

FLORIDA INTERNATIONAL UNIVERSITY

Full Board Meeting

FIU | Board of Trustees



FA1. Proposed 2013-2014 Operating Budget



FIU

Board of
Trustees

Agenda

- Executive Summary
- Requested FY 2013-14 Budget Review
 - FIU's Operating Budget is comprised of twelve budgetary components
- Proposed Action Items
 - University and Direct Support Organizations (DSO) Operating Budgets
 - University Tuition and Fees Schedule
 - Health Fee
 - Capital Improvement Trust Fund
 - Tuition for Market Rate Programs, 2014-15 Academic Year

FY 2013-14 Operating Budget Executive Summary

FIU's FY 2013-14 Expenditure Operating Budget totals \$1,188M

<i>\$ Millions</i>	FY 2012-13 ¹	FY 2013-14 Proposed	Change	Percentage Change	Percentage of Total Budget
Education and General - University	\$ 361.5	\$ 382.5	\$ 21.0	5.8%	32%
Education and General - College of Medicine	\$ 36.4	\$ 42.7	\$ 6.3	17.3%	4%
Auxiliary Enterprises	\$ 167.2	\$ 171.6	\$ 4.4	2.6%	14%
Student Financial Aid	\$ 165.5	\$ 147.2	\$ (18.3)	-11.1%	12%
Contracts and Grants	\$ 98.5	\$ 101.1	\$ 2.6	2.6%	9%
Intercollegiate Athletics	\$ 22.7	\$ 23.6	\$ 0.9	4.0%	2%
Activity and Service	\$ 16.0	\$ 16.5	\$ 0.5	3.1%	1%
Technology Fee	\$ 8.4	\$ 8.9	\$ 0.5	6.0%	1%
Board Approved Fees	\$ 0.5	\$ 0.5	\$ -	0.0%	0%
Concessions	\$ 0.7	\$ 0.7	\$ -	0.0%	0%
Direct Support Organizations	\$ 27.4	\$ 38.4	\$ 11.0	40.1%	3%
Student Loans	\$ 299.9	\$ 261.0	\$ (38.9)	-13.0%	22%
Other ²	\$ (6.7)	\$ (6.8)	\$ (0.1)	1.4%	-1%
TOTAL EXPENDITURES	\$ 1,198.0	\$ 1,187.9	\$ (10.1)	-0.8%	100%

¹ Final Budget FY 2012-13 contains reporting change of DSO Reimbursements from Auxiliary to Contracts and Grants

² Other includes Self-Insurance Program, Principal Payment of Debt and Interfund Adjustments

Educational & General

- Comprised of:
 - State appropriations
 - General Revenue
 - Educational Enhancement Trust Fund / Lottery
 - Tuition and Fees
- Supports
 - Instruction
 - Research
 - Engagement / Public Service
 - Library / Learning Resources
 - Student Services
 - University Support
 - Physical Plant
- Projected total expenditures
 - E&G University \$425.2M
 - E&G University \$382.5M
 - E&G College of Medicine \$ 42.7M

Educational & General State Appropriations

E&G State Appropriations

- \$24.3 million restoration of prior year state revenue reductions
- \$3.2 million increase to PO&M for new space
- \$9.2 million increase for health insurance and retirement costs
- \$4.9 million for new initiatives; reduction of \$1.3 million for non-recurring funding (\$3.6 million net)
- Total enrollment of approximately 50,000 students Fall 2013

Herbert Wertheim College of Medicine

- \$724,449 funding received for the continued phase-in of the Herbert Wertheim College of Medicine
- \$0.7 million increase for health insurance and retirement costs
- \$1.8 million for new initiatives
- 120 students accepted from 3,496 applicants for fifth class of 2017
- Total enrollment of approximately 360 students Fall 2013

Educational & General Tuition Rates

Base Tuition

- Undergraduate: 1.7% Increase
- Graduate: 5% Increase
- Law: 10% Increase
- Medicine: 0% Increase
- Non-Resident Fee: 0% Increase

