



# Colors of Money

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# Flavors of Money



The following slide presentation hits the high points on the delegation of authority to Boards of Trustees, fiscal responsibilities of the Trustees, parameters surrounding the expenditure of funds, and key statutes and regulations that provide dos and don'ts on the use of funds.

The first set of slides will focus on operating funds and the final set on fixed capital outlay funds.

# Article IX, Section 7 – Florida Constitution



There shall be a single state university system comprised of all public universities. A Board of Trustees shall administer each public university and a Board of Governors shall govern the state university system.

The Board of Governors shall operate, regulate, control, and be fully responsible for the management of the whole university system.

The Board of Governors shall establish the powers and duties of the Boards of Trustees.

# Board of Governors Regulation 1.001 – University Board of Trustees Powers and Duties



(1) Pursuant to Article IX, section 7(c), Florida Constitution, the Board of Governors shall establish the powers and duties of the board of trustees as set forth herein and as may be established in Board of Governors' regulations. This regulation supersedes the delegation of authority to the boards of trustees contained in the Board of Governors' Resolution dated January 7, 2003. The intent of this regulation is to **delegate powers and duties to the university boards of trustees so that the university boards have all of the powers and duties necessary and appropriate for the direction, operation, management, and accountability of each state university.**

(6) **Each board of trustees shall be responsible for the financial management of its university** and shall submit an institutional budget request, including a request for fixed capital outlay, and an operating budget to the Board of Governors for approval in accordance with the guidelines established by the Board of Governors.

# Board of Governors Regulation 9.007 – State University Operating Budgets



(1) Each university president shall prepare an operating budget and a carryforward spending plan for approval by the university board of trustees, in accordance with instructions, guidelines, and standard formats provided by the Board of Governors.

(2) The university board of trustees-ratified operating budget and carryforward spending plan is presented to the Board of Governors for approval. Each university president shall implement the operating budget of the university as prescribed by regulations of the Board of Governors, policies of the university board of trustees, provisions of the General Appropriations Act, and data reflected within the SUS Allocation Summary and Workpapers publication.



