

Board of Governors Proposal Strategic Deployment of University Carryforward

Historical Perspective:

- Prior to 1985, universities, like other state agencies, did not have the ability to carryforward unexpended funds.
- In 1985, Section 240.272 F.S. Carryforward of Unexpended Funds, was created which allowed:

Any unexpended funds in the current year budget shall be carried forward by the university to which the funds were allocated. (1) Such carryforward shall not exceed 5 percent of the total operating budget of the university. Funds carried forward pursuant to this section shall be expended for nonrecurring expenses as approved by the Board of Regents. (2) No university shall be penalized in the allocation of subsequent funds as a result of the carryforward of an unexpended balance.

- In 1994, Section 240.272 was revised to provide greater flexibility:

Building an escrow account for major equipment purchases; scientific, technical, or other equipment; matching challenge grant programs; library resources; minor repairs, renovations, or maintenance; major studies or planning processes; maintaining access to course offerings in the event of a revenue shortfall; expanding access to course offerings approved by the Board of Regents.

- In 2002, as a part of the educational reorganization, the statute was changed to Section 1011.45, End of Year Balance of Funds, eliminating the 5 percent limit.

Unexpended amounts in any fund in a university current year operating budget shall be carried forward and included as the balance forward for that fund in the following year.

- Additionally, Section 1011.40(2) placed a 5 percent floor on unencumbered balances:

If at any time the unencumbered balance in the education and general fund of the university board of trustees approved operating budget goes below 5 percent, the president shall provide written notification to the Board of Governors.

Current Situation:

- As of August 2018 there was \$814 million in carryforward funds.
 - \$246 million is allocated for the 5 percent reserve.
 - \$290 million (less \$20 million identified as BOT reserves) has been identified as “Restricted/Contractual Obligations”. These funds are supported via contractual obligation, legislative appropriation, or other binding document.
 - That leaves \$289 million identified as “Commitments” and \$26 million in unallocated funds. These “Commitments” are identified as follows:

UBOT Reserve Requirement	\$ 20,347,466
Compliance Program Enhancements	\$ 3,975,431
Audit Program Enhancements	\$ 842,400
Campus Security and Safety Enhancements	\$ 11,620,862
Student Services, Enrollment, Retention Efforts	\$ 11,627,440
Student Financial Aid	\$ 10,745,124
Faculty/Staff, Instructional & Advising Support & Start-up Funding	\$ 54,717,212
Faculty Research & Public Service Support & Start-Up Funding	\$ 58,977,027
Library Resources	\$ 2,939,235
Infrastructure, Capital Renewal, Roofs, Renovations, Repairs	\$ 49,992,257
Utilities	\$ 4,901,845
Information Technology (ERP, Equipment, etc.)	\$ 20,006,491
UCF Restoration	\$ 38,000,000
	<hr/>
	\$ 288,692,790
Uncommitted	\$ 26,463,497

Proposal:

Carryforward funds totaling \$315 million (\$289 million plus \$26 million) would be directed towards the following strategic priorities¹:

- Critical Deferred Maintenance of Existing Facilities
- Critical Campus Infrastructure
- Campus Safety and Security
- Student Welfare, including opportunities identified by the Board's Special Committee
- Student Financial Aid
- Academic and Student Affairs
- Information Technology
- Board adopted SUS operating Legislative Budget Request issues

The expenditure of funds would be approved by the University Board of Trustees and Board of Governors (earliest approval at the January 30-31 board meeting). Expenditure plans would be submitted to the Board office by January 4, 2019.

The Board would consider each university plan based on its own merits and how it addresses strategic priorities listed above. Follow-up reporting will be required.

¹ Board Regulation 1.001(6) Financial Management delegates to the Boards of Trustees the responsibility for fiscal management of their university. This proposal will supersede that regulation when it comes to the use of certain carryforward funds.