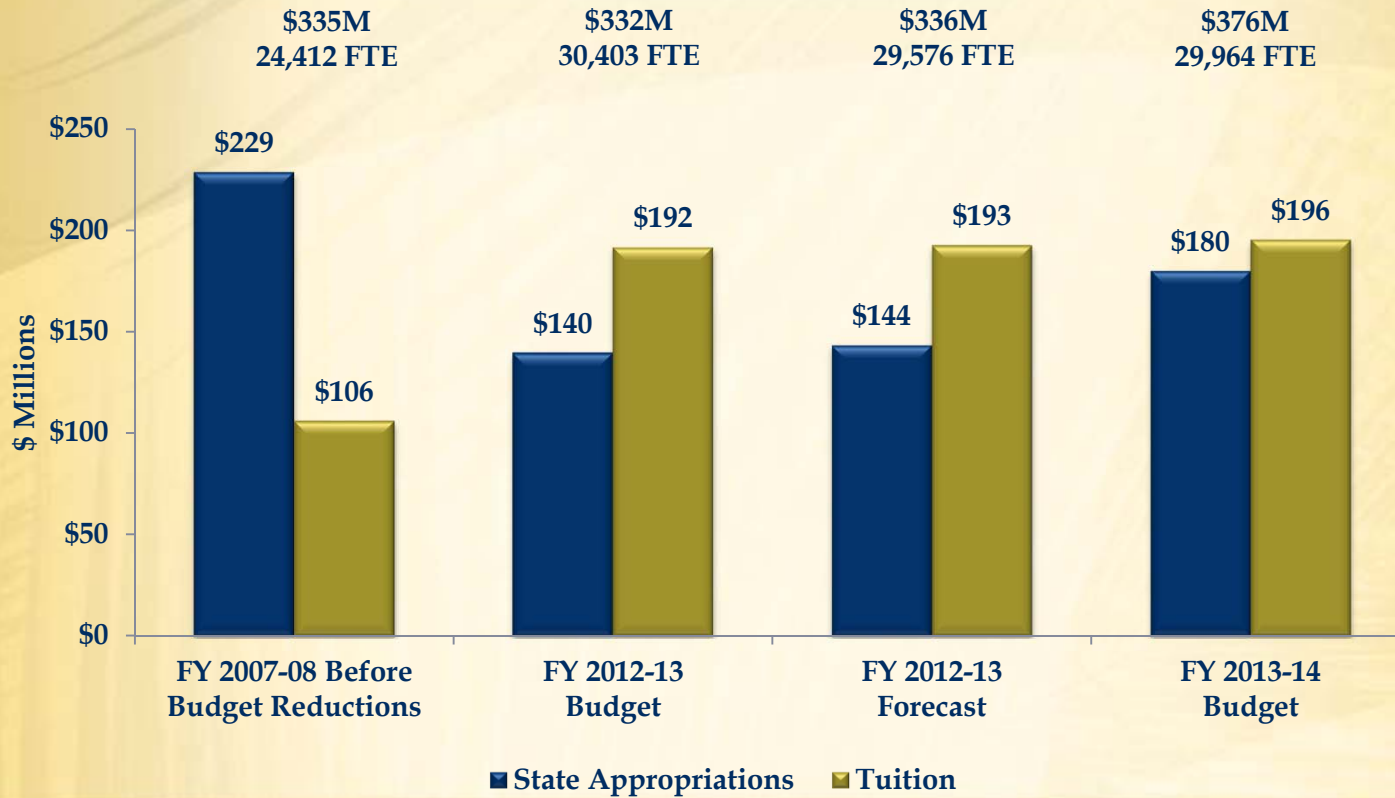
Differential Tuition

- 0% Increase
- Applies to Undergraduate tuition only
- Rate applies to new students as of Fall 2007 except students with prepaid contracts
- 30% directed towards need based Financial Aid
- 70% to be used towards undergraduate education expenses