## 1011.45 End of year balance of funds

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

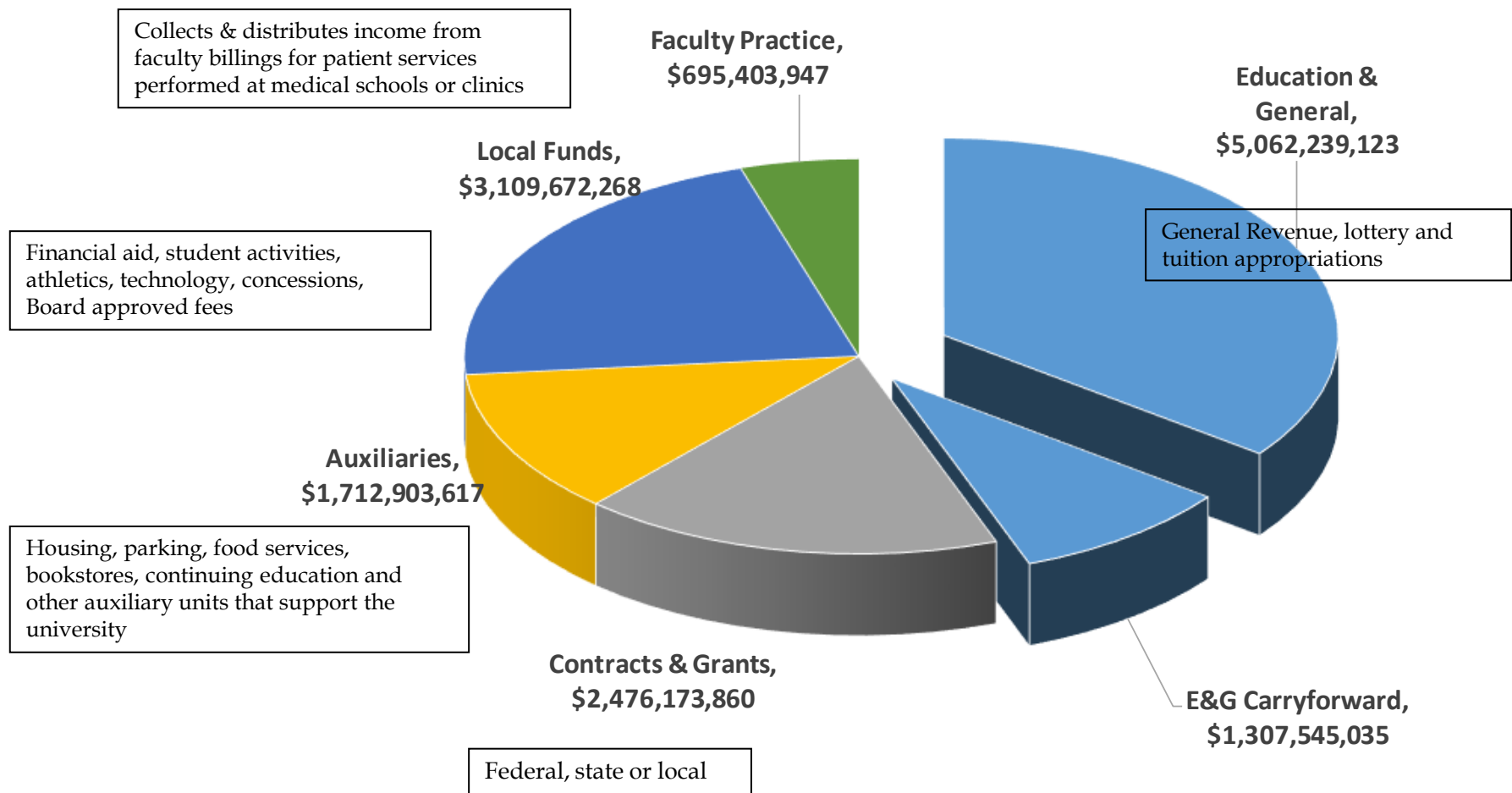
## 1011.90(4) State university funding

Expenditure analysis, operating budgets, and annual financial statements of each university must be prepared using the standard financial reporting procedures and formats prescribed by the Board of Governors. These formats shall be the same as used for the 2000-2001 fiscal year reports.

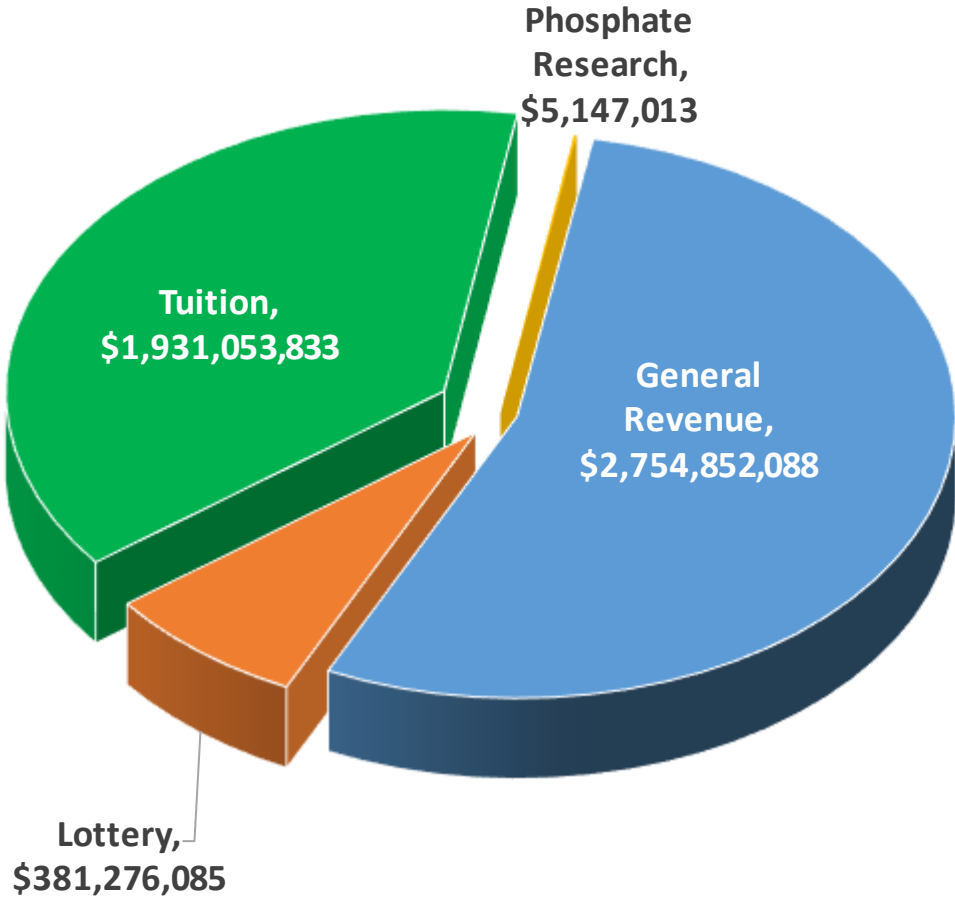
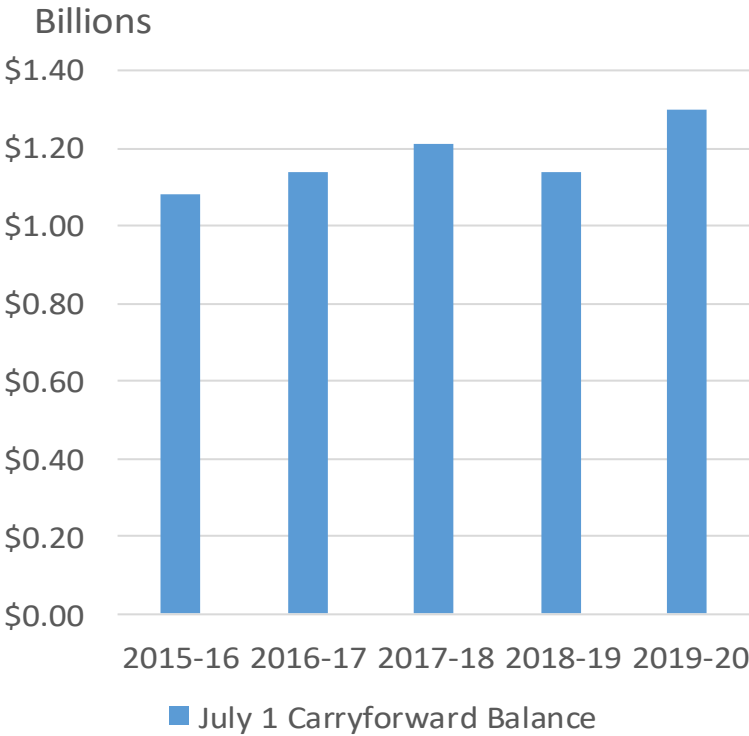
## 1011.91 (1) Additional appropriations

Except as otherwise provided in the General Appropriations Act, all money that comes from federal grants, student fees, private sources, and from vending machine collections is discretionary; however, the budget must be approved and these funds may not be expended for construction, except as provided by S. 1013.74. F.S.

