

University of Arizona - Health Sciences Center

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DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	667.2	680.0	689.4
Personal Services	40,414,100	42,773,600	43,295,500
Employee Related Expenditures	9,706,300	8,141,100	9,508,200
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	17,900
Other Operating Expenditures	3,198,200	2,588,600	1,371,400
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	56,165,100
SPECIAL LINE ITEMS			
Clinical Rural Rotation	449,000	466,100	466,100
Clinical Teaching Support	9,434,500	9,434,500	9,434,500
Liver Research Institute	515,000	494,900	494,900
Telemedicine Network	1,172,400	1,177,700	1,177,700
AGENCY TOTAL	66,875,500	67,009,400	67,738,300

FUND SOURCES			
General Fund	52,941,800	54,849,100	55,191,600
<u>Other Appropriated Funds</u>			
University Collections Fund	13,933,700	12,160,300	12,546,700
SUBTOTAL - Other Appropriated Funds	13,933,700	12,160,300	12,546,700
SUBTOTAL - Appropriated Funds	66,875,500	67,009,400	67,738,300
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	256,987,700

CHANGE IN FUNDING SUMMARY		<u>FY 2005 to FY 2006 JLBC</u>	
		<u>\$ Change</u>	<u>% Change</u>
General Fund		342,500	0.6%
Other Appropriated Funds		386,400	3.2%
Total Appropriated Funds		728,900	1.1%
Non Appropriated Funds		4,091,400	2.2%
Total - All Sources		4,820,300	1.9%

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). The state's only academic health sciences center, AHSC enrolls approximately 1,500 undergraduate and graduate students at its 48-acre campus in Tucson.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005	FY 2006
	Actual	Actual	Estimate	JLBC
• % of graduating seniors who rate their overall university experience as “good”/“excellent”	98	100	99	99
• Gifts, grants and contracts (\$ in millions)	149	150	155	--
• % of agency staff turnover	15	19	15	--
• Administration as a % of total cost	1.3	1.6	1.3	--

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

RECOMMENDED CHANGES FROM FY 2005

Operating Budget

The JLBC recommends \$56,165,100 for the operating budget in FY 2006. This amount consists of \$43,618,400 from the General Fund and \$12,546,700 from the University Collections Fund. These amounts would fund the following adjustments:

		<u>FY 2006</u>
Enrollment Growth	GF	\$342,500
	OF	386,400

The JLBC recommends an increase of \$728,900 and 9.4 FTE Positions in FY 2006 for enrollment growth. This amount consists of \$342,500 from the General Fund and \$386,400 from the University Collections Fund. These amounts are based on the current enrollment funding formula.

The universities calculate student enrollment, in units of full-time equivalent (FTE) students, by weighing credit hours according to different academic levels. The current enrollment formula applies to all state universities and calculates FTE students based on 3 levels. This formula is summarized below:

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

However, the Arizona Board of Regents (ABOR) has approved formula changes for each university to account for new and distinct missions and to provide additional support for high-cost specialty programs. UA is requesting a revised formula for determining enrollment, as summarized below:

<u>Academic Level</u>	<u>Credit Hours/FTE</u>
Lower-Division Undergraduate	16
Upper-Division Undergraduate	12
Graduate and Professional	9
Nursing and Engineering - All Levels	10

ABOR has stated that the new formula would be used to seek funding only for future enrollment changes and would not be used to request additional money for current enrollment levels. Therefore, UA has recalculated its FY 2005 total enrollment base according to the new formula, has assumed that base to be fully funded, and is seeking additional appropriations only for the increase in projected FY 2006 total enrollment.

Both funding formulas use student enrollment projections 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 JLBC determines funding changes to add or subtract 1 faculty and 0.5 support FTE Positions, and their associated costs, for every 22-FTE-student change. Since enrollment growth also contributes to an increase in university tuition and fee collections, the JLBC divides these funding changes between the General Fund and the University Collections Fund.

The chart below summarizes enrollment growth and funding as calculated by the current and new methods:

	<u>Current</u>	<u>New</u>
Funded Formula FY 05 Enrollment	1,471	1,577
Projected Formula FY 06 Enrollment	1,609	1,725
Student FTE Enrollment Growth	138	148
Percentage Enrollment Growth	9.4	9.4
New Faculty FTE Positions	6.3	6.7
Total New FTE Positions	9.4	10.1
GF Increase (in thousands)	\$342.5	\$367.2
OF Increase (in thousands)	386.4	414.4

Special Line Items

Clinical Rural Rotation

The JLBC recommends \$466,100 and 6.1 FTE Positions from the General Fund for Clinical Rural Rotation in FY 2006. These amounts are unchanged from FY 2005.