Incremental Tuition Revenue

- Net incremental tuition revenue of approximately \$6.7M from all increases
 - E&G University \$4.0M
 - E&G College of Medicine \$2.7M

E&G State Appropriations and Tuition*



E&G University Funding Gap

	<i>\$ millions</i>
State Appropriations Base Budget	142
Restoration of FIU Share of \$300M cut	24
Legislative Adjustments / Budget Passthroughs	8
PO&M and Legislative Specials	9
2013-14 Total State Appropriations	183
2012-13 E&G Tuition Budget	192
Incremental Tuition	4
2013-14 E&G Tuition Budget	196
TOTAL E&G REVENUES	379*
E&G Base Expenditure Budget	(363)
PO&M, Legislative Specials & Passthroughs	(17)
10-year Plan Investments Continuation	(1)
Additional need-based financial aid and advisors	(2)
TOTAL E&G EXPENDITURES	(383)
E&G ESTIMATED SHORTFALL	(4)

E&G University Funding Gap

University Carryforward funds will be used to cover the E&G estimated shortfall

	<i>\$ millions</i>
FY 2012-13 Beginning Balance	83
Expenditure Forecast FY 2012-13	(51)
Estimated Unused FY 2012-13 Current Year Funds	12
FY 2013-14 Estimated Beginning Balance	44
E&G Funding GAP	(4)
Legislative Earmarked Funds	(5)
Capital Campaign Investment	(3)
Health Services Compliance	(1)
College and Area Commitments	(4)
FY 2013-14 Expenditures:	(17)
FY 2013-14 Estimated Ending Balance	27
Minimum Statutory Reserve	20

Auxiliary Enterprises

- Projected expenditures of \$171.6M; Revenue of \$195.3M
- Revenues and expenses reflect the elimination of DSO reimbursements now reported in the Contract and Grants Budget (\$13.2M)
- Comprised of over 100 different business and enterprise operations that are self-supporting through user fees, payments and charges – no state support
- Operations include: academic and on-line programs, food service, retail operations, parking and transportation, housing, continuing education, and student health services
- Projected expenditure increase of \$4.4M mainly associated with
 - Expansion of market academic programs
 - Operating expenses associated with new student residence, Parkview Hall
 - Increased debt service due to initial payments for Parkview Hall and Parking Garage VI

Health Fee

- Projected expenditures of \$10.6M; Revenue of \$10.7M
- Comprised of funding from student health fees paid each semester
- Student health fees are used to fund health, wellness, counseling and psychological services, victim's advocacy and disability resources
- Fee increase of \$10.50, from \$83.19 to \$93.69 per semester
 - Recommended by the Health Fee Committee (6-0)
 - Last increase of \$15.99 was in FY 2010-11
- The Health Fee increase will provide an additional \$1.0M in revenue to cover the conversion of long-term OPS employees to benefits-earning employees, additional psychologists and counseling services, market-equity adjustments for nurses, and prevention and wellness services

Health Fee

How do we compare?

Health Fee	FIU	UWF [^]	FAU	FGCU [^]	FAMU	UNF [^]	USF [^]	UCF [^]	FSU [^]	NCF [^]	UF [^]	Avg.
\$ per credit hour		\$7.41	\$9.42	\$9.24	\$6.91	\$10.16	\$9.94	\$10.89	\$13.97	\$4.81	\$14.11	\$9.69
\$ per head count	\$93.69*											

*FIU's per headcount Health Fee is equivalent to \$7.81 per credit hour, assuming 12 credit hours per semester.

[^] Indicates that the University is proposing to increase their Health fee in FY 13-14, pending their boards approval.

