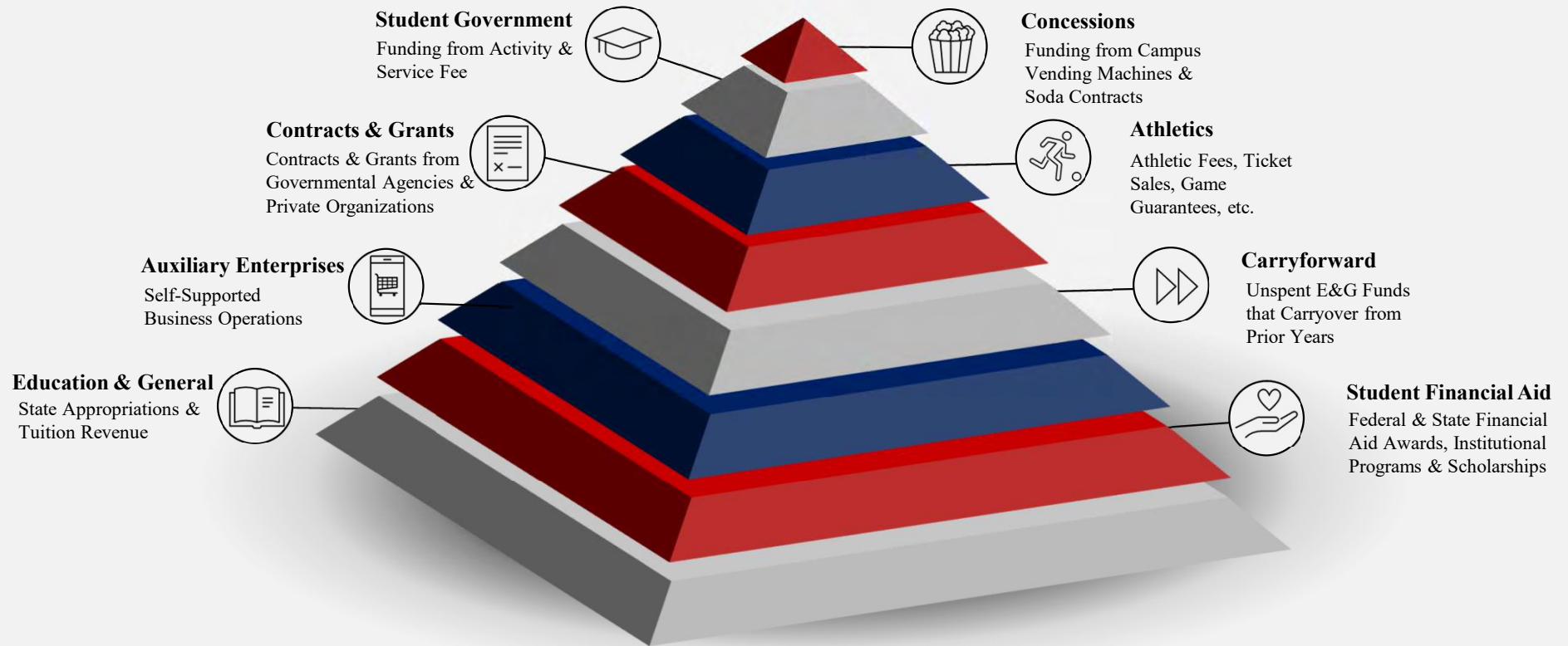
19 Contracts & Grants

21 Remaining Fund Types

25 FY25 Budget Approval

UNIVERSITY OVERVIEW

COLORS OF MONEY



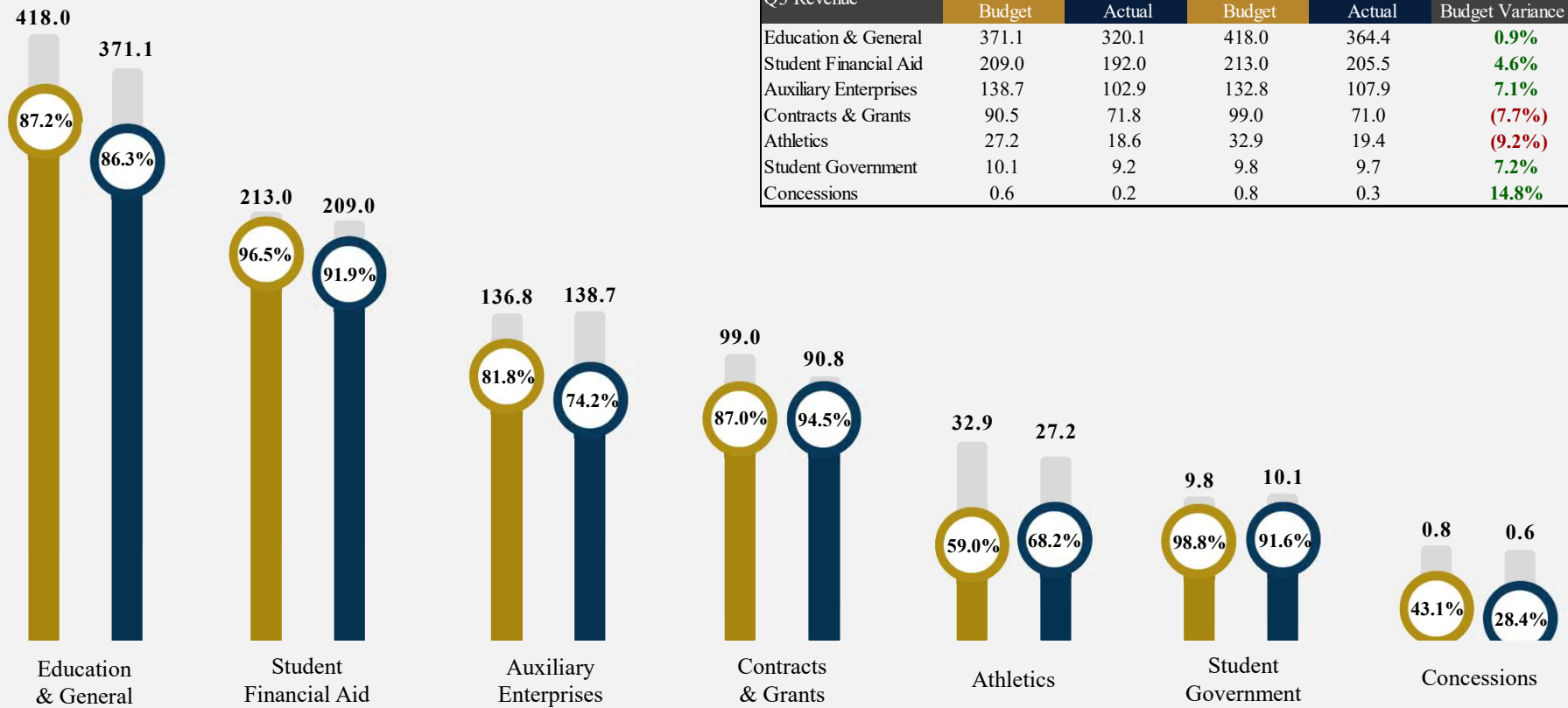
FY24 Q3 FINANCIAL PERFORMANCE UPDATE



FY24 Q3 REVENUE BUDGET TO ACTUALS

FY24 ● FY23 ●

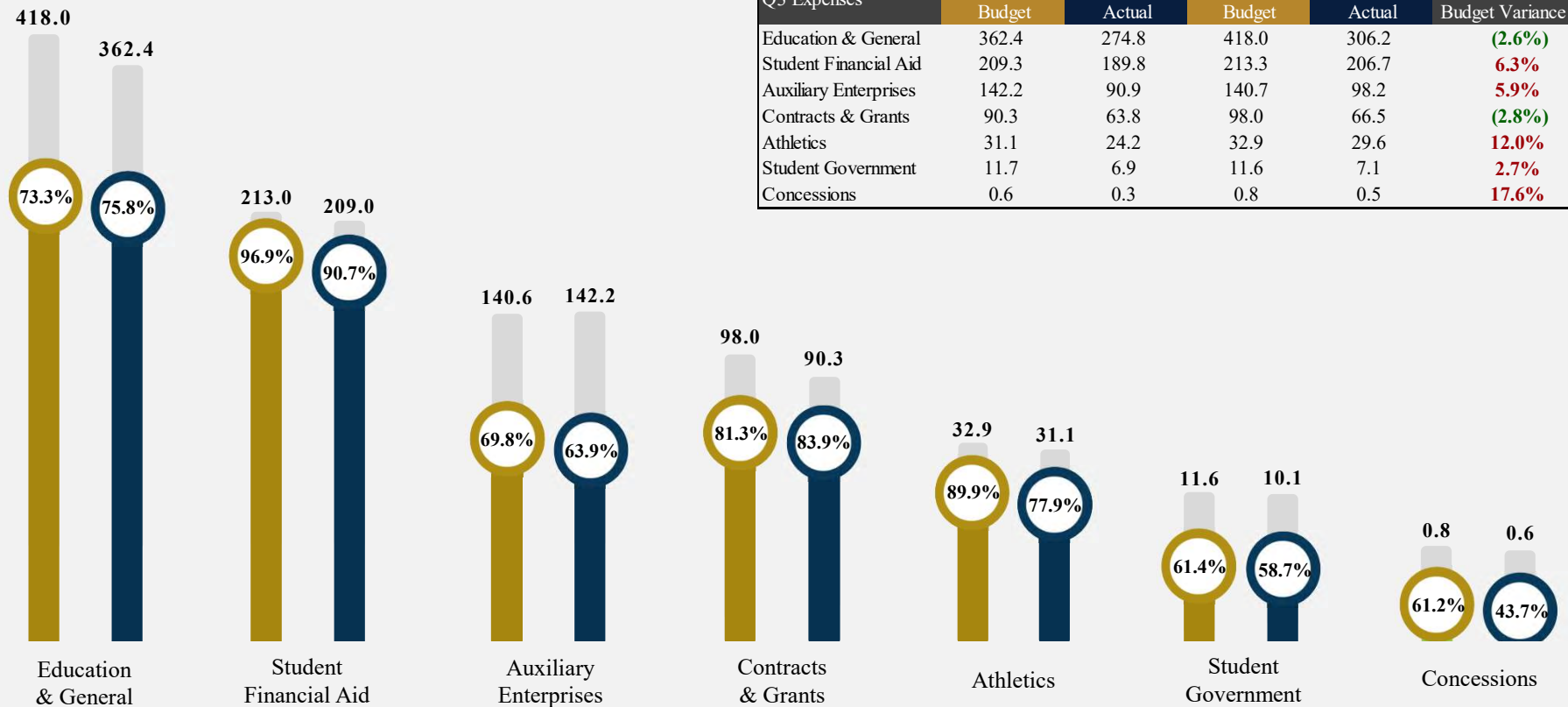
(In Millions)



FY24 Q3 EXPENSE BUDGET TO ACTUALS

FY24 ● FY23 ●

(In Millions)



FY25 OPERATING BUDGET