# SUS 2019-2020 Operating Budget



# SUS 2019-2020 Education & General Operating Budget





# Education & General (E&G)

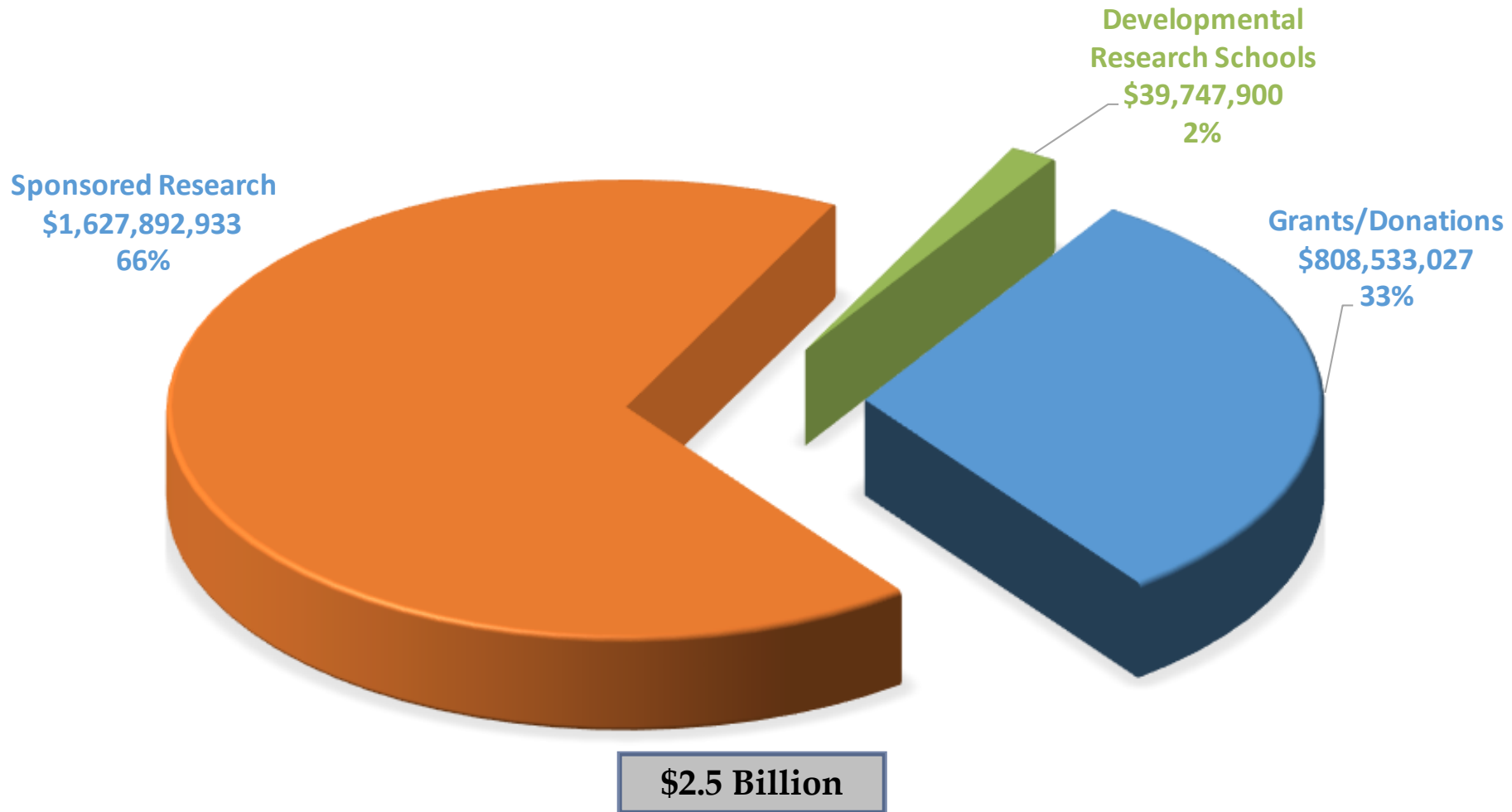


- ✓ Appropriated by the Legislature/Governor each fiscal year (July 1 to June 30).
- ✓ Includes General Revenue, Lottery, Student Tuition and Phosphate Research (Florida Polytechnic University only).
- ✓ Board of Governors Regulation 9.007.
  - ✓ E&G funds are used for E&G activities only, such as, but not limited to, general instruction, public service, plant operations and maintenance, student services, libraries, administrative support, minor capital projects not exceeding \$1 million per individual project and other enrollment-related and stand-alone operations of the universities.
  - ✓ Ending E&G fund balances (E&G carryforward) shall be used for operating activities only except where expressly allowed by law. Operating activities include, but are not limited to, unfunded enrollment growth, potential budget reductions, anticipated increases in university operations, and prior year encumbrances.



