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	FY 2004 Actual	FY 2005 Estimate	FY 2006 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	667.2	680.0 ^{1/}	673.7 ^{2/}
Personal Services	40,414,100	42,773,600	44,026,300
Employee Related Expenditures	9,706,300	8,141,100	10,219,200
Professional and Outside Services	520,000	424,900	424,900
Travel - In State	30,300	58,000	59,900
Travel - Out of State	98,100	11,600	2,500
Other Operating Expenditures	3,198,200	2,588,600	1,748,900
Library Acquisitions	1,135,800	1,119,700	1,119,700
Equipment	201,800	318,700	367,600
OPERATING SUBTOTAL	55,304,600	55,436,200	57,969,000
SPECIAL LINE ITEMS			
Clinical Rural Rotation	449,000	466,100	479,700
Clinical Teaching Support	9,434,500	9,434,500	9,597,800
Liver Research Institute	515,000	494,900	512,100
Telemedicine Network	1,172,400	1,177,700	1,196,700
Ch. 330 Phoenix Medical Campus	0	0	6,000,000 ^{3/}
AGENCY TOTAL	66,875,500	67,009,400	75,755,300^{4/5/6/}
FUND SOURCES			
General Fund	52,941,800	54,849,100	63,208,600 ^{7/}
<u>Other Appropriated Funds</u>			
University Collections Fund	13,933,700	12,160,300 ^{1/}	12,546,700 ^{8/}
SUBTOTAL - Other Appropriated Funds	13,933,700	12,160,300	12,546,700
SUBTOTAL - Appropriated Funds	66,875,500	67,009,400	75,755,300
Other Non-Appropriated Funds	74,329,900	75,617,200	75,835,800
Federal Funds	105,835,500	109,540,800	113,413,600
TOTAL - ALL SOURCES	247,040,900	252,167,400	265,004,700

AGENCY DESCRIPTION — In 1994, the University of Arizona (UA) joined its Colleges of Medicine, Nursing, Pharmacy, and Public Health, its School of Health Professions, the University Medical Center, and university physicians into the Arizona Health Sciences Center (AHSC). AHSC enrolls approximately 1,500 undergraduate and graduate students at its 48-acre campus in Tucson.

- 1/ The amounts include 12.8 FTE Positions and \$1,275,700 from the University Collections Fund above the appropriated FY 2005 amounts. A footnote in the FY 2005 General Appropriation Act appropriates any collections receipts above the original amount to the university. (See footnote #8)
- 2/ Includes 18.5 FTE Positions funded from Special Line Items in FY 2006, but excludes 212 FTE Positions, all filled by students, associated with the Clinical Teaching Support Special Line Item.
- 3/ Of the amount, the Higher Education Budget Reconciliation Bill (Laws 2005, Chapter 330) provides only \$3,000,000 on July 1, 2005. An additional \$3,000,000 will become available by October 5, 2005, contingent on the Arizona Board of Regents submitting for Joint Legislative Budget Committee review, by September 1, 2005, detailed operational and capital plans for the Phoenix Medical Campus.
- 4/ The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote)
- 5/ The appropriated monies are not to be used to support any student newspaper. (General Appropriation Act footnote)
- 6/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 7/ The state General Fund appropriations shall not be used for alumni association funding. (General Appropriation Act footnote)
- 8/ Any unencumbered balances remaining in the collections account on June 30, 2005 and all collections received by the university during the fiscal year, when paid into the State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the Permanent Land Funds are appropriated in compliance with the Enabling Act and the Constitution of Arizona. No part of this appropriation may be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are hereby appropriated for the purpose of conducting summer sessions but are excluded from the amounts enumerated above. (General Appropriation Act footnote)

PERFORMANCE MEASURES

- % of graduating seniors who rate their overall university experience as “good”/“excellent”

	FY 2003	FY 2004	FY 2006
	Actual	Actual	Approved
	98	100	99

Comments: The percentage of graduating seniors rating their overall university experience as “excellent” was 32% in FY 2003 and 30% in FY 2004.

Operating Budget

The budget provides \$57,969,000 for the operating budget in FY 2006. This amount consists of \$45,422,300 from the General Fund and \$12,546,700 from the University Collections Fund.

The approved amount includes an increase of \$1,511,800 from the General Fund in FY 2006 for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

Vacant FTE Savings

The approved amount includes a decrease of \$(70,000) and (15.7) FTE Positions from the General Fund in FY 2006 for the elimination of vacant FTE Positions. By reducing the number of vacant FTE Positions, the budget reduced the amount of money appropriated for health, dental, and life insurance. These monies are passed through directly to the Arizona Department of Administration for statewide insurance costs and will not affect the amount of monies the agency has for other purposes. All other funding for these vacant positions had been previously eliminated.

Out-of-State Travel Reduction

The approved amount includes a decrease of \$(24,300) from the General Fund in FY 2006 for a 25% reduction in the agency's FY 2004 out-of-state travel funding. Since AHSC receives its operating budget as a lump sum, the campus has authority to move monies between line items. AHSC shifted monies from the Travel - Out of State line in FY 2005. Therefore, the above reduction consists of \$(15,400) from the Travel - Out of State line and \$(8,900) from the Other Operating Expenditures line.

