



# Informational Session for Fiscal Year 2016-2017 Budget

PRESENTED BY

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**Acting Vice President for Finance and Administration**  
Florida Agricultural and Mechanical University

Budget and Finance Committee

May 23, 2016

# Agenda

- Budget Process
- Sources of Funds
- Management of Carry Forward Dollars
- Reserves and Set-asides
- Challenges of Budgeting for Performance-Based Funding
- Potential Risks and Assumptions
- Review of Total FY 2016-2017 Operating Budget



# Budget Process





# BOG and BOT Timelines



March	April	May	June	July	August	September
<ul style="list-style-type: none"> <li>• March Legislative session ended</li> <li>• Units begin internal budget planning processes</li> <li>• Preliminary Allocation from BOG received</li> </ul>	<ul style="list-style-type: none"> <li>• University Budget and Planning Committee will begin</li> <li>• Budget and Planning Committee will meet to review E&amp;G and Non-E&amp;G Budget requests</li> <li>• Budget and Planning Committee recommendations presented to the President</li> <li>• Final allocation from BOG received</li> </ul>	<ul style="list-style-type: none"> <li>• May BOT Budget Workshop</li> </ul>	<ul style="list-style-type: none"> <li>• President approves final allocations</li> <li>• Allocations made to respective departments</li> <li>• BOT approves preliminary budget</li> <li>• Submitted to BOG for review and approval</li> </ul>	<ul style="list-style-type: none"> <li>• Budget Office enters preliminary budget data into PeopleSoft</li> </ul>	<ul style="list-style-type: none"> <li>• Submit Final Operating Budget to BOG August 19</li> </ul>	<ul style="list-style-type: none"> <li>• BOT approves 2016-2017 Operating Budget submitted to the BOG in August</li> </ul>

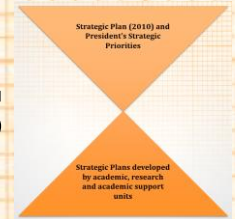


# Budgeting Process

The University's strategic budgeting process is referred to as a "top-down, bottom-up" process.



# President's Strategic Priorities

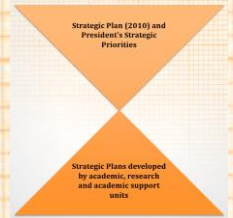


- Enhancing student success
- Improving campus safety
- Promoting an exceptional student experience
- Creating a 21st century living-learning community
- Increasing investments by alumni, supporters, et al
- Enhancing faculty vitality
- Promoting high impact research
- Promoting business and community engagement