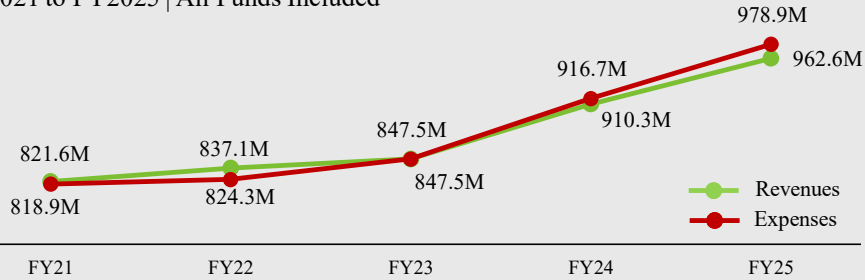


FLORIDA ATLANTIC UNIVERSITY FY2025 BUDGET DASHBOARD



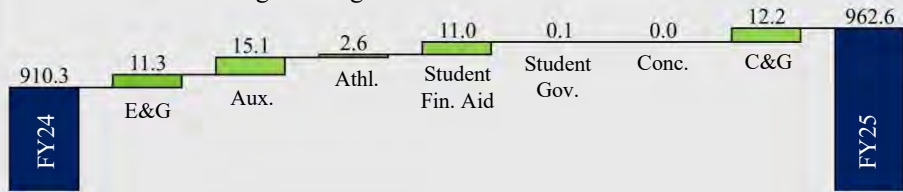
University Budget History | Revenues & Expenses

FY2021 to FY2025 | All Funds Included



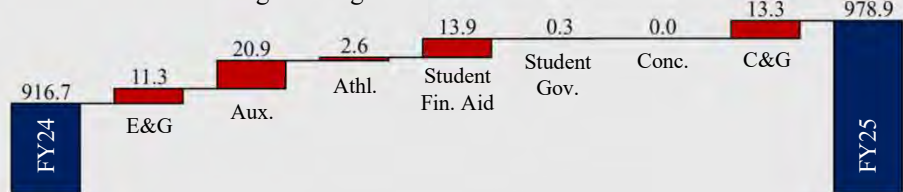
Across The University | Revenue - All Funds

FY2024 to FY2025 Budget Changes



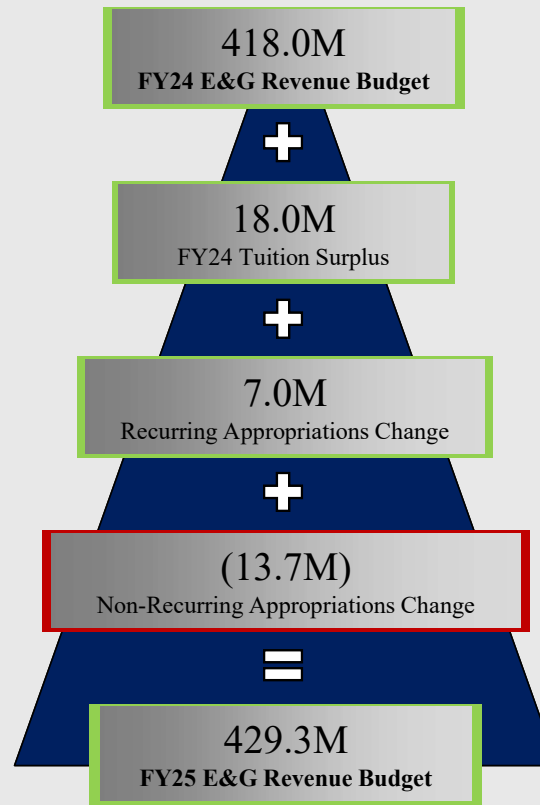
Across The University | Expenses - All Funds