Enrollment Growth

The approved amount includes an increase of \$1,115,300 and 9.4 FTE Positions in FY 2006 for enrollment growth. The former amount consists of \$728,900 from the General Fund and \$386,400 from the University Collections Fund.

The General Fund amount finances projected growth in student enrollment, as calculated by the conventional student enrollment funding formula. Since enrollment growth also contributes to an increase in university tuition and fee collections, the University Collections Fund amount reflects these additional revenues. Projected

formula enrollment is growing by 138 full-time equivalent (FTE) students, to 1,609 FTE students in FY 2006.

The Higher Education Budget Reconciliation Bill (Laws 2005, Chapter 330) amended A.R.S. § 15-1661 to codify, for all state universities, the first calculation of the enrollment funding formula. This first step derives student enrollment, in units of FTE students, by weighing total earned credit hours according to 3 different academic levels. These weights are summarized below:

<u>Academic Level</u>	<u>Credit Hours/FTE</u>
Lower-Division Undergraduate	15
Upper-Division Undergraduate	12
Graduate and Professional	10

The second calculation of the enrollment funding formula, which does not appear in statute, projects student enrollment for the next academic year based on a weighted rolling average of the current and past 2 academic years, with the past academic year receiving double the weight of each of the other 2 years. The third calculation, which also does not appear in statute, adds or subtracts 1 faculty and 0.5 support FTE Positions, and their associated costs, for every 22-FTE-student change.

Special Line Items

Clinical Rural Rotation

The budget provides \$479,700 and 6.1 FTE Positions from the General Fund for a Clinical Rural Rotation program in FY 2006. The approved amounts include an increase of \$13,600 from the General Fund in FY 2006 for statewide adjustments.

This line item funds the Rural Health Professions Program, which enables nurse practitioner, medical, and pharmacy students to plan and complete clinical practice rotations in rural and medically under-served sites throughout the state.

Clinical Teaching Support

The budget provides \$9,597,800 from the General Fund for Clinical Teaching Support in FY 2006. The approved amount includes an increase of \$163,300 from the General Fund in FY 2006 for statewide adjustments.

Clinical Teaching Support provides hospital training, through internships and residencies, for medical, nursing, clinical, and other health students in a wide variety of

specialty areas. There are 212 FTE Positions, all filled by students, associated with this line item. Since participation in the program can vary widely from year to year, the funding summary above excludes these FTE Positions.

Liver Research Institute

The budget provides \$512,100 and 6.5 FTE Positions from the General Fund for the Liver Research Institute in FY 2006. The approved amounts include an increase of \$17,200 from the General Fund in FY 2006 for statewide adjustments.

The Liver Research Institute conducts clinical studies on all liver diseases, focusing on chemical and natural agents that may offer a cure for such ailments. The line item also supports a research development program that actively pursues outside grants and donations.

Telemedicine Network

The budget provides \$1,196,700 and 5.9 FTE Positions from the General Fund for the Telemedicine Network in FY 2006. The approved amounts include an increase of \$19,000 from the General Fund in FY 2006 for statewide adjustments.

Telemedicine is the use of computers, video imaging, broadband Internet channels, and other telecommunication technologies to diagnose and treat patients in rural communities and state penitentiaries.

Ch. 330 Phoenix Medical Campus

The Higher Education Budget Reconciliation Bill (Laws 2005, Chapter 330) provides \$6,000,000 for a Phoenix Medical Campus in FY 2006. UA is constructing the campus at the former site of Phoenix Union High School. This campus will closely integrate with the Arizona State University Department of Biomedical Informatics. Chapter 330 expresses the intent of the Legislature not to appropriate more than \$7 million from the General Fund in any fiscal year for the campus.

Chapter 330 ties the approved amount to just one class of 24 students, as they progress through their educations. Of the approved amount, Chapter 330 provides only \$3,000,000 on July 1, 2005. An additional \$3,000,000 will become available by October 5, 2005, contingent on the Arizona Board of Regents submitting for Joint Legislative Budget Committee (JLBC) review, by September 1, 2005, detailed operational and capital plans for the campus.

Furthermore, Chapter 330 requires ABOR to submit for JLBC review, by December 31, 2005, a progress report on the Phoenix Medical Campus. Any significant changes to the operational plan must receive JLBC review and any significant changes to the capital plan must receive review by the Joint Committee on Capital Review.

Chapter 330 also generally addresses medical education. The act establishes the Joint Study Committee on Medical

School Education to evaluate statewide needs and report by December 1, 2005. Chapter 330 also mandates that medical schools in the state cannot restrict their associated hospitals from offering clinical rotations to any qualified medical student.

Additionally, Chapter 330 includes several provisions affecting the state universities beyond the changes discussed in the policy issues above. For further explanation of this act, please see *Additional Legislation* in the *Arizona Board of Regents* section.