

University of Arizona - Health Sciences Center

JLBC: Leah Ruggieri
 OSPB: Stacey Morley

DESCRIPTION	FY 2007 ACTUAL	FY 2008 ESTIMATE	FY 2009 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	920.3	967.2	966.1
Personal Services	47,899,800	52,887,700	52,673,000
Employee Related Expenditures	11,791,100	11,141,200	11,094,600
Professional and Outside Services	545,300	581,400	581,400
Travel - In State	17,800	47,100	46,600
Travel - Out of State	86,700	11,600	9,800
Other Operating Expenditures	2,851,200	3,486,200	3,261,200
Library Acquisitions	1,070,500	1,018,500	1,018,500
Equipment	1,260,200	270,300	254,400
OPERATING SUBTOTAL	65,522,600	69,444,000	68,939,500
SPECIAL LINE ITEMS			
Clinical Rural Rotation	543,000	515,200	515,200
Clinical Teaching Support	9,733,000	9,969,700	9,969,700
Liver Research Institute	536,000	544,800	544,800
Phoenix Medical Campus	4,786,400	12,401,300	12,701,700
Telemedicine Network	1,213,800	2,237,900	2,237,900
AGENCY TOTAL	82,334,800	95,112,900	94,908,800
FUND SOURCES			
General Fund	67,301,000	80,954,200	80,845,800
<u>Other Appropriated Funds</u>			
University Collections Fund	15,033,800	14,158,700	14,063,000
SUBTOTAL - Other Appropriated Funds	15,033,800	14,158,700	14,063,000
SUBTOTAL - Appropriated Funds	82,334,800	95,112,900	94,908,800
Other Non-Appropriated Funds	98,139,100	99,725,100	102,169,000
Federal Funds	96,699,400	97,043,400	99,096,400
TOTAL - ALL SOURCES	277,173,300	291,881,400	296,174,200

CHANGE IN FUNDING SUMMARY

	FY 2008 to FY 2009 JLBC	
	\$ Change	% Change
General Fund	(108,400)	(0.1%)
Other Appropriated Funds	(95,700)	(0.7%)
Total Appropriated Funds	(204,100)	(0.2%)
Non Appropriated Funds	4,496,900	2.3%
Total - All Sources	4,292,800	1.5%

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 over 1,700 undergraduate and graduate students at its 48-acre campus in Tucson. AHSC is also constructing a new, 4.5 acre campus in Phoenix that will open in FY 2008.

PERFORMANCE MEASURES	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2009 JLBC
• % of graduating seniors who rate their overall university experience as “good”/“excellent”	95	96	97	97

Operating Budget

The JLBC includes \$68,939,500 and 670.9 FTE Positions for the operating budget in FY 2009. This amount consists of:

General Fund	\$55,181,600
University Collections Fund	13,757,900

FY 2009 adjustments would be as follows:

Enrollment Decline	GF	(321,700)
	OF	(216,600)

This adjustment would be a decrease of \$(538,300) and (3.4) FTE Positions in FY 2009 for enrollment growth. This amount consists of:

General Fund	(321,700)
University Collections Fund	(216,600)

The FY 2009 adjustment would represent a projected decline in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. Projected formula enrollment is decreasing by (43) full-time equivalent (FTE) students, to 1,776 FTE students in FY 2009.

A.R.S. § 15-1661 codifies, 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 next, current, and prior academic years, with the current 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 0.75 support FTE Positions, and their associated General Fund costs, for every 22-FTE-student change. The average salary per FTE is \$70,500, as requested by the university and adjusted for Employee Related Expenditures.

Since a decline in enrollment also contributes to a decline in university tuition and fee collections, the University Collections Fund amount reflects the decrease in revenues.

Credit Hour Threshold	GF	33,800
------------------------------	-----------	---------------

This adjustment would be an increase of \$33,800 and 0.4 FTE Position from the General Fund in FY 2009 to add

funding for 4.5 fewer UA-HSC students being over the credit hour threshold between FY 2008 and FY 2009.

A.R.S. § 15-1661 prohibits funding state university students who have earned credit hours in excess of a credit hour threshold, with certain exceptions. Meanwhile A.R.S. § 15-1626 allows the Arizona Board of Regents (ABOR) to raise tuition rates for those students.

This threshold was 150 hours in FY 2008 and declines to 145 hours in FY 2009. UA-HSC reported 4.5 FTE students over the threshold in FY 2007 and 0 FTE students in FY 2008, or a net decrease of (4.5) FTE students over the credit hour threshold at UA-HSC in FY 2008. The net decrease is the result of students graduating who were over the threshold from the previous fiscal year.

Clinical Rural Rotation

The JLBC includes \$515,200 and 6.1 FTE Positions from the General Fund for the Clinical Rural Rotation program in FY 2009. This amount is unchanged from FY 2008.

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 JLBC includes \$9,969,700 and 212 FTE Positions from the General Fund for Clinical Teaching Support in FY 2009. This amount is unchanged from FY 2008.

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. Students fill all the above-mentioned FTE Positions. Since participation in the program has been stable for several years, the funding summary above includes these FTE Positions.