- ✓ A university that maintains a carryforward balance in excess of 7 percent must submit a spending plan for approval by the Board of Trustees and Board of Governors.
- ✓ Earnings resulting from the investment of current-year E&G appropriations are considered to be of the same nature as the original appropriations, and are subject to the same expenditure regulations as the original appropriations. E&G interest earnings are not to be utilized for non-E&G related activities or for fixed capital outlay activities except where expressly allowed by law. Interest earnings resulting from invested carryforward funds are considered to be additions to the university's carryforward balance.

# SUS 2019-2020 Operating Budget Contracts & Grants

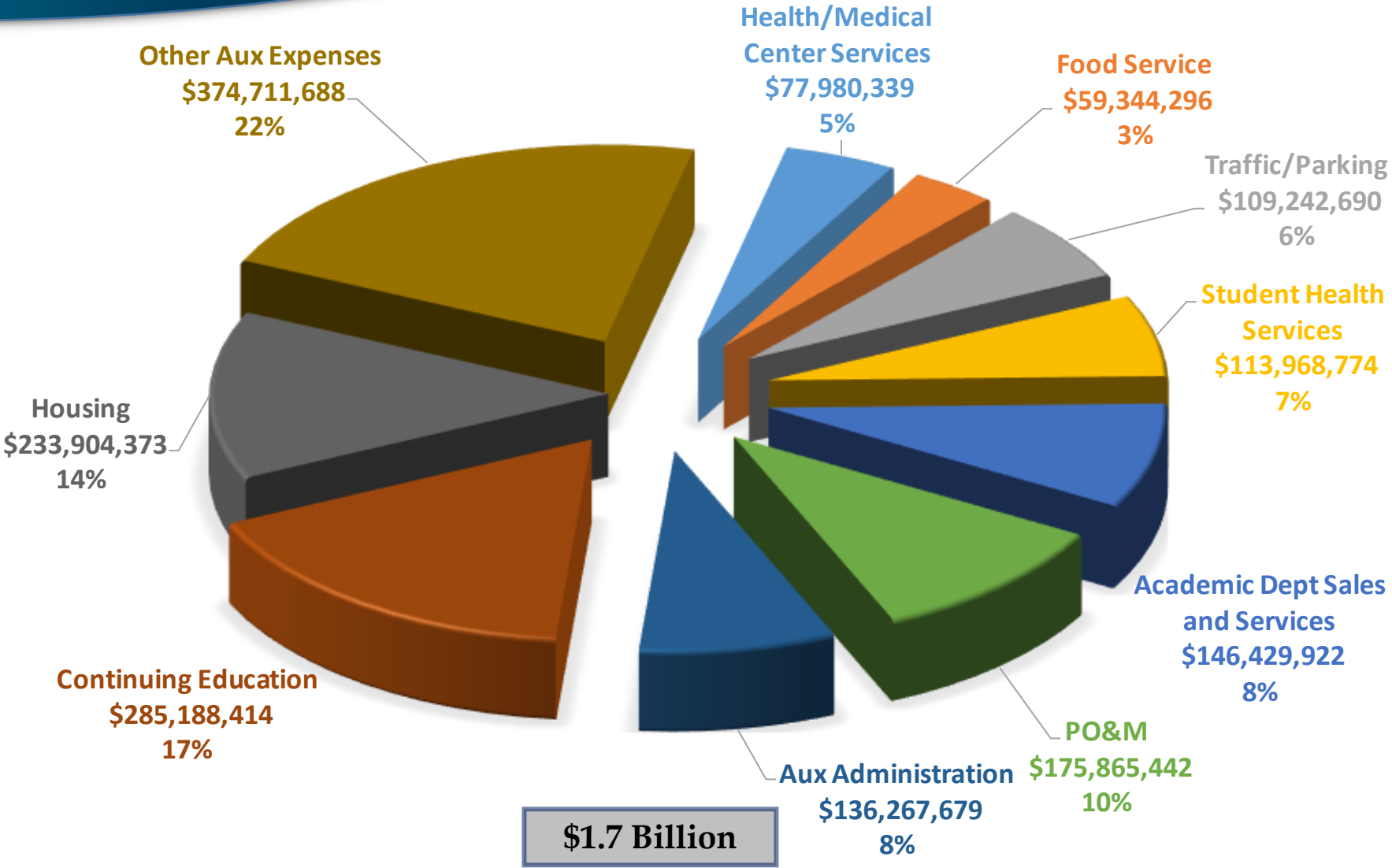


# Contract and Grants



- ✓ Sponsored Research – Board Regulation 9.007
  - ✓ Funding from federal agencies, state agencies, foundations, and private sources that enables the University to conduct specific research projects or to provide specific services or deliverables.
  
- ✓ Grants/Donations – Board Regulation 9.007
  - ✓ Funding includes university and research foundations, state and local awards, and other various donations and grants.
  - ✓ Transfers from university medical Faculty Practice Plans to support physicians compensation also included in this entity.
  