Other Fees

- There is no an increase in the Activity and Service Fee and the Athletics Fee in FY 2013-14

Student Financial Aid

- Projected expenditures of \$147M; Revenue of \$147M
- Comprised of funding from student financial aid fees, support from federal and state financial aid awards, institutional programs, as well as numerous private scholarships
 - Pell Grants
 - Bright Futures
 - FIU University-Wide and College
 - Florida Student Assistance Grant
 - Federal Work Study
 - First Generation
- Projected decrease of \$18.3M
 - Decrease in Bright Futures & Pell Grant recipients due to higher Federal and State mandated eligibility requirements
- Approximately 36,000 students will receive financial aid including 20,000 PELL Grant recipients

Contracts & Grants

- Projected expenditures of \$101.1M*; Revenue of \$102M
- Revenues and expenditures include DSO reimbursements previously reported in auxiliary funds (\$13.2M)
- Comprised of funding from many sources, including federal, state and local governmental agencies and private organizations, to support research, public service and training
- Federal grants are expected to be \$5.5M less than the previous year due to sequester
- Federal negotiations for a new F&A rate effective FY 2013-14 continue
- Key projects for FY 2013-14:
 - Focus on the technology transfer function to bring inventions to market
 - Continue lab renovations and identification of cluster hiring opportunities
 - Hire National Academy quality faculty

** National Science Foundation research and development expenditures projected to be \$126M*

Intercollegiate Athletics

- Projected expenditures of \$23.6M; Revenue of \$25.4M
- Comprised of funding from student athletic fees, ticket sales, game guarantees, corporate sponsorships, NCAA distributions, private support and gifts and other revenues
- University Sports -- 5 men's and 9 women's including football, softball, baseball, soccer, golf, basketball, cross-country/track and field, swimming and diving, tennis, volleyball and sand volleyball
- 400 student athletes
- 200,000 degrees awarded to Panther Alumni
- Millions of fans
- Increase of \$0.9M in expenditures is primarily due to initiation and contribution fees charged by Conference USA

Activity & Service

- Projected expenditures of \$16.5M; Revenue of \$16M
- Comprised of funding from the Activity and Service fee paid by students as well as other types of club and program income
- Supports student clubs, organizations, student centers and recreational sports for all campuses which enhance and balance the academic experience with social real world interactions among students
- Increase of \$0.5M in expenditures is primarily to support various student programs and centers

Technology Fee

- Projected expenditures of \$8.9M; Revenue of \$9.0M
- Comprised of funding from the technology fee paid by students, established at 5% of base tuition
- Used to enhance instructional technology resources for students
 - Renovation of classrooms and computer labs with state-of-the art technology
 - Academic Skills and Knowledge Center (ASK! Center), centralized service desk and combined computer lab, laptop bar and reading zone
 - Improve the speed, ease of use, and performance of the eLabs environment
- Committee of 6 students and 6 faculty/staff make project recommendations

Board Approved Fees

- Projected expenditures of \$502,000; Revenue of \$502,000
- Comprised of funding from the Test Preparation Fee paid by College of Law students in programs where licensing to practice requires successful completion of the Bar examination
- FIU provides the Bar preparation course through a third party vendor

Concessions

- Projected expenditures of \$706,000; Revenue of \$706,000
- Comprised of funding derived from sales commissions from the beverage and pouring contract, snack vending, and laundry vending machines
- Supports the purchase of food and refreshment at university-wide events, e.g. commencements, student housing socials, convocation events, Board of Trustees meetings, training programs, lecture series, and faculty and staff recruitment

Direct Supports Organizations (DSOs) & Component Units

Projected expenditures of \$38.4M by DSO's and Component Units support the strategic priorities of the University

FIU Foundation Inc.

- Operating expenditures total \$31.0M with projected revenues of \$61.1M
- Operating revenues are driven primarily by contributions of \$43.6M and investment earnings of \$12.7M and other revenues of \$4.8M

FIU Athletics Finance Corporation

- Operating expenditures total \$2.4M with \$3.6M in projected revenues
- Principal payment of \$656,000 associated with stadium loan
- Debt service coverage ratio at 1.25

Direct Supports Organizations (DSOs) & Component Units - Continued

FIU Research Foundation Inc.

