



ADMINISTRATION AND FINANCE

FLORIDA POLYTECHNIC
UNIVERSITY

FLORIDA POLY MONEY TUTORIAL

Board of Trustee Orientation Materials
Administration and Finance Module

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Purpose and Source Notes

This document provides an overview of key points on the delegation of authority to Boards of Trustees, the fiscal responsibilities of Trustees, parameters for fund expenditures, and important statutes and regulations that outline the permissible use of funds.

The initial section covers operating funds, and the final section covers fixed capital outlay funds.

The staff of the Board of Governors created this content, and we have reformatted it for clarity and relevance in this document.

Article IX, Section 7 – Florida Constitution

. . . (7)(b) There is a single-state university system comprised of all public universities in Florida. The Board of Trustees administers each public university, while the Board of Governors oversees the entire state university system.

. . . (7)(c) The Board of Governors is responsible for operating, regulating, controlling, and managing the entire university system, and establishes the powers and duties of each university's Boards of Trustees.

Board of Governors Regulation 1.001 – University Board of Trustees Powers & Duties

The Board of Governors gives each university's Board of Trustees the power to lead, manage, and be accountable for its own university.

Each Board of Trustees is also in charge of the university's finances, including submitting budget plans that need approval from the Board of Governors.

. . . (1.001)(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 the 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.**

. . . (1.001)(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

Each university president is responsible for preparing a budget, which includes a plan for any leftover Education & General (E&G) funds. This budget is then reviewed and approved by the university's Board of Trustees based on guidelines from the Board of Governors.

Once the Board of Trustees approves the budget, they must send it to the Board of Governors by a specified date for final approval. The university president then implements the budget according to Florida law, Board of Governors regulations, university policies, and state funding guidelines.

. . . (9.007)(1) Each university president shall prepare an operating budget, including an Education & General (E&G) 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.

. . . (9.007)(2) Each university board of trustees shall adopt an operating budget, including an E&G Carryforward Spending Plan, for the general operation of the university as prescribed by the regulations of the Board of Governors. The university board of trustees-ratified operating budget and E&G Carryforward Spending Plan must be presented to the Board of Governors for approval by a date established by the Chancellor. Each university president shall implement the operating budget and E&G Carryforward Spending Plan of the university as prescribed by Florida Statutes, regulations of the Board of Governors, policies of the university board of trustees, provisions of the General Appropriations Act, and data reflected within the State University System Allocation Summary and Workpapers publication.

Florida Statutes

These statutes outline key guidelines for university budget management, reporting requirements, and the use of additional funds.

[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 moneys received by universities, from student fees authorized in S.1009.24. F.S., from federal sources, from private sources, and from vending machine collections, are hereby appropriated to the use of the respective universities collecting same, to be expended as the university board of trustees may direct; however, the funds shall not be expended except in pursuance of detailed budgets filed with the Board of Governors and shall not be expended for the construction or reconstruction of buildings except as provided under S.1013.74. F.S.

Education & General (E&G)

Each fiscal year (July 1 to June 30), the Legislature/Governor allocates funds to universities, which include sources like General Revenue, Lottery, Student Tuition, and Phosphate Research.

Universities must use these E&G funds strictly for operational expenses - such as instruction, maintenance, and student services - and any leftover funds or interest earned must follow similar usage rules unless specified otherwise by law.

[Board of Governors Regulation 9.007](#)