The Rural Health Professions Program 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 JLBC recommends \$9,434,500 from the General Fund for Clinical Teaching Support in FY 2006. This amount is unchanged from FY 2005.

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 JLBC recommends \$494,900 and 6.5 FTE Positions from the General Fund for the Liver Research Institute in FY 2006. These amounts are unchanged from FY 2005.

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 JLBC recommends \$1,177,700 and 5.9 FTE Positions from the General Fund for the Telemedicine Network in FY 2006. These amounts are unchanged from FY 2005.

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. Such systems provide a cost-effective alternative to expensive transportation scenarios.

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JLBC RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Agency

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

The state General Fund appropriations shall not be used for alumni association funding.

The appropriated monies are not to be used for scholarships.

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. Within 10 days of the acceptance of the universities' semiannual all funds budget reports, the Arizona Board of Regents shall inform the Joint Legislative Budget Committee of any tuition revenue amounts that are different from the amounts appropriated by the Legislature and shall submit an expenditure plan for any tuition revenue amounts that are greater than the appropriated amounts to the Joint Legislative Budget Committee for its review. The expenditure plan shall also include as an informational item, any additional local retention amounts above the amounts estimated in the original FY 2006 budget request.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Budget Format Change

UA requests that the Legislature merge the budgets of its Main Campus and AHSC in FY 2006 and into the future. From a strategic planning standpoint, ABOR has already approved this change.

The Legislature first appropriated a separate budget to the newly established UA College of Medicine in FY 1971, to clarify the college's level of state support and to prevent the UA Main Campus from subsidizing the new college. In 1994, 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 AHSC. UA is now seeking to merge all health sciences academic units into its main budget. (See UA-Main Campus section for more information.)

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
Auxiliary (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Sales revenues of substantially self-supporting university services.		
Purpose of Fund: To provide university-related non-academic services for students, faculty, staff, and the public. Auxiliary enterprises include student housing, bookstores, student unions, intercollegiate athletics, and internal operations.		
Funds Expended	7,792,500	8,794,100
Year-End Fund Balance	2,991,600	2,512,900
Designated (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Retained tuition and fees, summer session fees, student aid administrative allowances, and unrestricted gifts and grants.		
Purpose of Fund: To provide and administer student financial aid, to pay debt service on university bonds, and to run summer and winter session programs. The university designates monies in the fund into sub-accounts for specific purposes.		
Funds Expended	18,134,600	18,583,000
Year-End Fund Balance	13,655,200	14,907,700
Endowment and Life Income (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest income on invested endowment and life income gifts, as well as a portion of financial aid trust fees assessed to students.		
Purpose of Fund: To support endowment operations and compensate designated beneficiaries.		
Funds Expended	0	0
Year-End Fund Balance	51,855,500	60,344,700
Federal Grants (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Federal grants and contracts.		
Purpose of Fund: To support specific operating and research purposes as identified by the federal government.		
Funds Expended	105,835,500	109,540,800
Year-End Fund Balance	0	0
Restricted (Excluding Federal Funds) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Private and non-federal grants, as well as a portion of financial aid trust fees assessed to students.		
Purpose of Fund: To support specific operating and research purposes as identified by the private or non-federal donating entities.		
Funds Expended	48,402,800	48,038,100
Year-End Fund Balance	24,972,100	25,307,700
Teratogen Information Program (No Fund Number/A.R.S. § 42-5252)		Non-Appropriated
Source of Revenue: A 0.01% telecommunication services excise tax.		
Purpose of Fund: To establish a statewide toll-free telephone number for information and referrals on possible teratogen exposure and to develop education programs and materials. A teratogen is a physical, infectious, or chemical agent that causes a change in the normal development of a human embryo or fetus.		
Funds Expended	0	202,000
Year-End Fund Balance	0	0
University Collections (UAA1403/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees.		
Purpose of Fund: To operate the university.		
Funds Expended	13,933,700	12,160,300
Year-End Fund Balance	0	0

[Click here to return to the Table of Contents](#)