

**FLORIDA BOARD OF GOVERNORS
NOTICE OF ADOPTION OF EMERGENCY AMENDED REGULATION**

DATE: June 20, 2025

REGULATION NUMBER AND TITLE: 9.013, Auxiliary Operations

SUMMARY: Board Regulation 9.013, Auxiliary Operations, is being amended on an emergency basis to comply with recent judicial developments becoming effective July 1, 2025. 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. This emergency amendment will allow universities to finalize budgets and make decisions for the upcoming fiscal year, safeguarding the financial health and welfare of the universities.

Because emergency regulations are time-limited to a period of 90 days, the Board will initiate the customary regulation development process as soon as possible.

FULL TEXT OF THE REGULATION IS INCLUDED WITH THIS NOTICE.

AUTHORITY TO AMEND REGULATION(S): Section 7(d), Art. IX, Fla. Const.; Board of Governors Regulation Development Procedure dated March 23, 2006, amended September 16, 2020.

THE BOARD OF GOVERNORS' OFFICIAL INITIATING THE PROPOSED AMENDMENT TO THE REGULATION: Sarah deNagy, Interim Vice Chancellor, Finance & Administration

COMMENTS REGARDING THE PROPOSED AMENDMENT SHOULD BE SUBMITTED WITHIN 14 DAYS OF THE DATE OF THIS NOTICE TO THE CONTACT PERSON IDENTIFIED BELOW. The comments must identify the regulation on which you are commenting:

General Counsel, Board of Governors, State University System, 325 W. Gaines Street, Tallahassee, Florida 32399 or generalcounsel@flbog.edu.

9.013 Auxiliary Operations

(1) Auxiliary services are integral activities of a university that furnish to its faculty, staff and students goods and/or services that are necessary or desirable but not readily available elsewhere in terms of costs, quality, quantity, timeliness, convenience, or other similar considerations. These activities shall support the educational endeavor of the institution and enhance its functioning; therefore, they shall not detract or distract from this basic endeavor in any way, financially or otherwise.

(2) Each auxiliary service is an individual entity and shall be accounted for as such. A service may be operated by the institution or by a private contractor under the institution's supervision. Under either arrangement, all pertinent institutional revenues and costs shall be assigned to each auxiliary and the consequent financial results of operations determined.

(3) There shall be a uniform system of financial reporting within the State University System for auxiliary services. Each institution may determine whether its auxiliary services will be self-supporting on an individual or collective basis, except for athletics, which shall be a self-supporting entity. The use of unreserved cash from a non-athletic auxiliary may be considered for athletics by the university board of trustees and approved by the Board of Governors. The Board of Governors will consider this on a case-by-case basis, taking into consideration the unique facts and circumstances surrounding each situation. The university administration should provide, at a minimum, the following information to the university board of trustees for its consideration, and subsequently to the Board of Governors, so that a transparent and informed decision can be made:

- (a) the specific non-athletic auxiliary the funds are coming from, the amount of the proposed transfer, and the amount of reserves available;
- (b) justification that the use of unreserved cash from the non-athletic auxiliary will benefit the broader student body or campus community;
- (c) if the supporting non-athletic auxiliary has outstanding debt, verification that the funds to be used are unreserved cash balances and that sufficient current revenues exist to cover all expenditures, including, but not limited to, debt service payments and required reserves;
- (d) assurance by the university, with ~~concurrence confirmation, not to be unreasonably withheld by~~ the Division of Bond Finance, that such transfer does not violate any bond covenants; and
- (e) in the event the non-athletic auxiliary revenues to be transferred include student fees or payments, documentation that a disclosure has been made to students that non-athletic auxiliary revenues which include student fees or payments will be transferred to athletics.

(4) Proposed expenditures from the various auxiliary funds shall be reflected in annual budgets filed with the Board of Governors.

(5) Notwithstanding Section 3 above, beginning with fiscal year ending June 30, 2025 and going through fiscal year ending June 30, 2028, the use of unreserved cash, not to exceed \$22.5 million annually, from a non-athletic auxiliary, may 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 should provide, at a minimum, the following 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:

- (a) the specific non-athletic auxiliary being utilized, the amount of the related transfer(s), and the amount of reserves available in each source before and after such transfer;
- (b) if any individual non-athletic auxiliary utilized has outstanding debt, verification, with concurrence confirmation, not to be unreasonably withheld by-of the Division of Bond Finance, that the funds to be used are unreserved cash balances and that sufficient current revenues exist to cover all expenditures, including, but not limited to, debt service payments, required reserves, or any other current debt requirements; and
- (c) in the event a non-athletic auxiliary to be utilized includes student fees or payments, documentation that a disclosure has been made to students that non-athletic revenues, which include student fees or payments, will be utilized by athletics.

(6) If a university utilizes funds from a non-athletic auxiliary, each university board of trustees, pursuant to their powers and duties stated in Regulation 1.001, shall develop and approve a multi-year athletic budget to ensure the viability of university athletic programs and success of their student athletes.

(7) Beginning January 2026, universities shall annually provide the following information to their university board of trustees and the Chancellor:

- (a) an accounting of the funds utilized in section (4), 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.

(84) Revenues for auxiliary services shall not be provided from general revenue supported budget entities except in payment of goods and/or services. Provided, however, auxiliary services may be housed in buildings that are financed ~~by~~from other sources.

Authority: Section 7(d), Art. IX, Fla. Const., Section 1011.47 Florida Statutes; History—Formerly BOG Rule 6C-3.14 and 6C-9.13, 3-4-74, 12-17-74, 8-29-77, 9-8-77, 8-11-85, 1-8-86, 4-10-86, 11-20-08, Amended 6-22-2023, 6-18-25