



UCF Board of Trustees

Budget and Finance Committee

December 5, 2024

Agenda Item

DISC-4: Education and General Carryforward Anticipated Disbursement Chart

Proposed Action

This information is being presented for discussion purposes only.

Authority for Board of Trustees Action

This information is being presented for discussion purposes only.

Supporting Documentation Included

Attachment A: Estimated Carryforward Deployment Chart

Facilitators/Presenters

Gerald Hector, Senior Vice President for Administration and Finance and Chief Financial Officer

Summary of Key Observations/Recommendations

- Carryforward is generated by way of a residual from the annual operations of each fiscal year. It is made up of excess Education and General (E&G) resources not spent. The total shared each year with the Board of Trustees (BOT) for review and approval is a cumulative total, and the amounts will typically be spent over several years.
- There are several features to the carryforward balance that are key to understanding how the cash will be utilized: (i) there is a 7% mandatory reserve that can only be spent in the case of emergencies; (ii) facilities related projects are tied to multi-year planning horizons; (iii) faculty start-up commitments span several years as they are given three years in which to spend the funds; and (iv) restricted funds for statewide programs administered by the university cannot be spent on any other purpose.
- All \$250 million of the funds noted in the June 30, 2024, total is allocated to the aforementioned projects but will be spent over the next several years.
- The university is working on an Asset Liability Matching (ALM) approach to estimate cash flow needs at the start of each fiscal year that will allow for better cash and investment timelines to be adopted. Although the resulting investment earnings cannot be utilized in a current year operating budget, the funds can then be strategically deployed in the annual carryforward distributions.
- For more transparency, we have attempted to present the current carryforward in a visual format to illustrate how the disbursement of these funds will occur over time
- Several facilities and construction projects will occur in FY2024-2025; however, facility and faculty start-up related items will span multiple years. Supply chain issues will continue to hamper execution in some instances for construction projects. We will continue to actively manage those projects to completion.
- Many of the amounts are estimated based on current knowledge but the actual usage of funds may vary depending on a variety of factors. Unspent carryforward balances roll forward to a subsequent fiscal year.

Additional Background

The carryforward spending plan is mandated annually by the Board of Governors (BOG). It is prepared each year after the close of the financial records of the university. The carryforward spending plan requires BOT approval, which occurs at its September meeting in order to meet the BOG September 30th annual deadline

In addition to the annual carryforward spending plan, the university is also required to report back to the BOG how the funds were utilized against the prior year plan. That prior year report is also reviewed by the BOT in September before it is submitted to the BOG. The carryforward spending plan and prior year review are approved by the BOG in their fall meeting around the October timeframe.

Implementation Plan

N/A

Resource Considerations

Carryforward is funded by excess Education and General (E&G) funds from previous fiscal years. The total resources available for allocation in the plan for FY2024-2025 are **\$191.5 million**. All programs that receive allocations in this fiscal year will be funded until projects are completed.