FY2024 to FY2025 Budget Changes



E&G Funding Year-Over-Year Change

FY2024 to FY2025



University Revenue Budget

All Funds Included

962.6M ↑

University Revenue Budget

Year-Over-Year Change

5.7% ↑

University Expense Budget

All Funds Included

978.9M ↑

University Expense Budget

Year-Over-Year Change

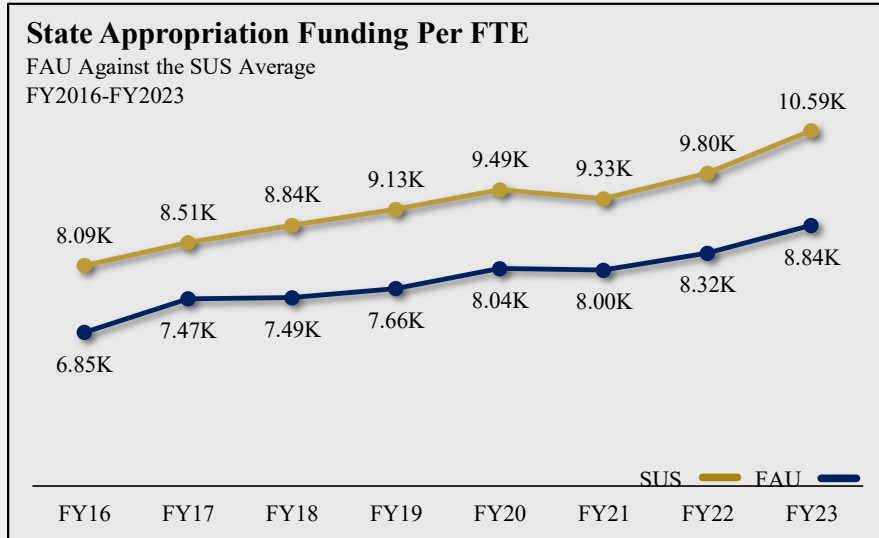
6.8% ↑

EDUCATION & GENERAL

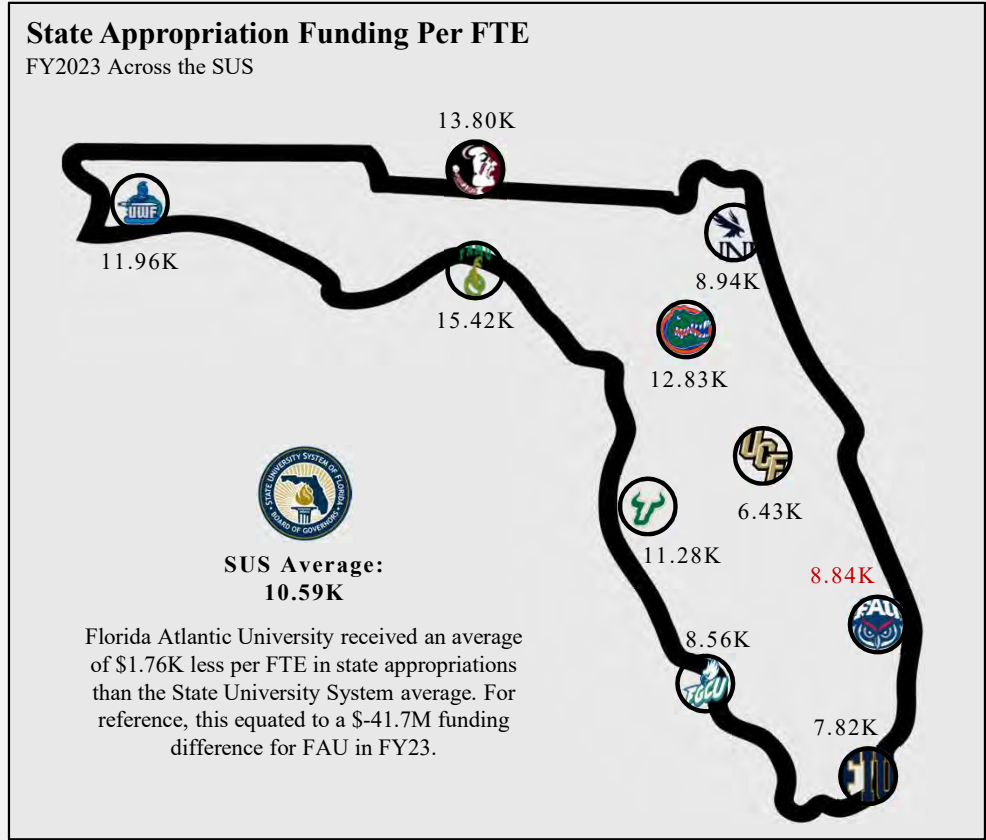


EDUCATION & GENERAL

STATE FUNDING ACROSS THE SUS



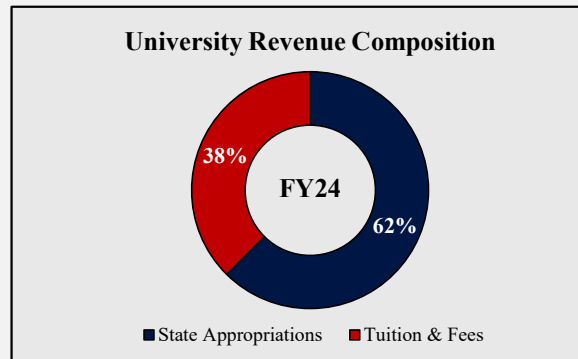
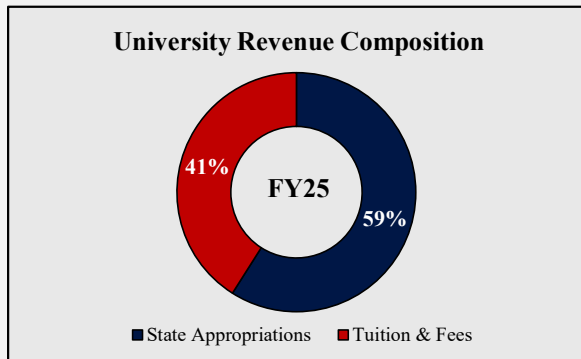
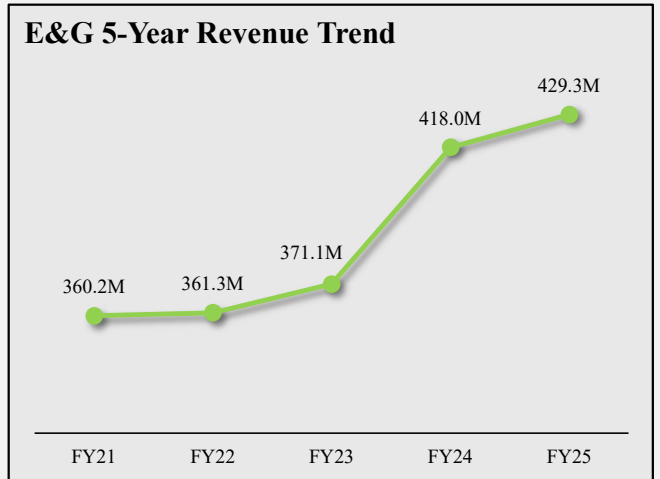
- ### Data Parameters
1. All data excludes preeminence and emerging preeminence funding Florida
 2. Polytech and New College remitted from SUS average due to vastly different university structures
 3. Current preeminent universities include UF, FSU & USF
 4. Current emerging preeminent universities include UCF & FIU
 5. All data retrieved from SUS webpage. Historical Funding, Allocation Summaries, & Legislative Budget Requests.



