

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
January 31, 2019**

SUBJECT: University Carryforward Expenditure Plans

PROPOSED COMMITTEE ACTION

Consider university carryforward expenditure plans.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Section 216.023, Florida Statute

BACKGROUND INFORMATION

Prior to 1985, universities, like other state agencies, did not have the ability to carryforward unexpended funds appropriated in a given fiscal year. Unexpended funds were returned to the state.

In 1985, Florida Statute Section 240.272, 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 five 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, Florida Statute 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; and 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 Florida Statute Section 1011.45, End of Year Balance of Funds, eliminating the five 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, Florida Statute Section 1011.40(2) placed a five 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 five percent, the president shall provide written notification to the Board of Governors.

Since 2012, most university carryforward balances have continued to increase.

At the November, 2018 meeting, the Committee and Board approved a Strategic Deployment of University Carryforward plan to review and approve the use of certain carryforward funds for specific strategic initiatives.

Supporting Documentation Included:

1. Strategic Deployment of University Carryforward Plan
2. Fund Balance Composition Report from August and November & Definitions
3. University Carryforward plans

Facilitators/Presenters: Governor Syd Kitson
Universities