- ✓ Developmental Research Schools – Florida Statute 1002.32
  - ✓ Laboratory schools fiscal activities are reported in the universities' Developmental Research Trust Funds. Funding originates from the DOE Florida Education Finance Program.

# SUS 2019-2020 Operating Budget Auxiliary Enterprises



# Auxiliary Enterprises – Board Regulation 9.013 – Auxiliary Operations



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.

The Auxiliary Enterprises Budget consists of university business operations that are self-supporting through user fees, payments and charges.

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.

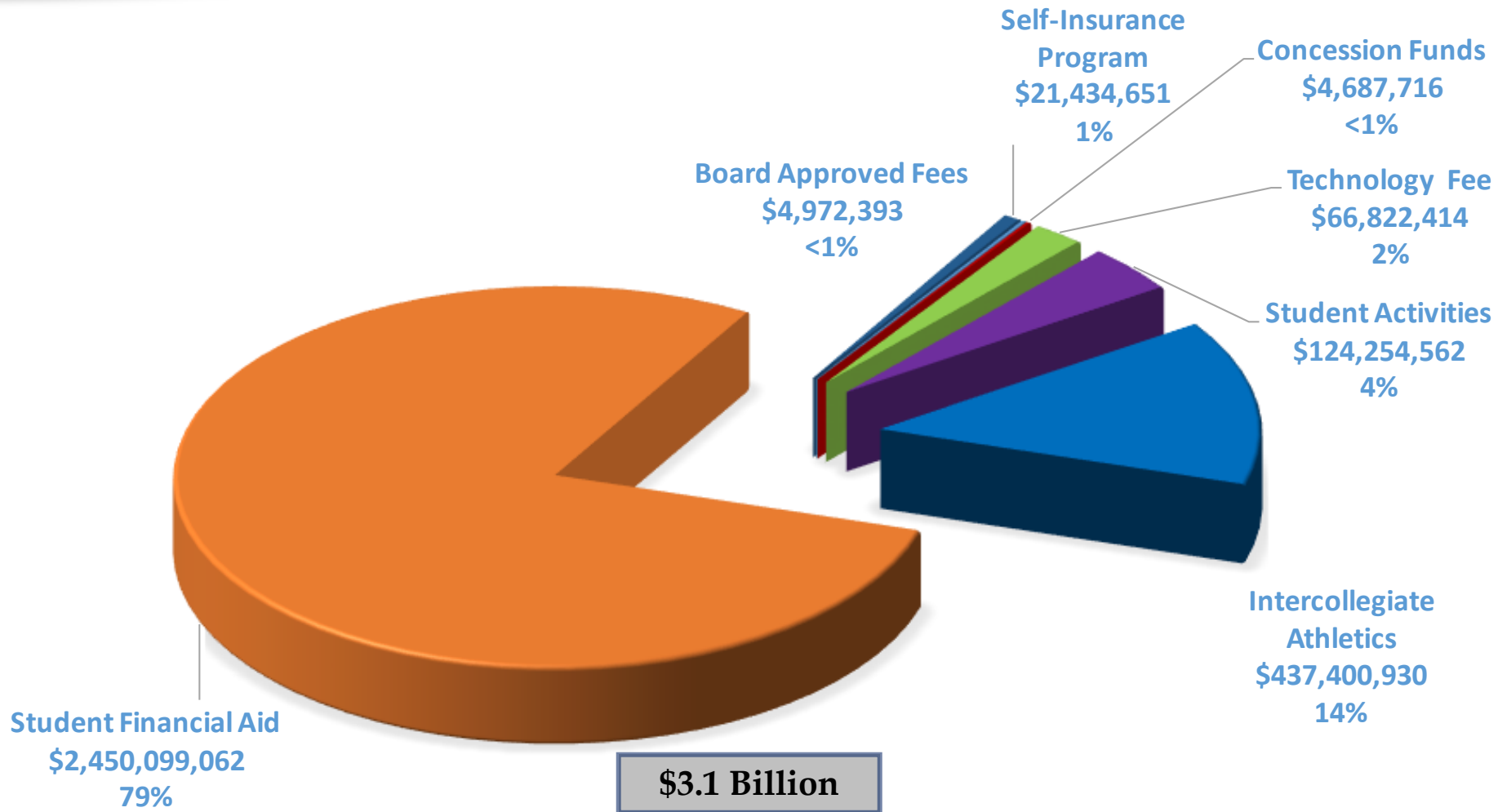
# Auxiliary Enterprises – Board Regulation 9.013 – Auxiliary Operations



Proceeds from Auxiliary Enterprise operations may be used for purposes deemed necessary by the institution's administration. Examples of uses of Auxiliary funds include:

- ✓ Debt service for bonds issued for the construction of university parking garages and student dormitories (pledged revenues)
- ✓ Construction of new university facilities
- ✓ Administrative department support from Auxiliary operations overhead assessments (Human Resources, Purchasing, etc.)
- ✓ Campus safety and infrastructure improvements
- ✓ Maintenance and repairs of university academic and administrative buildings
- ✓ Salaries and benefits, compensated leave for Auxiliary Enterprise employees
- ✓ Subsidized costs for student extracurricular activities (concerts, seminars, career fairs, homecoming events, etc.)