EDUCATION & GENERAL

REVENUE SOURCES

| University | FY21 | FY22 | FY23 | FY24 | FY25 | 1-Year Change |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| State Appropriations | 196.6 | 197.4 | 207.2 | 240.8 | 234.1 | -2.8% |
| Tuition and Fees | 136.4 | 136.4 | 136.4 | 144.8 | 162.8 | 12.4% |
| Subtotal | 333.0 | 333.8 | 343.6 | 385.5 | 396.8 | 2.9% |
| Medical School | | | | | | |
| State Appropriations | 16.6 | 16.7 | 16.7 | 21.7 | 21.7 | 0.0% |
| Tuition and Fees | 10.7 | 10.7 | 10.7 | 10.7 | 10.7 | 0.0% |
| Subtotal | 27.3 | 27.5 | 27.5 | 32.5 | 32.5 | 0.0% |
| FAU E&G Revenue Budget | 360.2 | 361.3 | 371.1 | 418.0 | 429.3 | 2.7% |

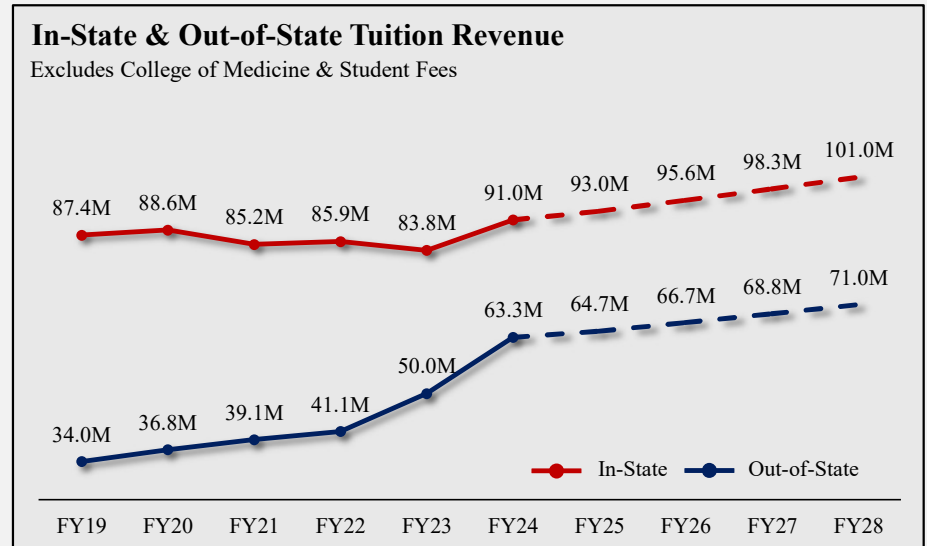
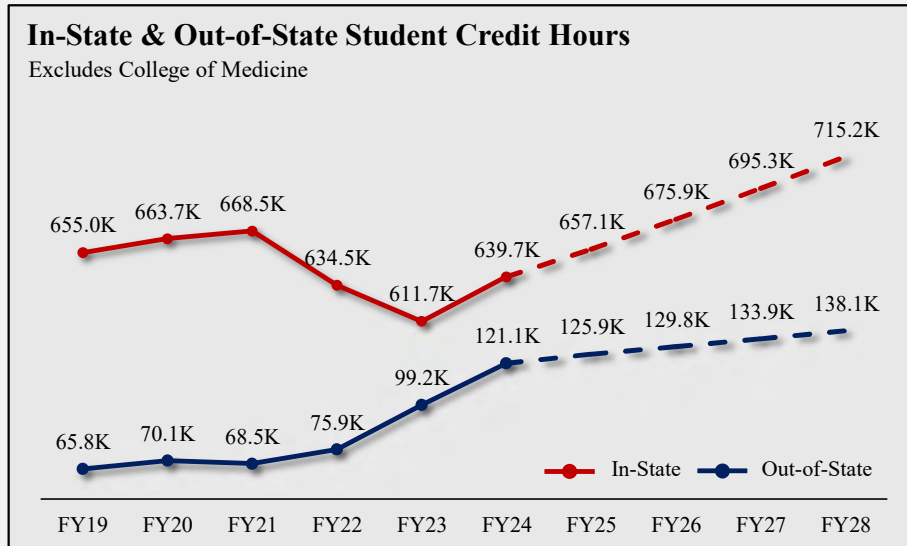


Context

From FY23 to FY24, the university saw a notable 12.6% increase in E&G revenue, driven by \$39.1 million in new appropriations. While state funding is slightly down in FY25, FAU has facilitated a 2.7% increase in revenue, supported by robust enrollment growth and tuition revenues. This shift to a higher proportion of self supported revenues led to a 3% adjustment in revenue composition, with tuition and fees now constituting 41% of total revenue, up from 38%.

