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	FY 2004 Actual	FY 2005 Estimate	FY 2006 Approved
OPERATING BUDGET			
Full Time Equivalent Positions	5,674.4	5,589.1	5,474.9 ^{1/}
Personal Services	215,283,300	227,263,500	231,393,000
Employee Related Expenditures	51,222,800	54,314,700	56,144,500
Professional and Outside Services	3,021,600	3,850,200	3,850,200
Travel - In State	195,900	263,500	264,800
Travel - Out of State	749,400	306,200	97,900
Other Operating Expenditures	27,673,100	35,208,000	37,407,700
Library Acquisitions	8,942,000	8,128,700	8,128,700
Equipment	4,666,600	5,252,100	5,285,800
OPERATING SUBTOTAL	311,754,700	334,586,900	342,572,600
SPECIAL LINE ITEMS			
Agriculture	46,944,000	47,453,200	48,907,800
Sierra Vista Campus	3,788,800	3,665,500	3,748,200
AGENCY TOTAL	362,487,500	385,705,600	395,228,600^{2/3/4/}
FUND SOURCES			
General Fund	264,308,000	278,843,000	288,100,100 ^{5/}
Other Appropriated Funds			
University Collections Fund	98,179,500	106,862,600 ^{6/}	107,128,500 ^{7/}
SUBTOTAL - Other Appropriated Funds	98,179,500	106,862,600	107,128,500
SUBTOTAL - Appropriated Funds	362,487,500	385,705,600	395,228,600
Other Non-Appropriated Funds	408,793,200	421,370,100	426,122,000
Federal Funds	227,850,400	234,692,500	241,732,300
TOTAL - ALL SOURCES	999,131,100	1,041,768,200	1,063,082,900

AGENCY DESCRIPTION — Established in 1885, the University of Arizona (UA) is one of 3 public universities governed by the Arizona Board of Regents (ABOR). As a primary research institution, UA offers over 350 degree-programs to approximately 32,000 students in 30 colleges and schools at its Main Campus in Tucson. Upon its establishment, UA received the federal land grant for Arizona, allowing the creation of agricultural and mining programs that continue today. UA South is a satellite campus of the university in Sierra Vista.

1/ Includes 831.4 FTE Positions funded from Special Line Items in FY 2006.
 2/ The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote)
 3/ The appropriated monies are not to be used to support any student newspaper. (General Appropriation Act footnote)
 4/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
 5/ The state General Fund appropriations shall not be used for alumni association funding. (General Appropriation Act footnote)
 6/ The amount includes \$3,988,100 from the University Collections Fund above the appropriated FY 2005 amount. A footnote in the FY 2005 General Appropriation Act appropriates any collections receipts above the original amount to the university. (See footnote #7)
 7/ 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	FY 2003	FY 2004	FY 2006
	Actual	Actual	Approved
• % of graduating seniors who rate their overall university experience as “good”/“excellent”	95	94	95
• % of full-time undergraduate students enrolled per semester in 3 or more primary courses with ranked faculty	80	78	80
• Average number of years taken to graduate for students who began as freshmen	4.6	4.7	4.6

Comments: The percentage of graduating seniors rating their overall university experience as “excellent” was 34% in FY 2003 and 35% in FY 2004. To reduce freshmen’s average number of years to graduation, UA is working to provide on-demand course availability and expanding its academic advising services.

Operating Budget

The budget provides \$342,572,600 for the operating budget in FY 2006. This amount consists of \$243,924,000 from the General Fund and \$98,648,600 from the University Collections Fund.

The approved amount includes an increase of \$7,849,900 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 \$(416,200) and (106.2) 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 \$(212,600) from the General Fund in FY 2006 for a 25% reduction in the agency’s FY 2004 out-of-state travel funding.

Enrollment Growth

The approved amount includes an increase of \$764,600 and 6.5 FTE Positions in FY 2006 for enrollment growth. The former amount consists of \$498,700 from the General Fund and \$265,900 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 95 full-time equivalent (FTE) students, to 32,435 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

Agriculture

The budget provides \$48,907,800 and 776 FTE Positions for Agriculture programs in FY 2006. These amounts consist of \$41,790,600 from the General Fund and \$7,117,200 from the University Collections Fund.

The approved amounts include an increase of \$1,514,600 from the General Fund in FY 2006 for statewide adjustments.

Vacant FTE Savings

The approved amounts include a decrease of \$(60,000) and (14.5) FTE Positions from the General Fund in FY 2006 for the elimination of vacant FTE Positions.

This line item supports agricultural academic programs in Animal Systems; Environment and Natural Resources; Family, Youth, and Community; Human Nutrition, Food Safety, and Health; Marketing, Trade, and Economics; and Plant Systems. It also supports an Agriculture Experiment Station, as well as Cooperative Extension services that provide non-credit community outreach seminars throughout the state.

Sierra Vista Campus

The budget provides \$3,748,200 and 55.4 FTE Positions for the Sierra Vista Campus in FY 2006. These amounts consist of \$2,385,500 from the General Fund and \$1,362,700 from the University Collections Fund.

The approved amounts include an increase of \$82,700 from the General Fund in FY 2006 for statewide adjustments.

UA South offers upper-division undergraduate programs in 13 disciplines for community college transfer students. The satellite campus also offers 3 certificate and 7 master's programs. While ABOR authorized this UA branch campus for Sierra Vista in 1995, the Legislature has not formally established the campus in statute.

Additional Legislation

Higher Education Budget Reconciliation Bill

The Higher Education Budget Reconciliation Bill (Laws 2005, Chapter 330) includes several provisions affecting the state universities beyond the changes discussed in the *Enrollment Growth* policy issue above. For further explanation of this act, please see *Additional Legislation* in the *Arizona Board of Regents* section.