# SUS 2019-2020 Operating Budget Local Funds







# Local Funds – Regulation 9.007(d) – Operating Budgets

- ✓ Student Financial Aid
  - ✓ Funding from the student financial aid fee
  - ✓ Federal Pell Grants
  - ✓ Florida Bright Futures
  - ✓ Florida Student Assistance Grant
  - ✓ Federal Work Study
  - ✓ First Generation Scholarships
  
- ✓ Intercollegiate Athletics Budget – Board Regulation 7.003
  - ✓ The Athletics Operating Budget supports the University's student athletics program. Funding is generated from student athletics fees as well as ticket sales to athletics events, game guarantees, NCAA distributions, sponsorships and private support.

# Local Funds (continued)



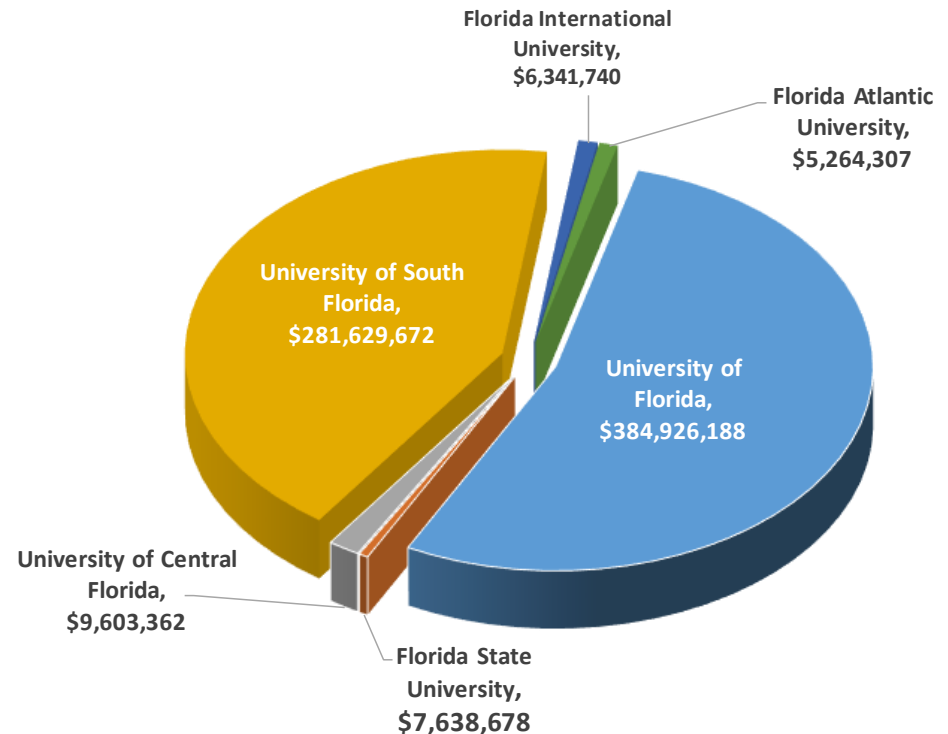
- ✓ Student Activities and Services – Board Regulation 7.003(4)(e)
  - ✓ Funding from the activities & service (A&S) fee to support student government operations and student activities such as clubs and organizations.
  - ✓ The student A&S fees shall be expended for lawful purposes to benefit the student body in general.
  
- ✓ Technology Fee – Board Regulation 7.003(5)
  - ✓ The fee may be up to 5 percent of the tuition charged per credit hour. The revenue from this fee shall be used to enhance instructional technology resources for students and faculty.
  
- ✓ Student Financial Aid Fee – Board Regulation 7.003(17)
  - ✓ This fee is collected for financial aid purposes in an amount not to exceed 5 percent of the tuition and out-of-state fee.
  - ✓ Minimum of 75 percent mandated for need-based student aid.

