

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
June 18, 2025

SUBJECT: Public Notice of Approval of Emergency Amendment of Board of
Governors Regulation 9.013 Auxiliary Operations

PROPOSED COMMITTEE ACTION

Approve emergency amendment of Board of Governors Regulation 9.013 Auxiliary
Operations

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7(d), Florida Constitution, Board of Governors Regulation
Development Procedure, Section I.

BACKGROUND INFORMATION

Universities have a variety of auxiliary services that include, but are not limited to; housing, parking, food service, bookstore, telecommunications, printing, postal services, and computing services. Regulation 9.013 outlines the integral service that auxiliaries provide to the university community.

Each university determines whether its auxiliaries are self-supporting on an individual or collective basis, except for athletics, which must be a self-supporting entity. This restriction goes back to the Board of Regents.

Universities may use unreserved cash from a non-athletic auxiliary for athletics within certain parameters. A university board of trustees may make a recommendation to the Board of Governors for the use of this unrestricted cash on a case-by-case basis, taking into consideration the unique facts and circumstances surrounding each individual situation.

An emergency amendment is being recommended based on recent market and judicial developments that allows the use of unreserved cash, not to exceed \$22.5 million annually, from a non-athletic auxiliary, to be utilized for athletics by each university board of trustees, as a transfer or a loan. The university should ensure that funds utilized under this provision do not have a material impact on the university's current credit rating or negatively impact any non-athletic auxiliary enterprise. The university administration will be required to provide detailed information to the university board of trustees for its consideration, and subsequently submit the information to the Chancellor within 14 days of board of trustees approval, so that a transparent and informed decision can be made.

The amendment requires universities that utilize funds from a non-athletic auxiliary to develop and approve a multi-year athletic budget, pursuant to their powers and duties stated in Regulation 1.001, to ensure the viability of university athletic programs and the success of their student athletes.

Beginning January 2026, universities will be required to annually provide the following information to their university board of trustees and the Chancellor:

(a) An accounting of the funds, including the amount expended and how the funds were utilized.

(b) If the university provides a loan to athletics under these provisions, the university shall report on the status of any loan repayment.

(c) By June 30, 2026, each university shall provide the Chancellor a two-year plan showing how the university intends to address the elimination of the \$22.5 million allowance from non-athletic auxiliary funds in its athletic department by the end of fiscal year 2028.

With the approval of the House v. NCAA settlement on June 6, 2025 universities will begin directly sharing revenue with student-athletes beginning July 1, 2025. The settlement includes an arrangement that provides back pay to former athletes to be paid over 10 years. Universities will be required to contribute to the backpay.

Athletic programs have a major impact on universities. Competitive programs can lead to brand recognition, student involvement, and increased applications from prospective students. Florida universities are competing on a national level, against other states that have more flexibility regarding funding and expenditures. Delaying the implementation date of this regulatory amendment would put SUS institutions at a distinct competitive disadvantage.

Florida universities are not permitted to use Education and General funding for athletics. However, allowing the use of auxiliary funds will reduce the substantial fiscal burden on the universities that will be caused by this settlement. It is vital for the financial health of the universities that this amendment is approved before the 2025-2026 fiscal year begins. This will allow universities to finalize budgets and make decisions for the upcoming fiscal year. Athletics Departments are currently recruiting student-athletes for Fall 2025 and need clarity on available funding to retain and recruit the best talent for their rosters.

This regulation amendment will take effect immediately. It will be effective for a period of 90 days. The Board will take identical action under the regular regulation development procedures after approval of this emergency amendment.

Supporting Documentation Included:

Regulation 9.013 Auxiliary
Operations

Facilitators/Presenters:

Mrs. Sarah deNagy