## University Strategic Plan



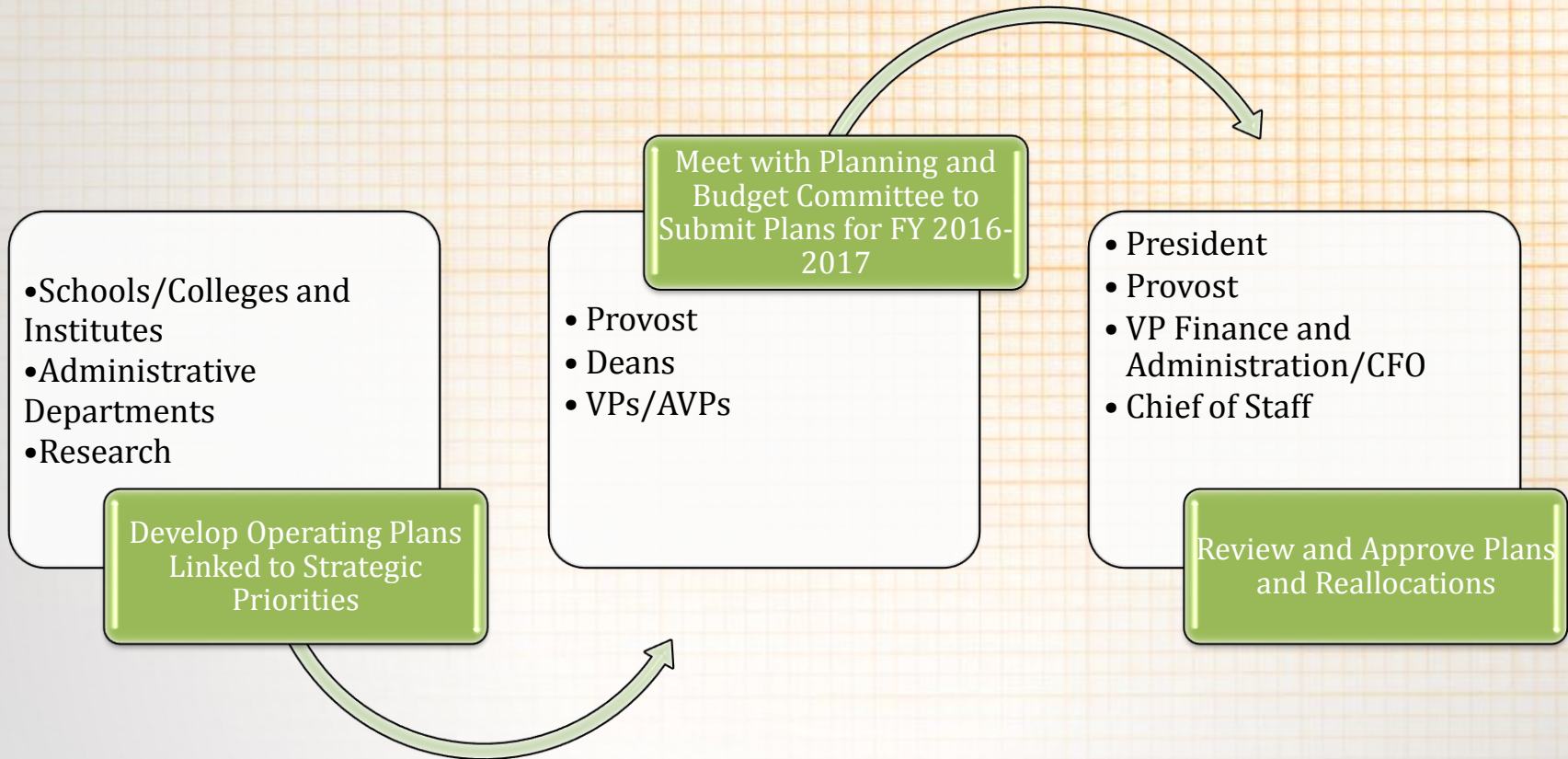
# University Budget Process



- Budget Planning Process for 2016-2017 built on process implemented for 2015-2016
- Unit leaders were asked to:
  - Explain use of prior monies received from FY 2014-2015 budget reallocation process
  - Identify budget needs including how needs align with work plan goals, strategic goals, and vision
  - Identify priorities associated with accreditation
  - Identify opportunities for growth or enhancement of programs







- Several meetings were held with President, Chief of Staff, Provost, VPs, Deans, and Department AVPs.
- Focus on the University’s priorities, and on ways in which the schools’ and units’ priorities link to and support institutional goals and initiatives.



# Reallocation Methodology

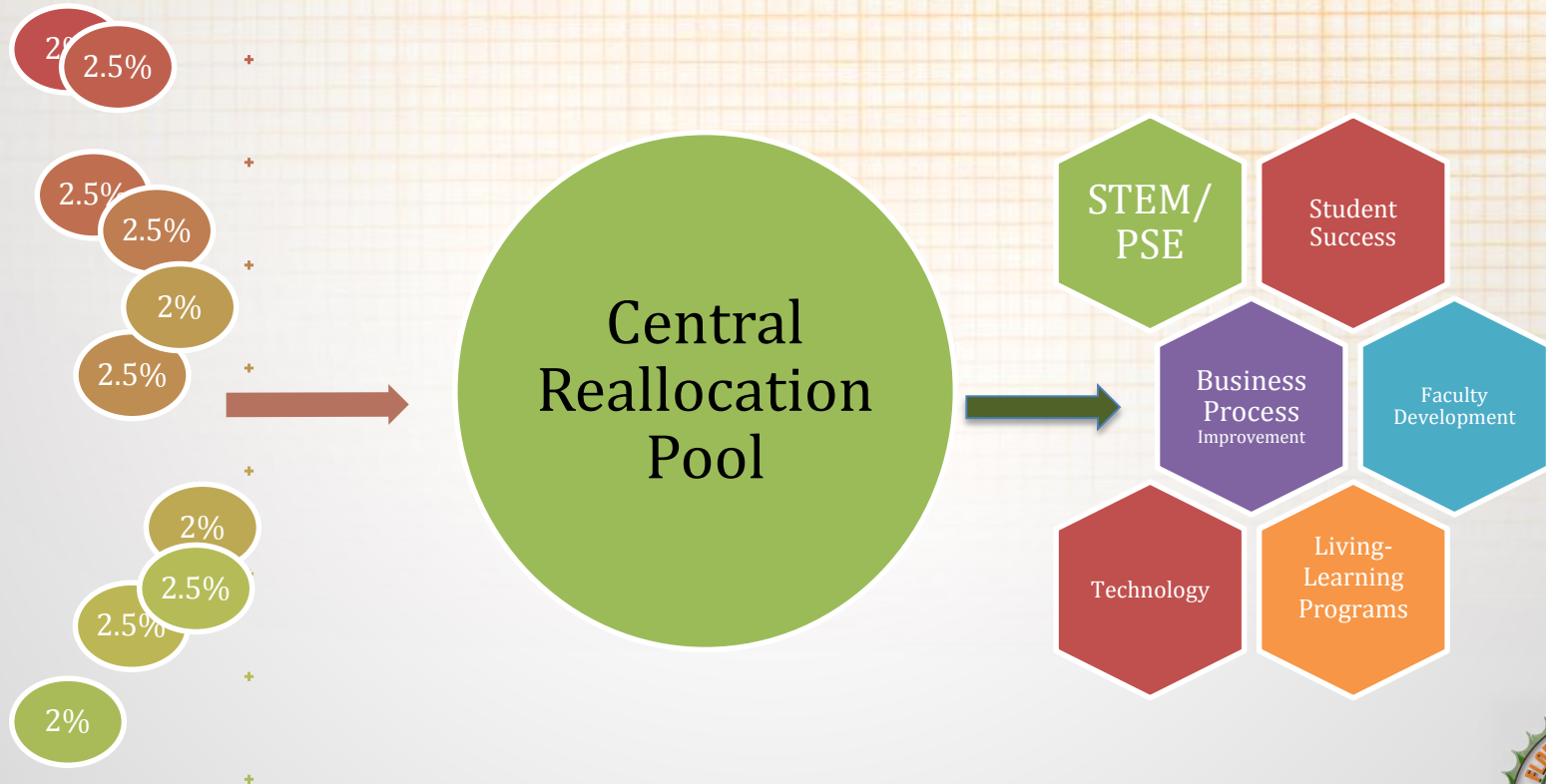
- Given scarce resources, FAMU has had to turn to internal budget reductions and reallocations to fund strategic priorities and critical operating needs
- This methodology was used to:
  - Provide incentives to improve the quality of instruction and research, enhance access, and promote efficiency
  - Share financial responsibility between the University as a whole and units
  - Distribute funds in an equitable and transparent manner
  - Permit units to manage their resources
- Deans and Unit VPs and AVPs were asked to make a reallocation for strategic investment of 2% (FY 2016 and FY 2017)
- Units leaders were also asked to cut budgets reflecting the \$2.7M in base recurring funds