- ✓ . . . (3)(a)(1) E&G funds are to be used for E&G activities only, such as, but not limited to, general instruction, research, public service, plant operations and maintenance as defined in Board of Governors guidelines, furniture, fixtures, and equipment, student services, libraries, administrative support, minor capital projects not to exceed \$1 million per individual project, and other enrollment-related and stand-alone operations of the universities.
- ✓ . . . (3)(a)(4) Ending leftover fund balances (carryforward) must include estimated costs and a timeline for each planned expenditure. Approved spending may cover, but is not limited to, funding additional approved capital projects, completing renovations or maintenance, executing remodeling or infrastructure projects, conducting disaster-related repairs, supporting operational expenses aligned with the university's mission, fulfilling trustee-designated purposes such as maintenance reserves, and establishing contingency reserves for state-declared emergencies.
- ✓ . . . (3)(a)(2) If at any time, the unencumbered available balance in the E&G fund of the university Board of Trustees approved operating budget falls below seven (7) percent of the approved total, the university shall provide a written notification and plan to the Board of Governors to attain a seven (7) percent balance of state operating funds within the next fiscal year.
- ✓ . . . (5) Any earnings (interest, investment, or other) 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 earnings are not to be utilized for non-E&G-related activities or fixed capital outlay activities except as provided by law. Earnings resulting from invested E&G carryforward funds are considered to be additions to the university's E&G carryforward balance and shall be expended in accordance with section (3)(a) of this regulation.

Contracts and Grants (C&G)

[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.

Auxiliary Enterprises

Auxiliary Operations – Board Regulation 9.013

. . . (1) 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 self-supporting university business operations through user fees, payments, and charges.

. . . (3) Each institution uses a uniform financial reporting system for auxiliary services, with flexibility in determining whether these services are individually or collectively self-supporting, except for athletics, which must be self-supporting.

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.)

Local Funds

Student Financial Aid – Board Regulation 9.007(3)(d)(4)

- ✓ 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 & 9.007(3)(d)(2)

- ✓ The Athletics Operating Budget supports the University's student athletics program.
- ✓ Funding is generated from the student athletic fee each university is authorized to collect as a component of the mandatory fee schedule and from other sources, including ticket sales, radio/TV, bowl games, and tournament revenues.

Student Activities and Services – Board Regulation 7.003

- ✓ Funding from the activity & 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

- ✓ 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

- ✓ Each university board of trustees is authorized to collect for financial aid purposes an amount not to exceed 5 percent of the tuition and out-of-state fees.
- ✓ A minimum of 75 percent shall provide financial aid based on demonstrated financial need.

Carryforward

Florida Statute 1011.45(3) requires that E&G Carryforward Spending Plans be approved by each university's board of trustees by September 30 and submitted to the Board of Governors for review by November 15. The plan outlines the intended uses of E&G carryforward funds, and university staff can obtain guidance on reporting and fund use questions.

Permitted Uses:

- ✓ E&G operating expenditures that are nonrecurring
- ✓ Any purpose specified by the board or in the GAA
- ✓ Towards a Legislatively authorized (read “funded”) PECO project that needs additional funds for completion
- ✓ Completion of renovation, repair or maintenance projects up to \$5 million
- ✓ Replacement of a minor project that does not exceed 10,000 GSF in size up to \$2 million
- ✓ Completion of a remodel or infrastructure project up to \$10 million
- ✓ Repair or replacement due to a natural disaster

The seven (7) percent Mandatory Reserve can only be spent in the event of a demonstrated emergency and requires approval from both the university's Board of Trustees and the Board of Governors.

Fixed Capital Outlay (FCO)

The Fixed Capital Outlay is established to serve all public education agencies throughout the State of Florida, consisting of 67 public school districts, the Florida School for the Deaf and the Blind, 28 public colleges, 12 state universities, and the Division of Blind Services and Public Broadcasting. The functions provided by Fixed Capital Outlay are defined in Florida Statute S.1013.01 F.S.

Public Education Capital Outlay (PECO) - Funded by the Gross Receipts Tax, 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 may not exceed 10 percent of the tuition for resident students or 10 percent of the sum of tuition and out-of-state fees for nonresident students. Board Regulation 7.003.

SUS Authorized Revenue Sources for 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.

Authorized University Revenues for FCO

- ✓ 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.

Authorized Non-State Revenues for FCO (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.
- ✓ Florida Polytechnic University is only authorized to use reserves or carry forward balances for the construction of legislatively authorized projects.

Beyond “Colors of Money” - A Brief Discussion of Other Potential Financing Mechanisms

Revenue Bonds and Debt – (S.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 the 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.
- ✓ 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 serve 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.