# Faculty Practice – Regulation 9.007

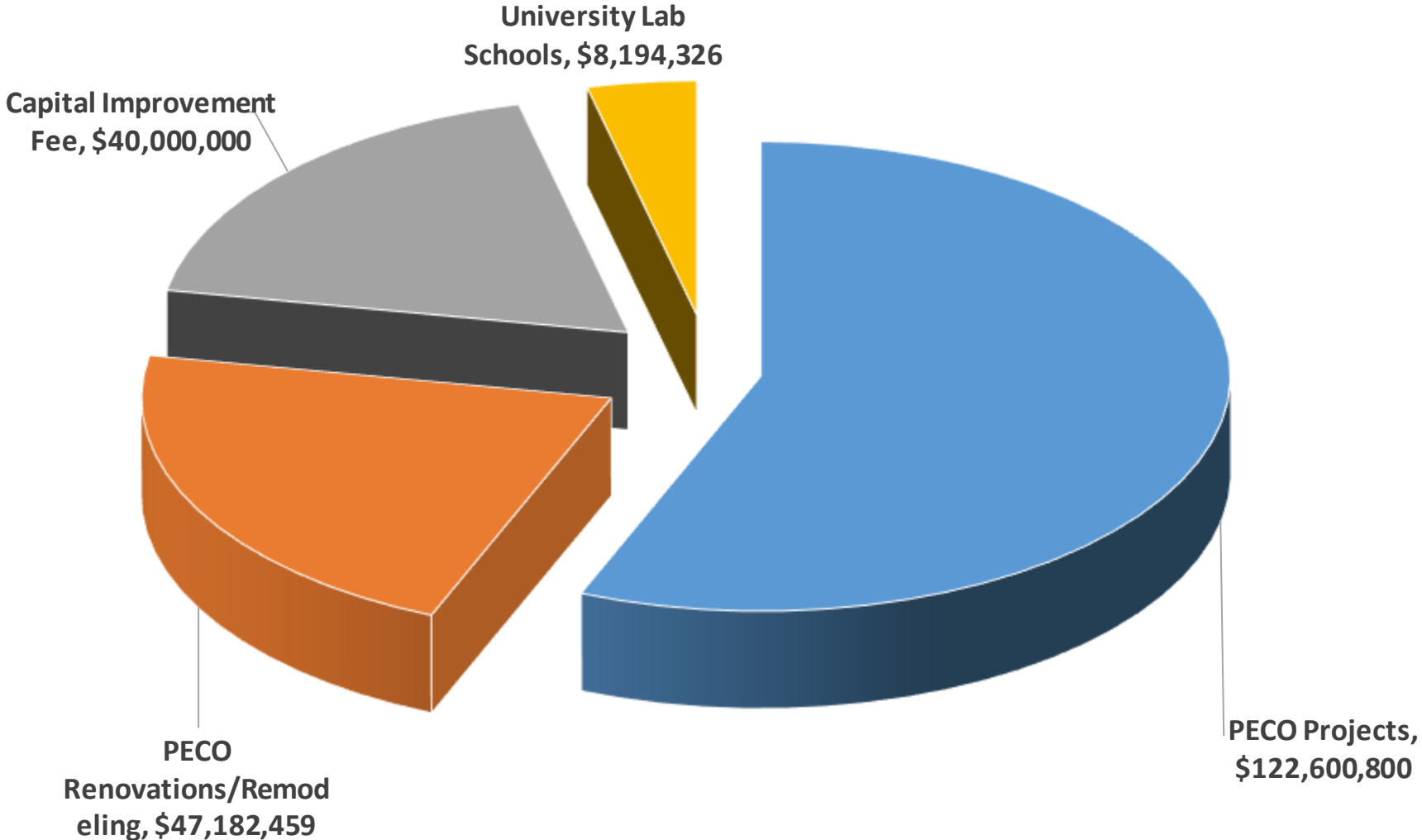


Related to the activities for the state universities' medical schools and health centers. This budget must report the monetary level of clinical activity regarding the training of students, post-graduate health professionals, and medical faculty.

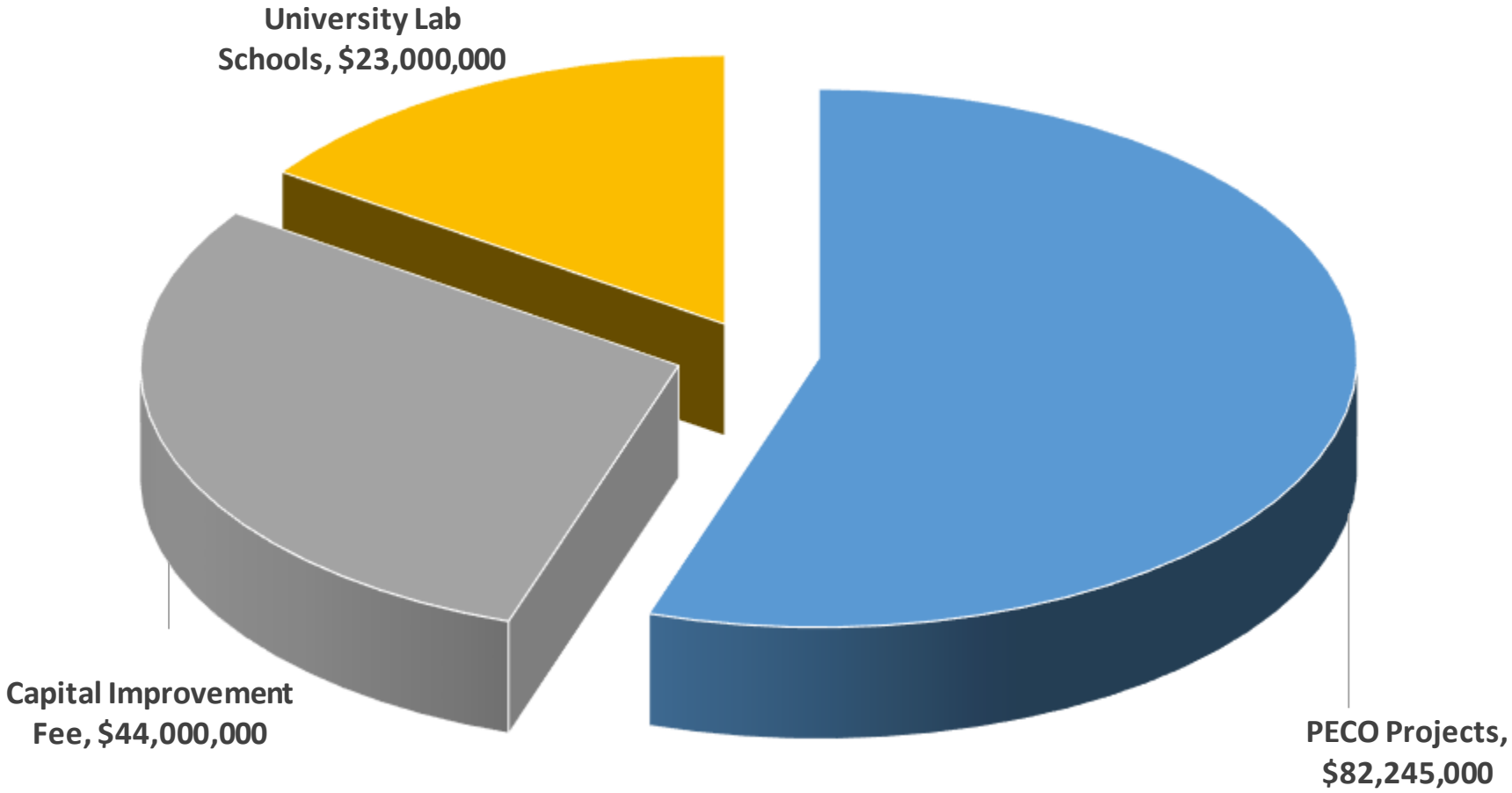
University Faculty Practice Plans have been established to facilitate the orderly collection, distribution, and regulation of fees generated by faculty members engaged in healthcare services to patients as an integral part of their academic activities and employment as university faculty.