# Reallocation Methodology

**TOTAL FUNDS TO BE REALLOCATED**

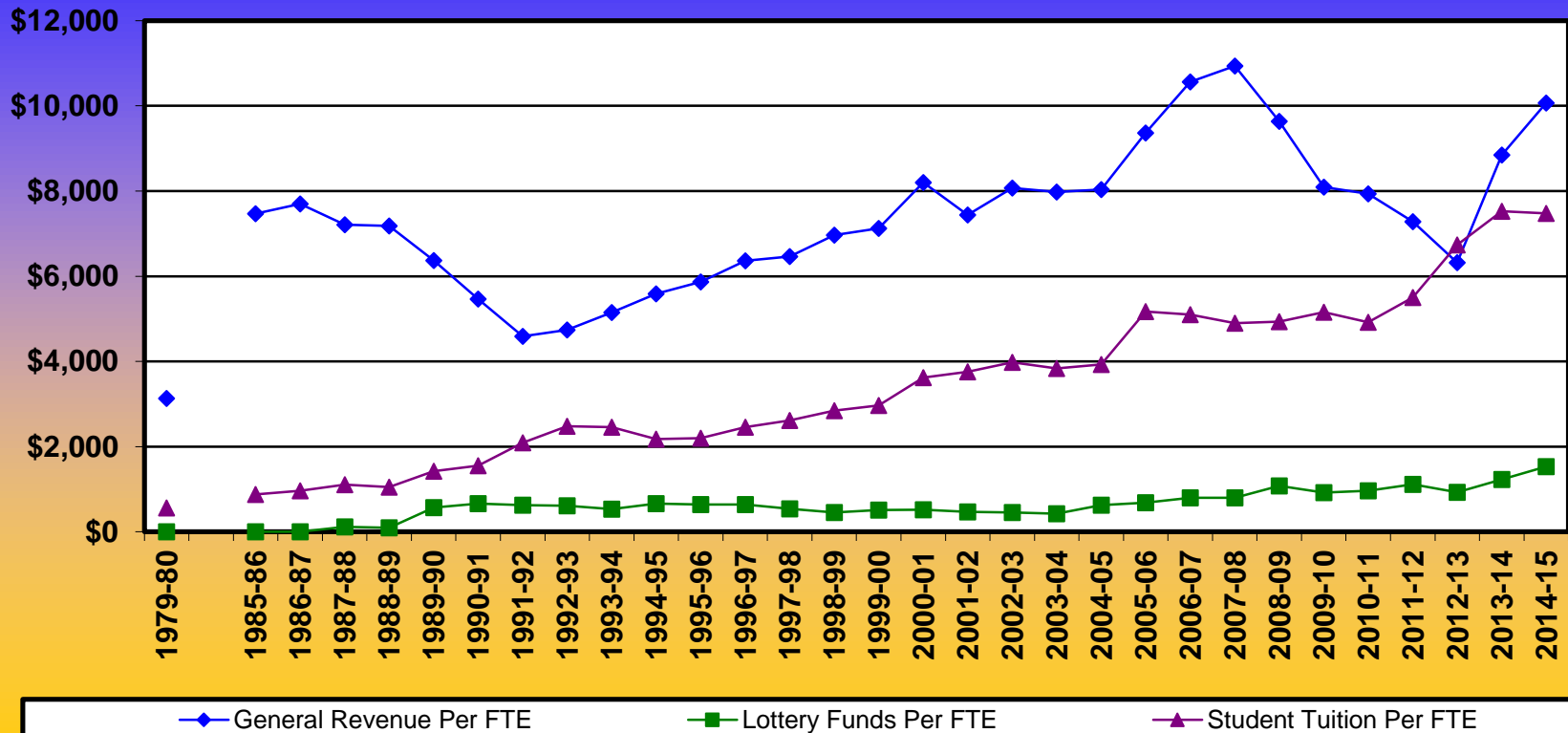
**\$4,582,802**



# Sources of Funds



**Florida A&M University  
Funding Per FTE Student**



Source: State University System of Florida Board of Governors (2016) Funding History. Retrieved from <http://www.flbog.edu/about/budget/fundinghistory.php>



# Education and General (E&G) Funds

## The University's **E&G funds** come from:

- General Revenue Fund – funded primarily through Florida's sales tax
- The Florida Lottery
- Student and other fees, which includes student tuition and fees, and other lesser sources such as library fines, application fees, and late registration fees



# Non-E&G Funds

- ▶ The sources of **Non-E&G** revenues are as follows:
  - **Sales and Services** from activities such as housing, athletics events, dining services, book store sales, parking, concessions, etc.
  - **Contracts and Grants** – this budget supports research, public service and training. Also includes:
    - Funding received from the Florida Department of Education for the Developmental Research School (FAMU DRS)
    - Pass through funds – funds allocated to external entities, but directed through the University



# Recurring vs. Non-Recurring

- ▶ Recurring Funds are the permanent appropriated dollars making up the base budget.
- ▶ Non-Recurring Funds are the dollars appropriated for one fiscal year only.