EDUCATION & GENERAL

TUITION REVENUE DETAIL



Context

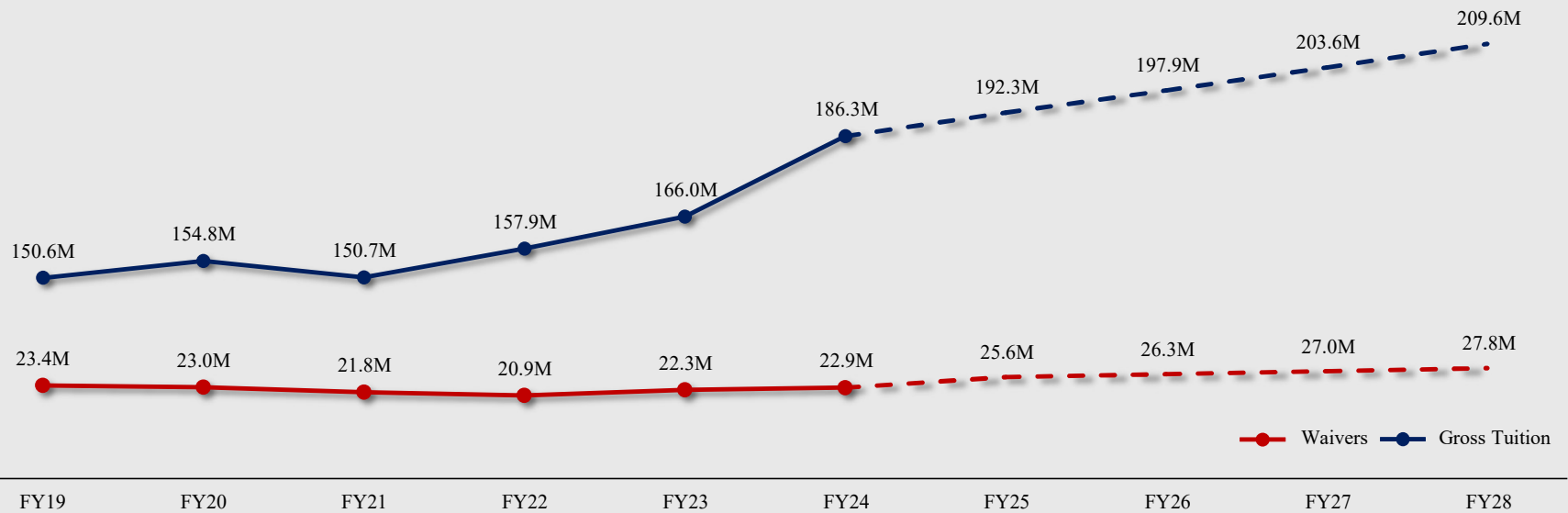
Out-of-state credit hours have been growing in the past few fiscal years. This growth has been part of our strategy outlined in the 2024 FAU accountability plan, “The overarching theme of the university’s enrollment management strategy has been to build a national brand that attracts the highest caliber of undergraduate and graduate students from out of the South Florida region and from beyond the state. As a result of this strategy, a higher proportion of the student body now comes from outside of Florida.” In-state credit hours have tapered due to enrollment stagnation at transfer feeder schools in the local state college system, but in FY24 we project growth for the first time in three years due to increased retention, increased average course loads, and a multi-year uptick in the size of the freshman class. This growth is expected to continue, outlined in the projected 2.9% average growth across all credit hours expected in the next 4 fiscal years. As FAU continues to become a first-choice institution, and as we look to regrow transfer and stop-out enrollments, this credit hour strength reflects our sustained revenue growth in both the in-state and out-of-state residency classifications.

EDUCATION & GENERAL

TUITION PROJECTIONS

E&G 10-Year Tuition Outlook

Excludes College of Medicine, Includes Student Fees



Context

From FY21 to FY24 gross tuition revenue has grown 23.6% while waivers have remained relatively flat with a 1.3% change. We project an additional 12.5% of growth over the next 4 fiscal years due to the strength of enrollment and our residency mix. This top-line growth will translate to a projected 10.9% positive change to net tuition revenue.