# SUS 2018-2019 Fixed Capital Outlay



# SUS 2019-2020 Fixed Capital Outlay



# Fixed Capital Outlay



- **Public Education Capital Outlay (PECO)** – Funded by the Gross Receipts Tax, which is a 2.5 percent levy on the gross receipts of electric, gas and telecommunications. This tax is devoted entirely to the PECO and Debt Service Trust fund and is the major state source of revenue dedicated to k-20 facilities. Funds are used for renovation/remodeling, new construction and/or land acquisition.
- **Capital Improvement Trust Fund Fee (CITF)** – Funded by student fees and used for student related projects. This fee can be no more than 10 percent of tuition. Board Regulation 7.003(16)

# SUS Authorized Revenue Sources for Fixed Capital Outlay (FCO) Projects



## ✓ **State Appropriations for FCO**

- ✓ Public Education Capital Outlay (PECO) Trust Fund is the primary funding source for university instruction and research space
- ✓ Secondary state sources include General Revenue, Lottery and the Capital Improvement Fee
- ✓ Project spending authorized in the General Appropriations Act or via special appropriation

# SUS Authorized Revenue Sources for Fixed Capital Outlay (FCO) Projects



## ✓ Authorized University Revenues

- ✓ Student life, research, retail, and athletic facilities do not receive PECO. These facilities must generate their own revenues for both construction and operations.
- ✓ These may also be described as “Self-Supporting Facilities”
- ✓ Authorized self-supporting facility revenues include athletics, student housing, transportation/parking, student dining, student unions, retail, research related, health, etc.
- ✓ The use of tuition as a facility revenue source is specifically prohibited in S. 1010.62 F.S.



# SUS Authorized Revenue Sources for Fixed Capital Outlay (FCO) Projects



## ✓ **Authorized Non-State Revenues (S. 1013.74 F.S.)**

- ✓ Universities may use Federal Grants, private grants, and gifts for fixed capital outlay projects IF the funds are given or granted specifically for the purpose of construction.
- ✓ Replacement of buildings from insurance proceeds.

# Fixed Capital Outlay (FCO) Financing Mechanisms



## •Section 1010.62, F.S.

- ✓ Authorizes financing using revenues derived from or received in relation to sales and services of auxiliary enterprises or component units of the university, including, but not limited to:
  - Housing, transportation, health care, research or research related activities, food service, retail sales, athletic activities, or other similar services, other revenues attributable to the projects to be financed or refinanced, any other revenue approved by Legislature for facilities construction or for securing revenue bonds issued pursuant to s. 11(d), Art. VII of the State Constitution, or any other revenues permitted by law.

# Fixed Capital Outlay (FCO) Financing Mechanisms



## **Section 1010.62, F.S.**

- ✓ Bonds, loans, certificates of participation - all require Board of Governors approval and Division of Bond Finance review.
- ✓ Equipment financing does not require Board of Governors review; the equipment serves as the collateral securing the note.
- ✓ Mortgage financing does not require Board of Governors review; the building and land serves as collateral in securing the note. Mortgage financing is not allowed on State-Owned land.

## **Public Private Partnership (P3)**

- ✓ Defined by Board Guidelines and subject to approval by the Board of Governors.
- ✓ Parallel review structure for Bonded Projects; includes Bond Finance review as well.

# Carryforward Spending Plan and Fixed Capital Outlay Approval Process



- Each university shall prepare a Carryforward Spending Plan and Fixed Capital Outlay (FCO) budget for approval by the university board of trustees, in accordance with instructions, guidelines, and standard formats provided by the Board of Governors.
- The university board of trustees-ratified carryforward spending plan and FCO budget is presented to the Board of Governors for approval. Each university shall implement the carryforward spending plan and FCO budget of the university as prescribed by regulations of the Board of Governors and Florida Statute 1011.45 as amended by 2019 Senate Bill 190.



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