

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS**

March 26, 2026

SUBJECT: Auxiliary Facilities that have Bond Covenants Requiring Approval of Estimated
2026-2027 Operating Budgets

PROPOSED BOARD ACTION

Approve estimated 2026-2027 operating budgets for auxiliary facilities that have bond covenants requiring Board approval.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution, Bond Covenants.

BACKGROUND INFORMATION

An auxiliary enterprise, as defined by the National Association of College and University Business Officers (NACUBO) in the College and University Business Administration Manual, is “an entity that exists to furnish a service to students, faculty, or staff, and that charges a rate directly related, but not necessarily equal, to the cost of the service.” One of the distinguishing characteristics of auxiliary enterprises is that they are managed as self-supporting activities. Some examples of auxiliary enterprises are housing operations, university bookstores, food services, student health centers, parking services, and continuing education. Many auxiliary enterprises have debt service commitments for the construction of facilities that must be repaid from pledged revenues from operations.

Section 1010.62, Florida Statutes, authorizes the issuance of bonds or other forms of indebtedness, pursuant to the State Bond Act, to finance or refinance capital projects authorized by the Legislature. Specific covenants, as set forth in the authorizing resolutions of certain bond issues, require approval of estimated operating budgets for the upcoming fiscal year at least ninety (90) days preceding the beginning of the fiscal year. The state universities historically submit annual operating budgets for their auxiliary operations approximately forty-five (45) days after the beginning of the fiscal year; therefore, it is necessary for each affected institution to develop and submit, in advance, an estimated operating budget for all facilities with outstanding bond issues containing the operating budget approval covenant language.

The following universities have outstanding bond issues that require Board of Governors approval: Florida Atlantic University, Florida International University, Florida State University, the University of Central Florida, the University of Florida, and the University of South Florida.

A review of each university’s information for auxiliary facilities affected by the specific bond covenants indicates that there will be sufficient revenues to meet the estimated level of operational expenditures and debt service payments for fiscal year 2026-2027.

Supporting Documentation Included: Information located in the Budget & Finance
Committee Materials