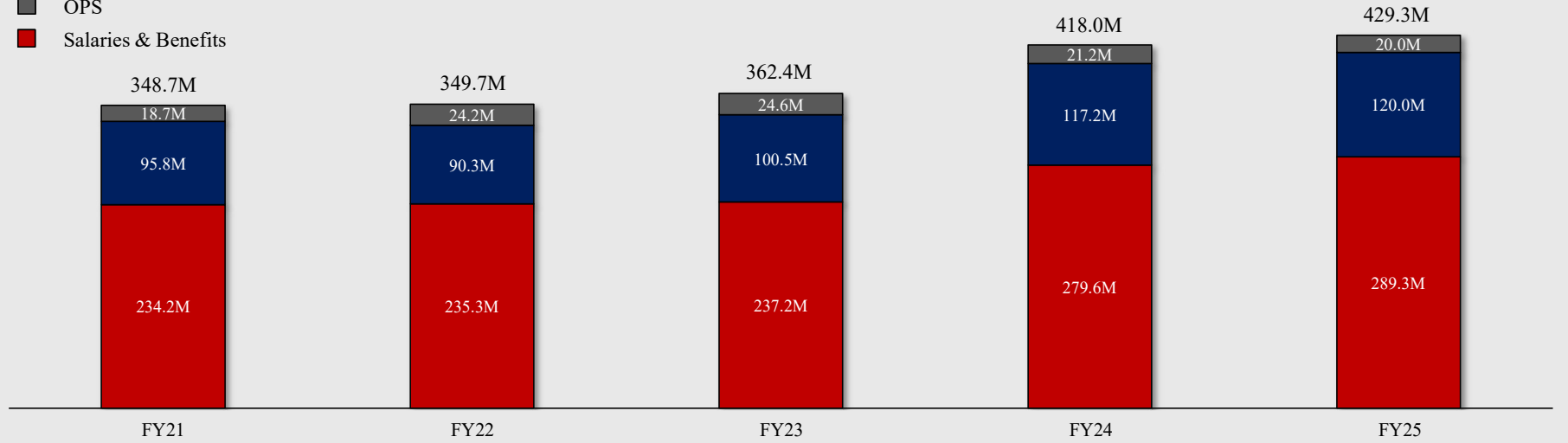
EDUCATION & GENERAL

EXPENSE COMPOSITION

Looking Into FY25 E&G Expense Composition

Salaries & Benefits, Operational Expenses, & OPS

- Operational Expenses
- OPS
- Salaries & Benefits

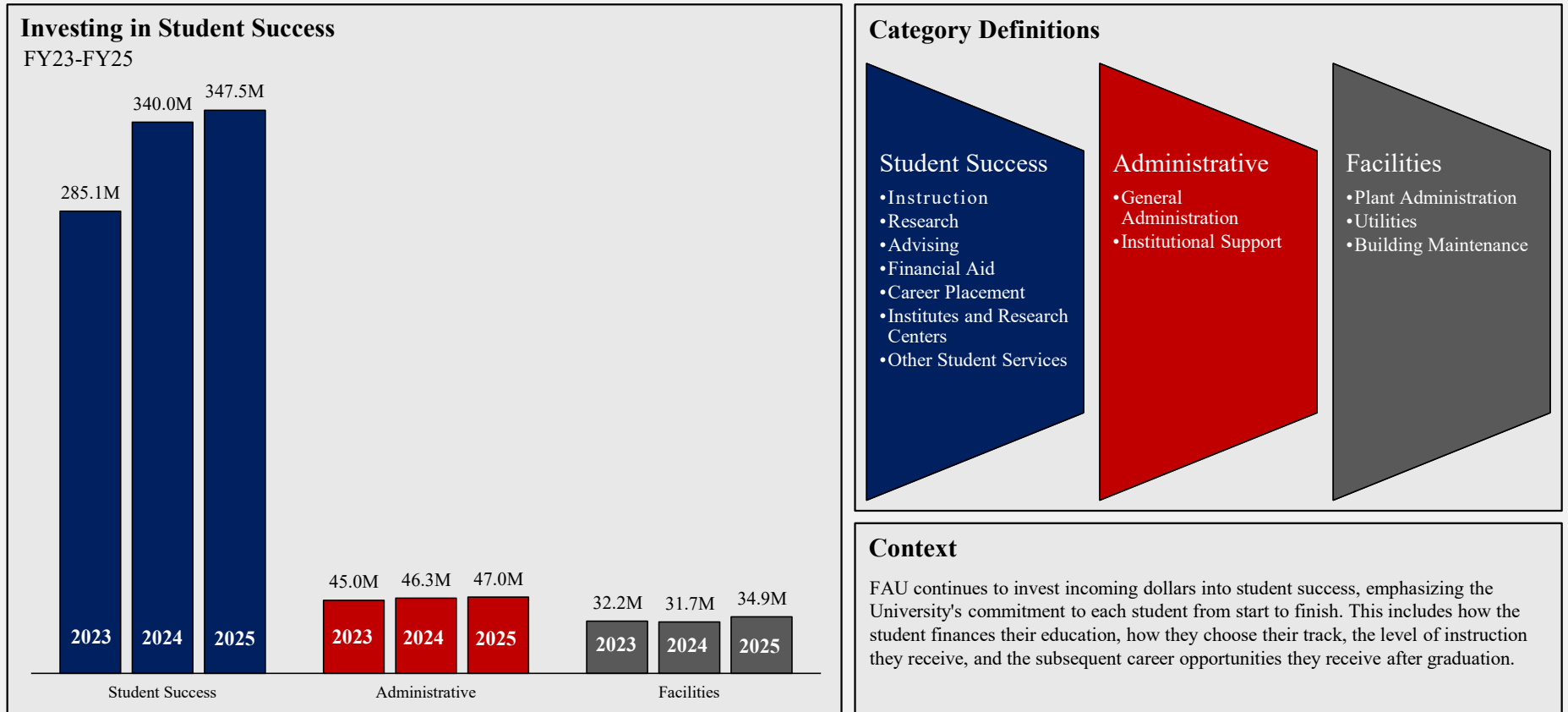


Context

As FAU's education and general operating budget continues to grow, so does our investment into our human capital. Over the past five years, our allocation towards salaries and benefits has increased by 23.5%, constituting 67.4% of our budget. Operational expenses claim 28.0%, with an additional 4.7% earmarked for Other Personal Services (OPS).

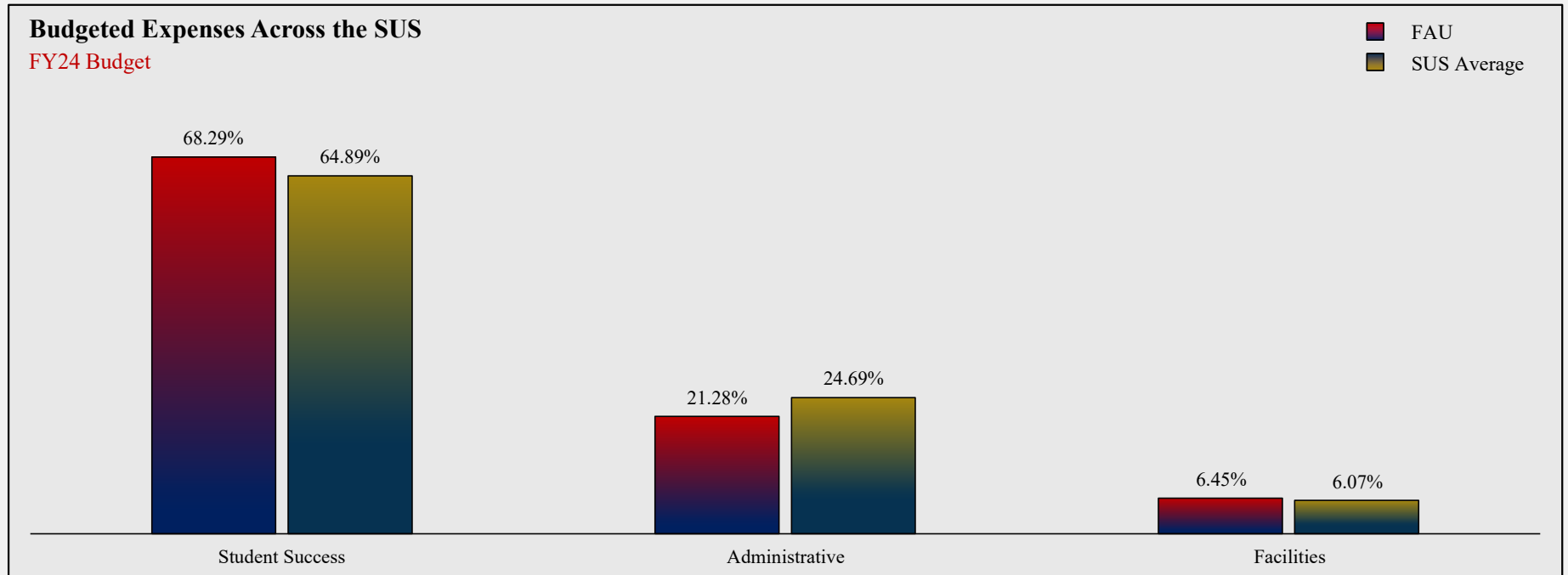
EDUCATION & GENERAL

EXPENSES BY FUNCTIONAL CATEGORY



EDUCATION & GENERAL

EXPENSES BY FUNCTIONAL CATEGORY



Context

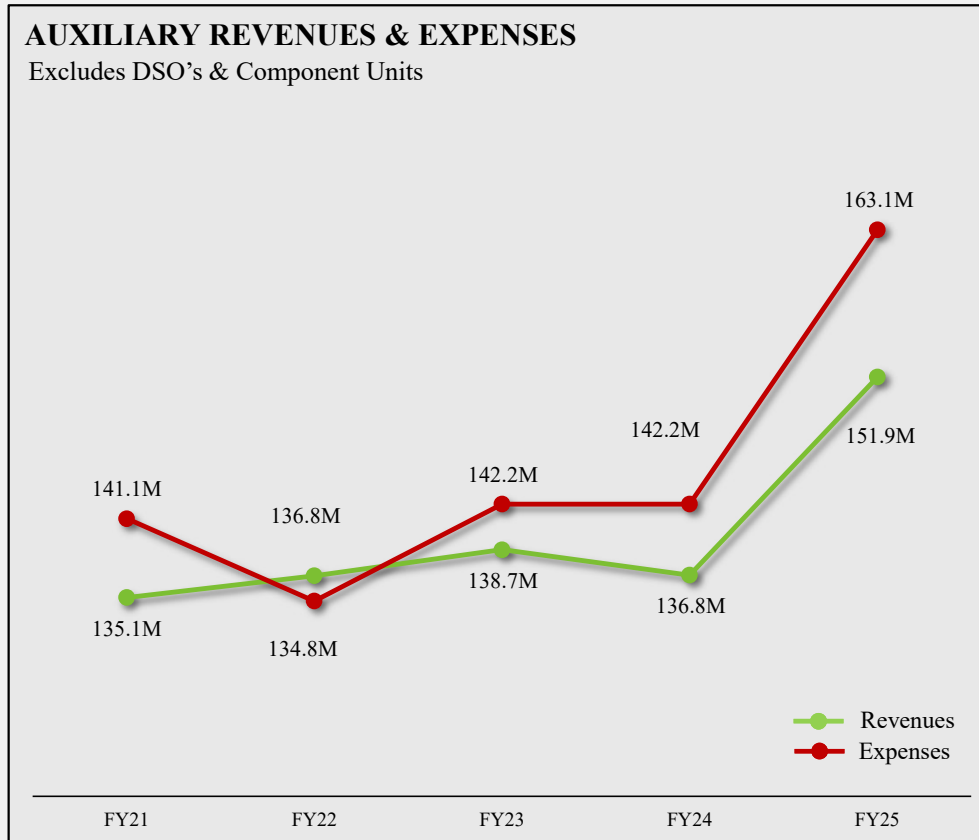
Through analyzing last year's published Florida Board of Governor's Operating Budget Summary Book, we found that FAU invests a higher proportion of our budget into our student success category. FAU performed particularly well when looking into the underlying categories of student services, specifically financial aid, institutes & research centers and academic administration.

