



September 1, 2022

TO: THE DISTRICT BOARD OF TRUSTEES OF VALENCIA COLLEGE

FROM: DR. KATHLEEN PLINSKE
President

RE: FUND BALANCE SPENDING PLAN

In accordance with Florida Statute 1013.841, F.S., (End of Year Balance of Florida College Systems Institution Funds), each Florida College System institution with a final FTE of 15,000 or greater for the prior year that retains an operating fund carry forward balance in excess of seven percent shall submit to the State Board of Education a spending plan for its excess carry forward balance. Currently, Valencia College maintains \$50,527,557 in operating carry forward funds. The following plan is proposed to reduce the amount of the operating fund balance to seven percent (\$19,285,894).

- **Operational Support for FY2022-23 (\$13,300,000)** – As previously approved during the FY2022-23 budget process, non-recurring lost revenues recovered through the Higher Education Emergency Relief Funds (HEERF) are included in the budget as operational support to offset COVID-19 pandemic student-based revenue losses from prior years. The College estimates completion of the transaction by June 30, 2023.
- **Operational Support for FY2023-24 (\$13,300,000)** – Funding would allow the College to reserve remaining HEERF grant funds to provide continuity of operations during FY2023-24 to support growing student enrollment. The College estimates completion of the transaction by June 30, 2024.
- **Health Care Reserves (\$2,341,663)** – Valencia College is self-insured for health care services provided to employees, dependents, and retirees. Throughout the pandemic, the College has experienced significant increases in health care costs, which have steadily depleted reserves approaching the state's 60-day minimum requirements. To continue meeting the health care needs of College employees while maintaining sufficient health care liability coverage, a one-time, non-recurring infusion of funds is necessary. The College estimates completion of the transaction by December 31, 2023.
- **Information Technology Cyber Security and Hardware (\$1,300,000)** – The College maintains information technology equipment on all campus locations. Though the access points are managed so that only limited personnel have access, several locations would benefit from enhanced physical controls. Additionally, related hardware is approaching end-of-life and requires replacement. The District Board of Trustees previously approved this item in the 2021-22 Fund Balance Spending Plan discussed at its September 23, 2021, meeting, and is currently in its second year. The College will conclude this project by June 30, 2023.

- **Transition of District Office Functions to West Campus (\$1,000,000)** – Following the purchase of the District Office building from the Valencia Foundation, the College is working on a plan to transition administrative functions from the District Office into approximately 15,000 square feet within Building 10 at West Campus to lower operating costs. These funds will provide the necessary investment to support this transition, estimated to occur no later than June 30, 2024.

The spending plan above ensures the reduction of the College's operating fund balance to \$19,285,894 or seven percent fund balance, as required by law.

RECOMMENDED ACTION:

The President recommends that the District Board of Trustees of Valencia College approve the spending plan for the excess carry forward fund balance.



President

Valencia College
 2022-23 Florida College System Carryforward Spending Plan
 Pursuant to 1013.841, Florida Statutes
 July 1, 2022

Line Item #	Carryforward Spending Plan Category	Specific Expenditure/Project Title	Carryforward Amount Budgeted for Expenditure During FY2022-23	Project Timeline			Comments/Explanations
				Total # Years of Expenditure per Project	Current Expenditure Year #	Estimated Completion Date (Fiscal Year)	
1.	(e) Nonrecurring expenditures for operations	Operational support for FY2022-23	13,300,000	1	1	June 2023	Use of lost revenue recovered through the HEERF grant for operational support in FY2022-23. Previously approved by DBOT during budget process, and built into the FY2022-23 as a non-mandatory transfer.
2.	(e) Nonrecurring expenditures for operations	Operational support reserve for FY2023-24	13,300,000	2	1	June 2024	Reserve remaining HEERF grant funds to provide continuity of operations and investment during FY2023-24 to support the growing student enrollment.
3.	(e) Nonrecurring expenditures for operations	Health Care Reserves	2,341,663	2	1	December 2023	Reinforce reserves eroded by the increased cost of medical claims and prescriptions. An estimated 16% increase in employer contribution will be required to bring reserves to the required 60-day target by the end of calendar year 2023.
4.	(e) Nonrecurring expenditures for operations	Non-recurring improvements to Office of Information Technology	1,300,000	2	2	June 2023	Investment in Information Technology Cyber Security and hardware. Year 2 from prior spending plan (FY2021-22).
5.	(e) Nonrecurring expenditures for operations	Transition of District Office functions to West Campus	1,000,000	2	1	June 2024	Investment to support transition of administrative functions from the District Office to West Campus.
Total as of July 1, 2022: *			\$ 31,241,663				