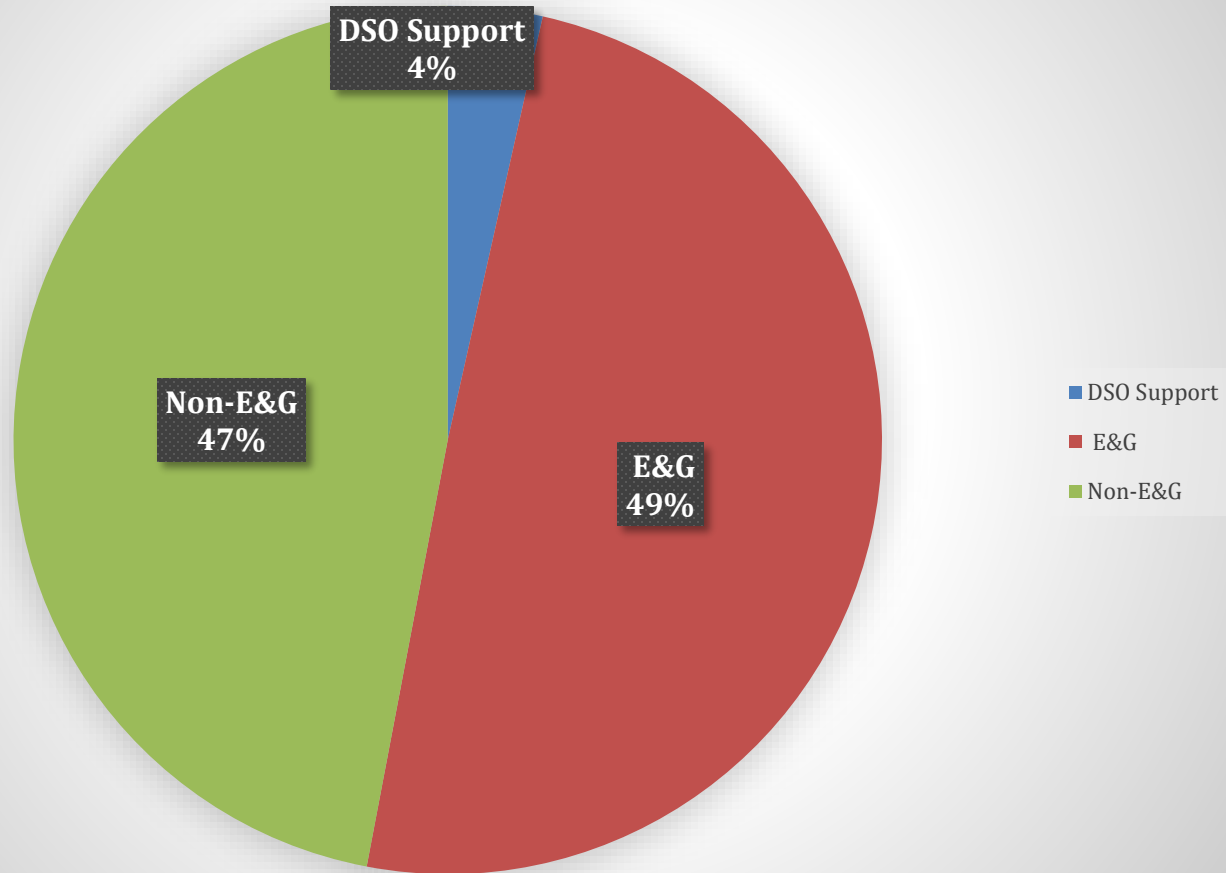
# University Operating Budget Totals Two-Year Comparison

	FY 2015-2016 (projected)	FY 2016-2017
Education and General (E&G)	\$ 163,044,392	\$ 161,813,097
Non E&G:		
CITF	2,500,000	2,000,000
Sponsored Research	50,631,300	50,000,000
Auxiliaries	39,907,709	41,233,103
Student Activity Fees	3,235,060	2,682,062
Financial Aid	69,051,930	47,644,518
Concessions	280,500	240,000
Athletics	8,717,500	8,900,000
Tech Fee	1,901,801	1,061,033
<b>Totals</b>	<b>\$ 339,270,192</b>	<b>\$ 315,573,813</b>

**Funds from Direct Support Organizations (DSO)  
are estimated to be \$11.5 million for FY 2016-2017**



## Total University Budget – All Sources FY 2016-2017



# Carryforward and Reserves



# Carryforward

- Section **1011.45 End of year balance of funds. (Carry Forward)**—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 approved operating budget for the following year
- E&G funds that are budgeted but not expended for the given year are identified as **carry forward** funds and may be used as an available source of budgeted revenues in subsequent years



# Carryforward Management

- ▶ Requests for funding from carryforward must include justification, link to strategic priorities, BOG performance funding metric, and expected outcome
- ▶ Unit requests must be approved by the Division VP, VP/CFO, or President
- ▶ Approved requests are processed by the Budget Office
- ▶ Carryforward balance is reconciled monthly



**REQUEST FOR FUNDING FROM FY 15 -16 CARRY FORWARD FORM**

Requesting Division:		
Contact Person:	Phone:	
Amount of Funding Requested		
Link to Strategic Plan Initiatives/President's Annual Performance Planning Proposal		
Link to BOG Performance Funding Metric(s):		

**Justification:** *Please provide the basis for the amount requested e.g. documented valid quotes, hourly calculations, etc. Attach additional pages for justification if necessary.*

Item	Amount	Justification

**Expected Outcome(s):** *Description in measurable terms (e.g. to increase retention of freshmen students by 15%)*


*Please note: Nonrecurring funds cannot be expected to be available to fund projects, activities, positions, etc. beyond the current fiscal year. For expected outcomes which will require ongoing involvement and maintenance, please consider how the initiative will be carried on without future funding before requesting funds.*

Requested by: \_\_\_\_\_  
Department Head

Recommended by: \_\_\_\_\_  
Vice President (Requesting Area)

Approved by: \_\_\_\_\_  
President or Vice President – Finance & Administration



# Reserves

- ▶ **5% Statutory Reserve Requirement** - in compliance with 1011.40(2), Florida Statutes, each university reserves an amount equal to 5% of its unencumbered balance in the education and general fund - \$ 8,060,484
- ▶ **University Board of Trustees Reserve Requirement 5%:** the amount funds set aside by the University Board of Trustees to address critical, unforeseen, or non-discretionary items that require immediate funding
- ▶ This amount is not mandatory and based on BOT discretion - \$ 8,060,484