AUXILIARIES



AUXILIARIES

REVENUES & EXPENSES



NOTEABLE CHANGES ACROSS AUXILIARIES

| | |
|---|---|
| <p>▲ Revenues</p> <p>5.7M ▲</p> <p>Graduate Medical Education Growth & New Pulmonary Residency Program</p> <p>2.5M ▲</p> <p>College of Business Exec. Education Program Expansion</p> <p>2.2M ▲</p> <p>Anticipated First Year Revenue for FAU & Broward Health Partnership</p> | <p>▲ Expenses</p> <p>5.7M ▲</p> <p>Graduate Medical Education Growth & New Pulmonary Residency Program</p> <p>3.3M ▲</p> <p>Anticipated Increase in Auto-Enroll Insurance (International Student Growth)</p> <p>3.2M ▲</p> <p>Center for eLearning Instructional Services Office Remodel</p> |
|---|---|

Context

University Auxiliaries consist of self-supporting business operations. Historically, the expense budget has been higher on average than the revenue budget. This is due to programs utilizing fund balances.

CONTRACTS & GRANTS

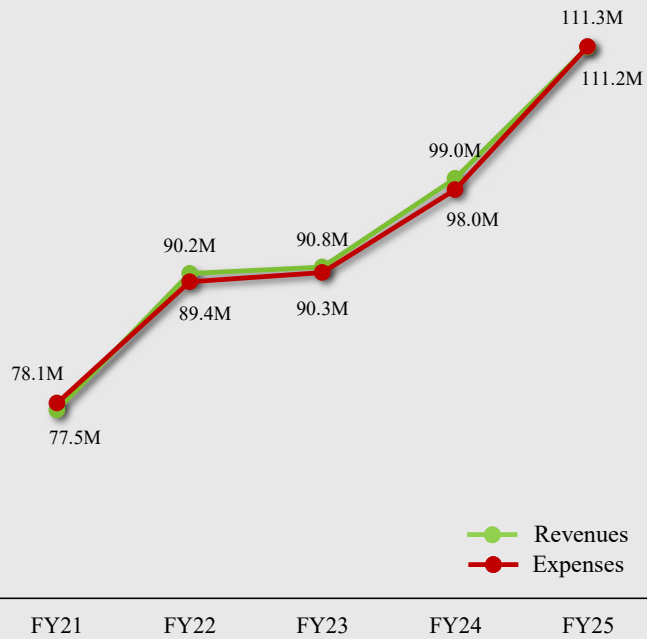


CONTRACTS & GRANTS

REVENUES & EXPENSES

Total Contracts & Grants Budget

FY21-FY25



Sponsored Funded & DOR Operations

| | FY21 | FY22 | FY23 | FY24 | FY25 |
|----------|------|------|------|------|------|
| Revenues | 53.6 | 64.9 | 64.4 | 70.7 | 82.3 |
| Expenses | 55.2 | 64.9 | 64.4 | 70.7 | 82.3 |

Henderson School

| | FY21 | FY22 | FY23 | FY24 | FY25 |
|----------|------|------|------|------|------|
| Revenues | 10.8 | 10.9 | 11.0 | 12.3 | 12.8 |
| Expenses | 9.9 | 10.1 | 10.5 | 11.2 | 12.9 |

FAU Foundation

| | FY21 | FY22 | FY23 | FY24 | FY25 |
|----------|------|------|------|------|------|
| Revenues | 13.0 | 14.4 | 15.3 | 16.1 | 16.1 |
| Expenses | 13.0 | 14.4 | 15.3 | 16.1 | 16.1 |

Sponsored Funded & DOR OPS

For FY25, we anticipate increases in revenue and expenses driven by inflation trends, with a projected 2% rise in faculty salaries due to promotions and an expected 3% increase in overall staffing salaries.

Henderson School

FY25's revenue variance is due to increased Base Student Allocation (BSA) and enrollment, while expenses have risen due to the elimination of supplemental allocations and approved teacher salary increases.

FAU Foundation

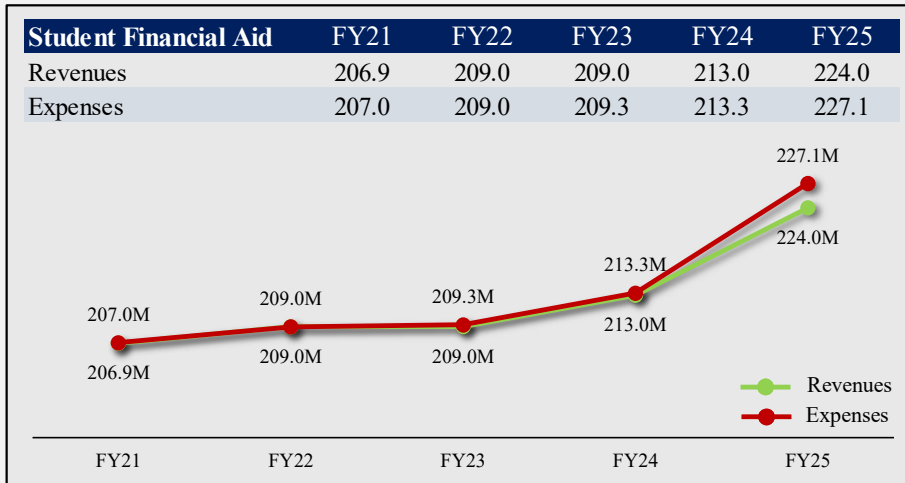
FY25 revenues and expenses are expected to remain unchanged, reflecting similar Foundation activity levels as the prior fiscal year.