Liver Research Institute

The JLBC includes \$544,800 and 6.5 FTE Positions from the General Fund for the Liver Research Institute in FY 2009. This amount is unchanged from FY 2008.

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.

Phoenix Medical Campus

The JLBC includes \$12,701,700 and 62.7 FTE Positions for the Phoenix Medical Campus (PMC) in FY 2009. This amount consists of:

General Fund	12,396,600
University Collections Fund	305,100

FY 2009 adjustments would be as follows:

Enrollment Growth	GF	179,500
	OF	120,900

This adjustment would be an increase of \$300,400 and 1.9 FTE Positions in FY 2009 for enrollment growth. This amount consists of:

General Fund	179,500
University Collections Fund	120,900

These amounts would fund projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. (*For more information, please see the enrollment funding formula explanation in the Operating Budget section of this report.*) Student enrollment at the Phoenix Medical Campus is expected to grow by 24 FTE students in FY 2009, to a total of 48 FTE students.

Laws 2005, Chapter 330 directed UA to establish a medical campus in Phoenix, utilizing the former site of Phoenix Union High School. UA renovated 3 existing buildings on this site at a total cost of \$19,000,000, which UA will finance through 30 years of \$1,500,000 lease payments. Of this amount, the General Fund appropriation will pay \$1,000,000 annually.

The Joint Legislative Budget Committee favorably reviewed detailed operational and capital plans for PMC at its September 28, 2005 meeting, with the provision that review did not constitute endorsement of any level of General Fund appropriations for PMC. UA envisions, by FY 2025, adding at least 1,200,000 square-feet to house 680 medical students, 1,660 science students, and 140 bioinformatics students. To accommodate future expansion plans, Laws 2007, Chapter 255 appropriated \$10,500,000 from the General Fund in FY 2008 for the programming and schematic design of 2 new facilities, the Arizona Biomedical Collaborative (ABC) 2 and Education buildings, at the Phoenix Medical Campus. (*For additional information on this appropriation, please see the UA – Main Section of this report.*)

In December 2006, the College of Medicine entered into a memorandum of understanding (MOU) with Banner Health, under which Banner Health will become the college's primary academic hospital affiliation in Phoenix. According to the MOU, Banner Health will construct a new teaching hospital on the Phoenix Biomedical Campus

and build a new comprehensive cancer center in conjunction with the UA College of Medicine's Arizona Cancer Center. In addition to their affiliation with Banner Health, the college will establish an academic affiliation with the Maricopa Integrated Health System.

Telemedicine Network

The JLBC includes \$2,237,900 and 7.9 FTE Positions from the General Fund for the Telemedicine Network in FY 2009. This amount is unchanged from FY 2008.

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.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The appropriated monies are not to be used for scholarships.

The appropriated monies are not to be used to support any student newspaper.

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

Any unencumbered balances remaining in the collections account on June 30, 2008 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 appropriated for the purpose of conducting summer sessions but are excluded from the amounts enumerated above.

Deletion of Prior Year Footnotes

The JLBC deletes the footnote that requires the university budget requests to include as much detail for the Phoenix Medical Campus as for any other budget program. The Phoenix Medical Campus has been operational since 2006 and the JLBC granted future operational and capital plans for the campus a favorable review in September 2005. The JLBC also deletes the related footnote that requires, notwithstanding A.R.S. § 35-173C, any proposed transfer

to or from the amounts appropriated for the Phoenix Medical Campus line item to receive prior review by the Joint Legislative Budget Committee.

updates concerning items such as the formal relationship between the Phoenix Medical Campus and area hospitals, partnerships with private medical schools, and availability of clinical rotations for medical students in this state.

The JLBC deletes the footnote that requires the University of Arizona and the Arizona Board of Regents to provide

SUMMARY OF FUNDS	FY 2007 Actual	FY 2008 Estimate
Auxiliary Fund (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, and intercollegiate athletics.		
Funds Expended	13,020,400	10,828,000
Year-End Fund Balance	2,705,500	4,999,800
Designated Fund (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	25,909,200	26,529,000
Year-End Fund Balance	20,266,300	21,054,200
Endowment and Life Income Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest income on invested endowment and life income gifts, a portion of financial aid trust fees assessed to students, and a portion of university trust land earnings.		
Purpose of Fund: To support endowment operations and compensate designated beneficiaries.		
Funds Expended	0	0
Year-End Fund Balance	68,848,300	77,824,900
Federal Grant Fund (No Fund Number/A.R.S. § 15-1666)		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	96,699,400	97,043,400
Year-End Fund Balance	22,307,500	21,569,000
Restricted Fund (Excluding Federal Funds) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Private and non-federal grants, including non-appropriated Technology and Research Initiative Fund grants (<i>please see the Arizona Board of Regents Summary of Funds</i>) 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	59,209,500	62,368,100
Year-End Fund Balance	13,659,000	13,862,100
Teratogen Information Program Fund (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	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2007 Actual	FY 2008 Estimate
University Collections Fund (UAA1403/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees, as well as a portion of university trust land earnings.		
Purpose of Fund: To operate the university.		
Funds Expended	15,033,800	14,158,700
Year-End Fund Balance	0	0