# FY 2015-2016 E&G Carryforward

<b>Beginning E&amp;G Carryforward Balance as of July 1, 2015</b>	<b>\$ 34,180,105</b>
Restricted/Contractual Obligations	
5% Statutory Reserve Requirement	\$ 8,060,484
Board Reserve Requirement	\$ 8,060,484
Transfer to Joint College of Engineering	\$ 2,821,364
<b>Total Restricted Funds</b>	<b>\$ 18,942,332</b>
Strategic Expenditures	
Projected Student Tuition Shortfall (Enrollment Decline) FY 2015-2016	\$ 6,604,803
Campus Security - Safety Issues	\$ 200,000
Academic Affairs	\$ 2,575,434
Legal Affairs	\$ 200,000
Technology Upgrades and Process Improvements	\$ 572,499
Audit and Compliance Support	\$ 120,000
Black Males Program and TEAM Grant	\$ 646,307
Veterans Affairs Office	\$ 350,000
Title IX Scholarships	\$ 800,000
<b>Total Commitments</b>	<b>\$ 12,069,043</b>
<b>Available E&amp;G Carryforward Balance as of April 2016</b>	<b>\$ 3,168,730</b>

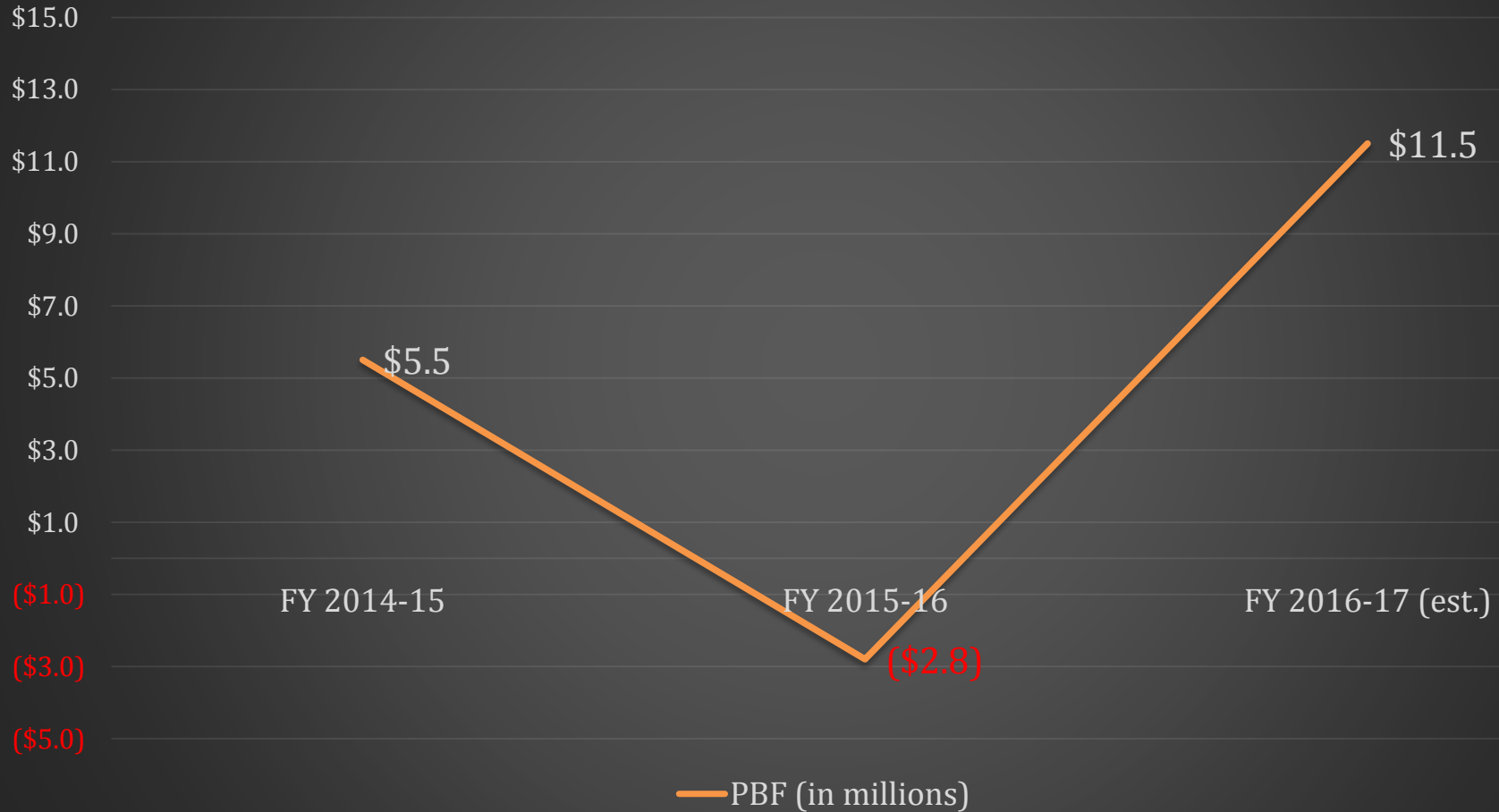


# Challenges of Budgeting for Performance-Based Funding





# Performance-Based Funding (PBF)



# Sources and Uses of New Funds FY 2014-2015

NEW RECURRING and NON-RECURRING SOURCES	
FY 2014-2015 Performance-Based Funding	\$ 5,541,681
STEM Appropriation	2,500,000
Pharmacy Appropriation for Salary Increases	700,000
<b>Total</b>	<b>\$ 8,741,681</b>
USES	
Pharmacy Salary Increases to 25th Percentile	\$(500,000)
Performance-Based Pharmacy Salary Increases to 25th Percentile	(700,000)
Engineering Faculty Salary Increase	(500,000)
Tuition Revenue Shortfall (Enrollment Decline)	(3,910,992)
STEM	(2,000,000)
1% Raises for Faculty (Other than Pharmacy and Engineering)	(1,130,689)
<b>Total</b>	<b>\$(8,741,681)</b>