REMAINING FUND TYPES

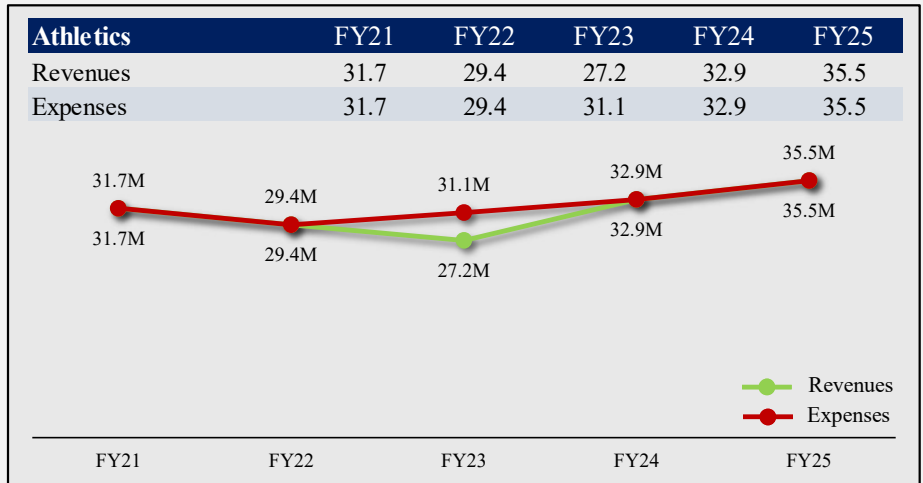


REMAINING FUND TYPES

STUDENT FINANCIAL AID & ATHLETICS



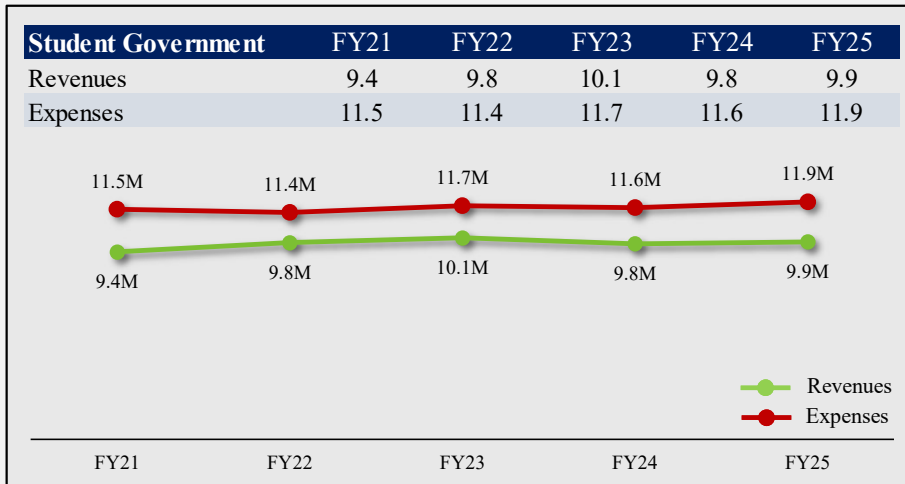
Context
 In FY25, revenue and expenses are impacted by rising student enrollment, increased Cost of Attendance, FAFSA changes, and higher expenses compared to FY24.



Context
 Growth in athletics revenues is driven by increased enrollment, resulting in higher generation of athletics fees, alongside additional expected advertising revenue. Expenses have risen due to investments in facilities, football, media, and basketball.

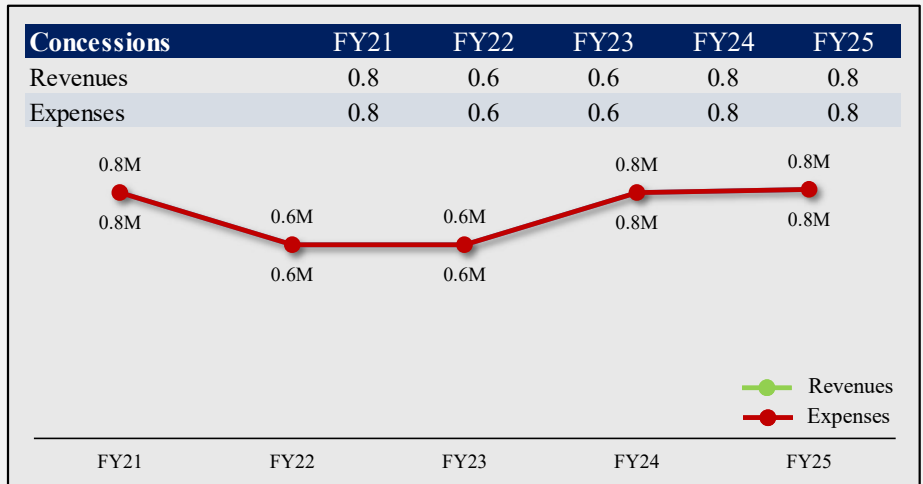
REMAINING FUND TYPES

Student Government & Concessions



Context

Expenses increased due to projects like SG Health, Free Scantron, Owls Ending Hunger, Campus Improvements, MANUAL Care, along with rising wages and utilities costs.



Context

Concessions revenue and expenses remain flat and continues to provide supplementary event funding across the University.

DIRECT SUPPORT ORGANIZATIONS

USE OF UNIVERSITY PROPERTY, FACILITIES, & PERSONNEL

Fiscal Year 2024 Projected

| DSO | Property | Facilities sq. ft. | No. of Personnel | Personnel Cost |
|-------|----------|-----------------------|---------------------|-------------------|
| FAUF | | 2,135 | 21 | \$1,951,339 |
| FAUFC | - | - | - | - |
| FAURC | - | - | 4 | \$61,385 |
| HBOIF | - | - | - | - |
| CPO | - | 19,848 | 8 | \$96,916 |

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.

Fiscal Year 2025 Budget

| DSO | Property | Facilities sq. ft. | No. of Personnel | Personnel Cost |
|-------|----------|-----------------------|---------------------|-------------------|
| FAUF | - | 2,135 | 21 | \$2,060,145 |
| FAUFC | - | - | - | - |
| FAURC | - | - | 4 | \$62,869 |
| HBOIF | - | - | - | - |
| CPO | - | 19,848 | 11 | \$147,104 |

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.

CPO Lease Cost:

Primary Care: \$26.03 per SqFt through 9/30/24, then \$26.81 per SqFt 10/1/24 – 9/30/25

Integrative Health: \$24.90 per SqFt through 9/30/23, then \$25.52 per SqFt 10/1/24 – 9/30/25

In FY24, No property was purchased.

FISCAL YEAR 2025 OPERATIONAL BUDGET

OVERVIEW & APPROVAL REQUEST

| University Fund | FY25 |
|-----------------------|--------------|
| Educational & General | 429.3 |
| Student Financial Aid | 227.1 |
| Auxiliary Enterprises | 163.1 |
| Contracts & Grants | 111.3 |
| Athletics | 35.5 |
| Student Government | 11.9 |
| Concessions | 0.8 |
| Total | 978.9 |

This represents Florida Atlantic University's 2024-25 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; and Concessions.

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

