

University of Arizona - Main Campus

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DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5,674.4	5,589.1	5,595.6
Personal Services	215,283,300	227,263,500	227,622,800
Employee Related Expenditures	51,222,800	54,314,700	51,977,800
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	310,500
Other Operating Expenditures	27,673,100	35,208,000	37,478,300
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	334,918,900
SPECIAL LINE ITEMS			
Agriculture	46,944,000	47,453,200	47,453,200
Sierra Vista Campus	3,788,800	3,665,500	3,665,500
AGENCY TOTAL	362,487,500	385,705,600	386,037,600
FUND SOURCES			
General Fund	264,308,000	278,843,000	278,909,100
<u>Other Appropriated Funds</u>			
University Collections Fund	98,179,500	106,862,600	107,128,500
SUBTOTAL - Other Appropriated Funds	98,179,500	106,862,600	107,128,500
SUBTOTAL - Appropriated Funds	362,487,500	385,705,600	386,037,600
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	1,053,891,900

CHANGE IN FUNDING SUMMARY

	FY 2005 to FY 2006 JLBC	
	\$ Change	% Change
General Fund	66,100	0.0%
Other Appropriated Funds	265,900	0.2%
Total Appropriated Funds	332,000	0.1%
Non Appropriated Funds	11,791,700	1.8%
Total - All Sources	12,123,700	1.2%

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.

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 JLBC
• % of graduating seniors who rate their overall university experience as “good”/“excellent”	95	94	95	95
• % of full-time undergraduate students enrolled per semester in 3 or more primary courses with ranked faculty	80	78	80	80
• Average number of years taken to graduate for students who began as freshmen	4.6	4.7	4.6	4.6
• Gifts, grants and contracts (\$ in millions)	275	319	290	--
• % of agency staff turnover	16.5	13.9	17	--
• Administration as a % of total cost	1.7	2.1	1.7	--

Comments: The percentage of graduating seniors rating their overall university experience as “excellent” was 34% in FY 2003 and 35% in FY 2004. The percentage of undergraduate students taught by ranked faculty remained fairly level between FY 2003 and 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.

RECOMMENDED CHANGES FROM FY 2005

Operating Budget

The JLBC recommends \$334,918,900 for the operating budget in FY 2006. This amount consists of \$236,270,300 from the General Fund and \$98,648,600 from the University Collections Fund. These amounts would fund the following adjustments:

Standard Changes	GF	FY 2006
		\$(166,700)

The JLBC recommends a decrease of \$(166,700) from the General Fund in FY 2006 for standard changes.

Enrollment Growth	GF	232,800
	OF	265,900

The JLBC recommends an increase of \$498,700 and 6.5 FTE Positions in FY 2006 for enrollment growth. This amount consists of \$232,800 from the General Fund and \$265,900 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, 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	32,340	32,513
Projected Formula FY 06 Enrollment	32,435	32,607
Student FTE Enrollment Growth	95	94
Percentage Enrollment Growth	0.3	0.3
New Faculty FTE Positions	4.3	4.3
Total New FTE Positions	6.5	6.4
GF Increase (in thousands)	\$232.8	\$230.3
OF Increase (in thousands)	265.9	263.1

Special Line Items

Agriculture

The JLBC recommends \$47,453,200 and 790.5 FTE Positions for Agriculture programs in FY 2006. The amount consists of \$40,336,000 from the General Fund and \$7,117,200 from the University Collections Fund. These amounts are unchanged from FY 2005.

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 JLBC recommends \$3,665,500 and 55.4 FTE Positions for the Sierra Vista Campus in FY 2006. The amount consists of \$2,302,800 from the General Fund and \$1,362,700 from the University Collections Fund. These amounts are unchanged from FY 2005.

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

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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 Arizona Health Sciences Center (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 felt that the integration would further the common activities of those academic units.

Recent scientific and technological advances, however, have blurred the distinction between the health sciences and other academic pursuits. Health sciences research is now more interdisciplinary, blending agriculture, medicine, pharmacy, the classical sciences, and engineering. Therefore, UA believes that two divided and competing budgets are no longer in the best interests of the university or its students.

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	183,223,200	194,443,400
Year-End Fund Balance	37,070,200	33,634,300
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	137,731,200	140,121,000
Year-End Fund Balance	44,281,800	46,669,700
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	115,623,200	123,482,600
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	227,850,400	234,692,500
Year-End Fund Balance	0	0
Loan (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Federal student loan programs.		
Purpose of Fund: To provide federal student loans.		
Funds Expended	471,900	480,300
Year-End Fund Balance	17,240,300	17,598,500
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	87,366,900	86,325,400
Year-End Fund Balance	26,456,000	30,616,300
University Collections (UAA1402/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees.		
Purpose of Fund: To operate the university.		
Funds Expended	98,179,500	106,862,600
Year-End Fund Balance	0	0

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