# Plan for FY 2016-2017 Performance-Based Funding

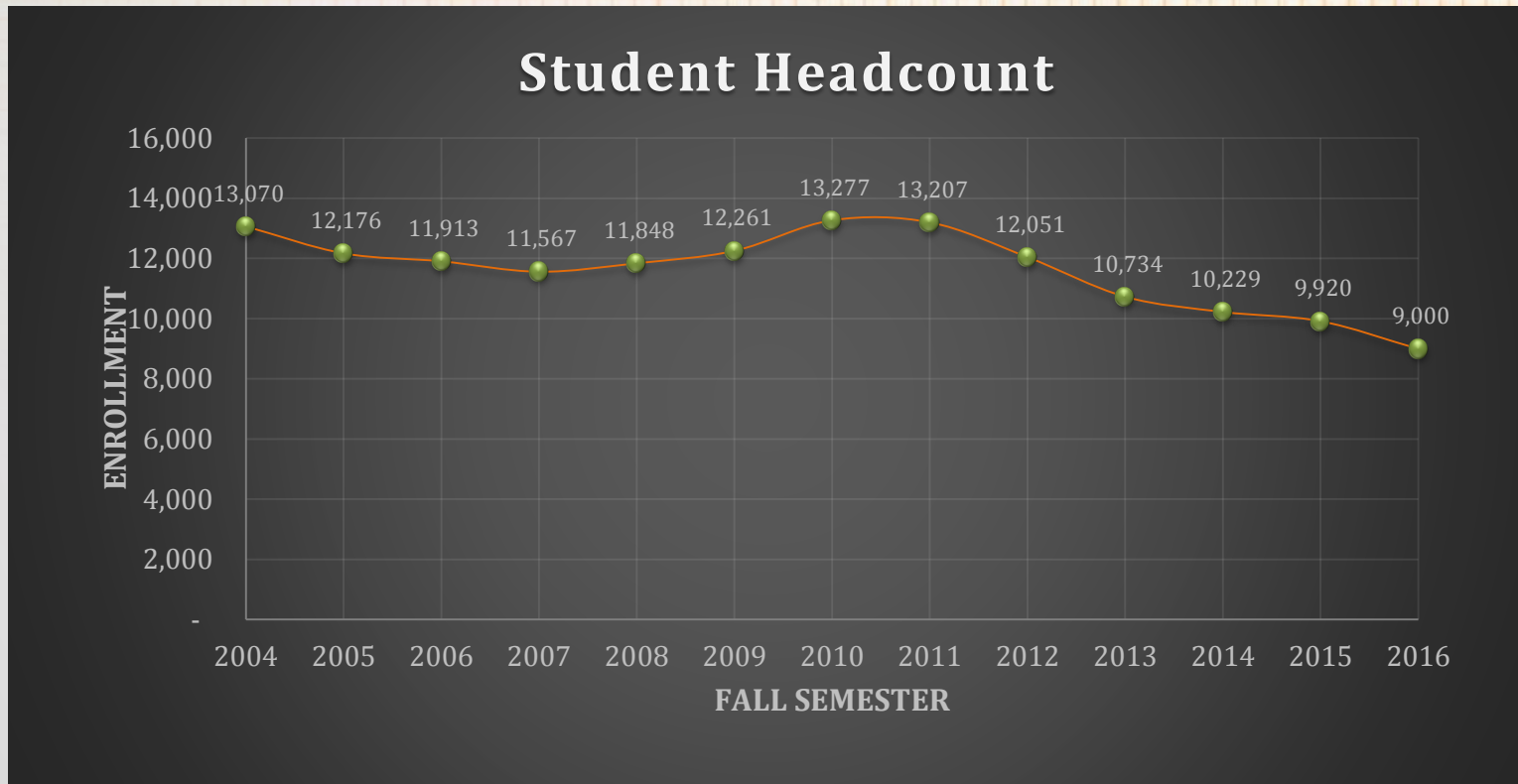
NEW NON-RECURRING SOURCES	
FY 2016-2017 Performance-Based Funding	\$ 11,509,132
USES	
Projected Tuition Revenue Shortfall (Enrollment Decline)	(10,309,132)
Student Success Initiatives	(1,200,000)
Total	\$(11,509,132)



# Potential Risks and Assumptions FY 2016-2017 Operating Budget



# Enrollment Decline



# FY 2016-2017 Budget Assumptions

- FY 2016-2017 Enrollment 9,000 (projected)
- FY 2015-2016 assumed an enrollment of 10,250
- Housing Occupancy 95%
- Housing rental rates to remain flat for FY 2016-2017
- First-year residency requirement
- Meal plan demand will remain constant



# Areas Impacted by Enrollment Decline

- ▶ Tuition revenues
- ▶ Financial Aid
- ▶ Athletic Fees
  - Approximately 40% of budget from student fees
- ▶ Reduced meal plan purchases
- ▶ Parking decal revenue declines
- ▶ Title III funding
- ▶ Fundraising