- Continue to receive royalties revenue
- Expenditures of \$18k for audit and tax fees, \$25k for outsourced professional service fees

FIU Health Care Network

- The Faculty Group Practice opened the first location in August 2011 at PG-5 Market Station
- Operating expenditures are \$5.0M with revenues of \$3.8M; loss covered by auxiliary loan

Student Loans

- Projected expenditures of \$260.9M; Revenues of \$260.9M
- Comprised of loans from Federal and Private Sources
 - Federal Stafford, Perkins and PLUS
 - Private (Sallie Mae, Discover, PNC, etc.)
- The university acts as an agent with respect to these funds
- Approximately 22,000 students will receive some form of student loan

Capital Improvement Trust Fund

- The CITF is used to fund new projects or real property acquisition meeting the requirements of chapter 1013, F.S., such as student recreation and wellness centers and student unions
- Florida Statute 1009.24 authorizes an increase in the CITF fee of up to \$2.00 per credit hour over the prior year
- The current fee of \$6.76 per credit hour will be increased by \$2.00, taking the amount to \$8.76 per credit hour
 - Effective Fall 2013 if approved by the Board of Governors
 - The last increase of \$2.00 was in FY 2012-13
- Recommended by the CITF Fee Committee, comprised of 50% students, (6-0)

Capital Improvement Trust Fund Fee

How do we compare?

CITF Fee	FIU	UWF [^]	FAU [^]	FGCU [^]	FAMU	UNF [^]	USF [^]	UCF [^]	FSU ^{^*}	NCF	UF	Avg.
<i>\$ per credit hour</i>	\$8.76	\$8.76	\$8.76	\$8.76	\$6.76	\$8.76	\$8.00	\$8.76	\$8.76	\$6.14	\$6.76	\$8.09

[^] Indicates that the University is proposing to increase their Capital Improvement fee in FY 13-14, pending their Board of Trustees approval.

* Amount includes Student Facilities Use Fee of \$2.00

Tuition For Market Rate Programs

- Tuition for market rate program is being proposed for the following program offered through FIU's Continuing Education Program
 - *Master of Science in Human Resources Management*
 - Fully On-line Program
 - \$35,000 for Resident and Non-Resident
 - 36 credit hours
 - Initial student enrollment of 50 students
- Market rate programs receive no state funding and must cover all costs of program delivery
- Proposed Implementation Date: Fall 2014, pending Board of Governors approval
- The market rate tuition will enable these programs to provide students with a strong foundation of knowledge and skills required to succeed in the workforce

Amendment of University Tuition and Fees Schedule

- Reflects the adjustment of tuition increases (1.7 percent undergraduate – statutory CPI adjustment, 5 percent graduate and 10 percent law), fees calculated as 5 percent of tuition (financial aid and technology), student health fee, and CITF fee
- Includes a new section on graduate programs in the College of Nursing and Health Sciences that carry an extra charge for clinical curricular requirements (tuition-plus)
 - Programs have been in place for several years, beginning in 2001
 - Students are advised of these charges on the College’s website and during the admission process, but they have not been reflected in our regulation
 - These programs are listed separately in the regulation, similar to Law and Medicine
 - Regulation also reflects retroactive BOT authority back to 2009-10

Amendment of University Tuition and Fees Schedule

- Includes a new section on Continuing Education to reflect the delegation for operating Continuing Education programs to the President
 - Prior to Fall 2011, the BOG regulation delegated this responsibility to the President
 - The BOG amended its regulation to delegate this responsibility to the BOT
 - The FIU regulation delegates the authority from the BOT to the President

Proposed Action Items

FA1. Proposed 2013-2014 Operating Budget

- A. University & DSO Operating Budgets
- B. University Tuition and Fees Schedule
- C. Health Fee
- D. Capital Improvement Trust Fund
- E. Tuition for Market Rate Programs, 2014-15 Academic Year

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