# Review of Total FY 2016-2017 Operating Budget





	General Revenue	Lottery	Student Fees	Student Financial Assistance	Risk Management Insurance	Total Appropriations
FY 2015-2016 FINAL BUDGET	\$ 64,776,348	\$ 14,228,081	\$ 66,373,112	\$ 624,417	\$ 1,210,295	\$ 147,212,253
FY 2015-2016 Distribution of Institutional Investment	13,997,427					13,997,427
FY 2015-2016 Tuition Annualization Adjustment			10,094			10,094
2015-2016 Recurring Budget	\$ 78,773,775	\$ 14,228,081	\$ 66,383,206	\$ 624,417	\$ 1,210,295	\$ 161,219,774
Fund Shift-Balance Revenue to Available Lottery	\$ (1,787,530)	\$ 1,787,530				\$ -
Florida Retirement Contribution Adjustment	175,606					175,606
Florida Retirement System Administrative Fee	7,550					7,550
Estimated Enrollment Alignment			1,418,408			1,418,408
Technical Transfer Between FAMU and FAMU-FSU COE	(225,859)					(225,859)
Base Reduction for 2016-17 Performance Funds	(14,066,717)					(14,066,717)
Total 2016-2017 Final Budget	\$ 62,876,825	\$ 16,015,611	\$ 67,801,614	\$ 624,417	\$ 1,210,295	\$ 148,528,762
Allocation of Institutional Investment	\$ 14,066,717					\$ 14,066,717
Allocation of State Investment**	11,509,132					11,509,132
<b>2016-2017 GRAND TOTAL</b>	<b>\$ 88,452,674</b>	<b>\$ 16,015,611</b>	<b>\$ 67,801,614</b>	<b>\$ 624,417</b>	<b>\$ 1,210,295</b>	<b>\$ 174,104,611</b>

Preliminary and Tentative



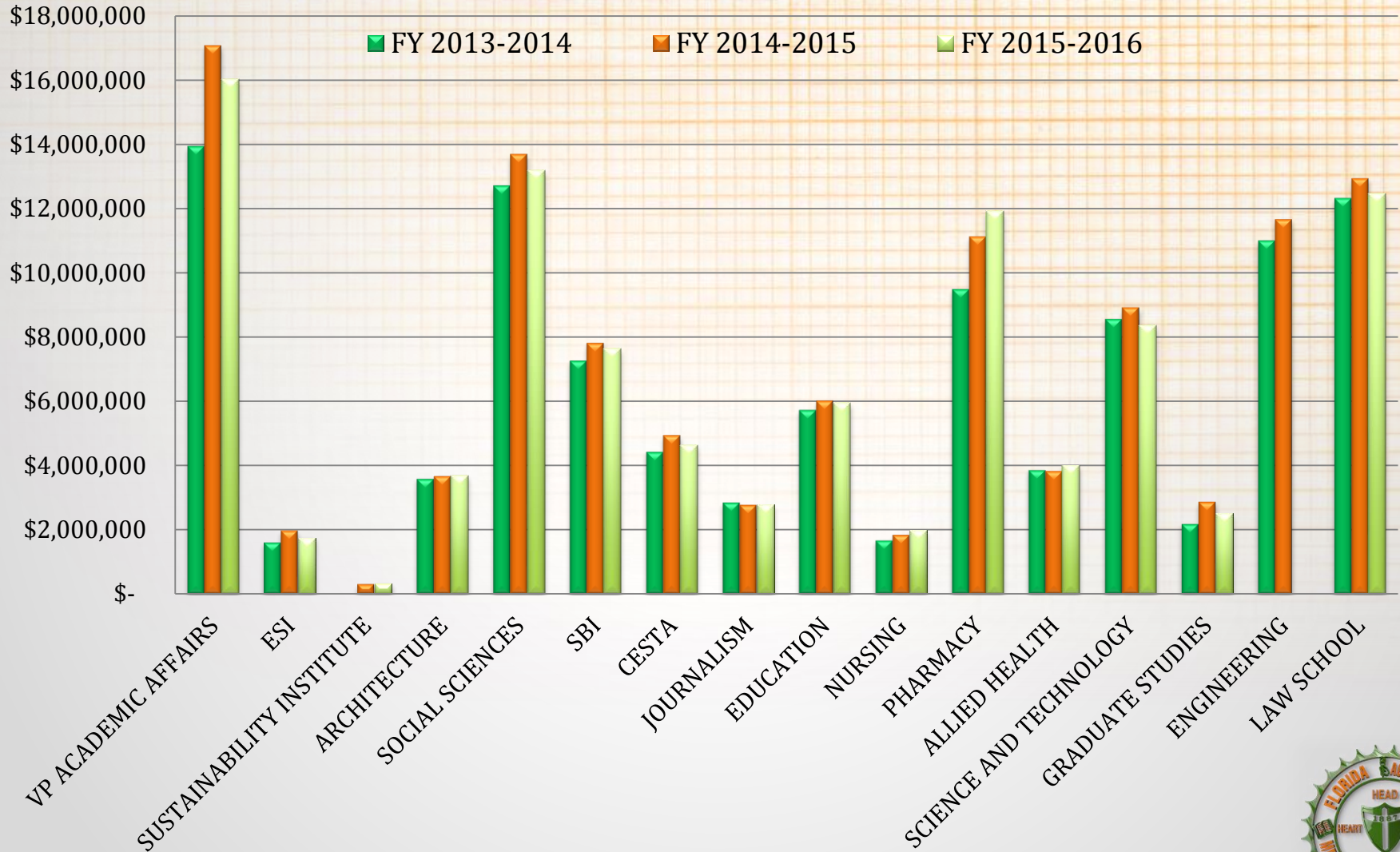
# Academic Affairs

## Projected FY 2016-2017

Department Name	FY 2013-2014	FY 2014-2015	FY 2015-2016
VP ACADEMIC AFFAIRS	\$ 13,933,358	\$ 17,063,321	\$ 16,027,848
ESI	1,620,821	1,972,506	1,741,126
SUSTAINABILITY INSTITUTE	-	309,045	312,915
ARCHITECTURE	3,626,483	3,665,192	3,681,933
SOCIAL SCIENCES	12,712,041	13,683,676	13,184,272
SBI	7,289,027	7,805,225	7,632,090
CESTA	4,457,847	4,940,856	4,631,401
JOURNALISM	2,881,611	2,772,544	2,763,718
EDUCATION	5,758,290	6,014,358	5,932,938
NURSING	1,690,313	1,837,265	1,978,611
PHARMACY	9,502,027	11,117,606	11,917,435
ALLIED HEALTH	3,897,337	3,824,340	3,981,935
SCIENCE AND TECHNOLOGY	8,579,418	8,913,668	8,349,328
GRADUATE STUDIES	2,202,649	2,865,149	2,493,939
ENGINEERING	11,005,361	11,655,220	-
LAW SCHOOL	12,324,947	12,928,681	12,452,705
<b>TOTAL</b>	<b>\$101,481,530</b>	<b>\$111,368,652</b>	<b>\$ 97,082,194</b>



# Academic Affairs Budget 3-Year Trend



# Academic Affairs

## Projected FY 2016-2017

VP ACADEMIC AFFAIRS	\$ 17,195,756
ESI	1,616,984
SUSTAINABILITY INSTITUTE	304,706
ARCHITECTURE	3,342,075
SOCIAL SCIENCES	12,612,551
SBI	7,324,731
CESTA / CAFS	4,264,010
JOURNALISM	2,411,425
EDUCATION	5,484,102
NURSING	1,860,577
PHARMACY	11,502,194
ALLIED HEALTH	3,752,349
SCIENCE AND TECHNOLOGY	7,716,282
GRADUATE STUDIES	462,630
LAW SCHOOL	12,449,212
<b>TOTAL ACADEMIC AFFAIRS</b>	<b>\$ 92,299,584</b>



# Departmental Budgets

## FY 2016-2017

Preliminary and Tentative

E&G NON-INSTRUCTION DIVISIONS AND DEPARTMENTS	2015-2016
ADMINISTRATION	BUDGET
PRESIDENT	\$ 2,065,405
CONTRACTS AND GRANTS	520,413
BROOKSVILLE	474,937
VP COMMUNICATIONS	1,021,169
VP ADMINISTRATION	9,092,605
VP DEVELOPMENT	1,380,395
VP AUDIT AND COMPLIANCE	740,699
VP LEGAL AFFAIRS	1,483,274
ITS	9,478,947
CENTRAL REALLOCATION POOL	4,678,800
<b>TOTAL ADMINISTRATION</b>	<b>\$ 30,936,644</b>
PLANT OPERATIONS & MAINTENANCE (PO&M)	
PHYSICAL PLANT	\$ 18,026,099
FACILITIES PLANNING	1,283,338
ENVIRONMENTAL SAFETY	429,283
<b>TOTAL PO&amp;M</b>	<b>\$ 19,738,720</b>
LIBRARIES	\$ 4,471,549
STUDENT SERVICES	
VP STUDENT AFFAIRS	\$ 11,555,009
TUITION DIFFERENTIAL NEED BASED	2,100,000
WOMEN'S ATHLETICS	711,591
<b>TOTAL STUDENT SERVICES</b>	<b>\$ 14,366,600</b>
<b>TOTAL NON-INSTRUCTION</b>	<b>\$ 69,513,513</b>



# Capital Needs

- ▶ Sameer to provide slide to discuss:
  - Capital Improvement Plan
  - Deferred Maintenance



# Capital Improvement Plan FY2017-2021

## Total Project Costs \$349,113,349

Priority No	Project Title	Project Cost
1	STUDENT AFFAIRS BUILDING/CASS (C,E)	\$43,150,700
2	UTILITIES / INFRASTRUCTURE CAPITAL RENEWAL / ROOFS (P, C, E)	N/A
3	REMODEL DYSON FOR TEACHING LABS (CLASSROOM)	\$21,895,800
4	UPGRADES SMART CLASSROOM/DISTANCE LEARNING	\$3,510,000
5	SCIENCE TEACHING FACILITY (STEM) (P,C, E)	\$49,713,116
6	COMPUTER INFORMATION SYSTEMS BUILDING (P, C, E)	\$53,090,075
7	SOCIAL SCIENCES BUILDING (P,C, E)	\$31,741,369
8	HOWARD HALL REMODEL (P, C, E)	\$8,074,372
9	ENGINEERING TECHNOLOGY BUILDING (P, C, E)	\$23,348,549
10	PERRY-PAIGE RENOVATION /ADDITION(P, C, E)	\$29,005,637
11	GENERAL CLASSROOM PAHSE II(P, C, E)	\$38,884,595
12	FAMU/FSU COLLEGE OF ENGINEERING PHASE III (C, E)	\$31,199,136
13	LAND ACQUISITIONS	\$15,500,000



# Educational Plant Survey Status – FY 2015

Space Category	Space Needs by Space Types (sq.ft.)	Satisfactory Space Inventory	*Net Space Needs %
<u>Instructional</u>			
Classroom	102,348	115,391	118%
Teaching laboratory	127,935	205,904	167%
Research Laboratory	219,195	36,099	24%
<u>Academic Support</u>			
Study	161,795	115,363	80%
Instructional Media	17,058	3,625	30%
Auditorium/Exhibition	25,587	12,020	47%
Teaching Gymnasium	94,542	931	73%
<u>Institutional Support</u>			
Student Academic Support	0	0	
Office/Computer	312,136	238,943	92%
Campus Support Services	51,382	43,577	116%

\* Space Capacity Percentage = (Current inventory and funded projects - Demolition) / Space Needs)

**\$180 million of deferred maintenance needs based on recent Facilities Condition Audit**





# QUESTIONS?

