

University of Arizona - Health Sciences Center

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1,054.1	1,375.9	1,375.9 ^{1/}
Personal Services	45,246,700	50,044,300	50,044,300
Employee Related Expenditures	13,778,600	15,465,700	15,367,300
Professional and Outside Services	8,594,000	1,166,700	1,166,700
Travel - In State	46,200	41,200	41,200
Travel - Out of State	144,000	7,700	7,700
Other Operating Expenditures	3,852,300	2,274,200	2,509,900
Equipment	215,700	94,600	94,600
OPERATING SUBTOTAL	71,877,500	69,094,400	69,231,700
SPECIAL LINE ITEMS			
Clinical Rural Rotation	311,300	352,300	351,500
Clinical Teaching Support	8,587,000	8,546,600	8,518,400
Elimination of Payment Deferral	0	16,776,700 ^{2/}	0
Liver Research Institute	460,800	452,700	451,800
Phoenix Medical Campus	31,457,500	32,575,100	32,516,500
Telemedicine Network	1,854,300	1,848,100	1,843,700
AGENCY TOTAL	114,548,400	129,645,900	112,913,600 ^{3/4/}
FUND SOURCES			
General Fund	69,585,300	85,592,100	68,859,800 ^{5/6/7/}
<u>Other Appropriated Funds</u>			
University Collections Fund	44,963,100	44,053,800	44,053,800 ^{8/}
SUBTOTAL - Other Appropriated Funds	44,963,100	44,053,800	44,053,800
SUBTOTAL - Appropriated Funds	114,548,400	129,645,900	112,913,600
Other Non-Appropriated Funds	284,919,600	342,939,000	287,239,200
Federal Funds	92,838,500	94,695,300	97,536,300
TOTAL - ALL SOURCES	492,306,500	567,280,200	497,689,100

AGENCY DESCRIPTION — The University of Arizona's Health Sciences Center (UA - HSC) includes its Colleges of Medicine, Nursing, Pharmacy, and Public Health. The UA - HSC enrolls over 2,989 full-time students as well as 460 medical students at its 48-acre campus in Tucson. UA - HSC currently operates a medical campus in Phoenix that opened in FY 2006. The Colleges of Pharmacy and Public Health also have a presence on the Phoenix Biomedical campus, which has increased its enrollment to 321 medical and 80 Master of Public Health and Pharmacy students.

- ^{1/} Includes 382.2 GF FTE Positions and 55.1 OF FTE Positions funded from Special Line Items in FY 2017, including 214.4 GF FTE Positions filled by students and associated with the Clinical Teaching Support Special Line Item.
- ^{2/} The FY 2017 General Appropriation Act includes a one-time FY 2016 supplemental General Fund appropriation of \$16,776,700 for the elimination of UA - HSC's share of the universitywide payment deferral.
- ^{3/} The appropriated monies may not be used for scholarships or 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 appropriation may not be used for alumni association funding. (General Appropriation Act footnote)
- ^{6/} The increased state General Fund appropriation from Laws 2014, Chapter 18 may not be used for medical marijuana research. (General Appropriation Act footnote)
- ^{7/} The FY 2017 General Fund budget as adjusted for statewide adjustments is \$68,859,800. This amount includes \$68,629,200 in UA - HSC's individual section of the FY 2017 General Appropriation Act and \$230,600 for statewide adjustments.
- ^{8/} Any unencumbered balances remaining in the collections account on June 30, 2016 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. Monies from summer session, when deposited in the account, are appropriated for the purpose of conducting summer sessions but are excluded from the amounts enumerated above. (General Appropriation Act footnote)

Operating Budget

The budget includes \$69,231,700 and 938.6 FTE Positions in FY 2017 for the operating budget. These amounts consist of:

	FY 2017
General Fund	\$34,367,500
University Collections Fund	34,864,200

These amounts fund the following adjustments:

Additional Resources

The budget includes an increase of \$235,700 from the General Fund in FY 2017 for UA - Health Sciences Center (UA - HSC)'s share of additional university resources. *(Please see the University Additional Resources narrative in the Arizona Board of Regents (ABOR) section for more information.)*

Statewide Adjustments

The budget includes a decrease of \$(98,400) from the General Fund in FY 2017 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

This amount reflects UA - HSC's allocation of state health insurance premium costs in FY 2017 compared to its revised FY 2016 allocation. *(Please see the Health Insurance Trust Fund narrative in the ABOR section and the Agency Detail and Allocations section for more information.)*

Student enrollment growth and tuition and fee increases for students will contribute to an increase in university tuition and fee collections. The University Collections Fund amount will ultimately be adjusted to reflect these additional revenues. *(Please see the ABOR section for more information.)*

Clinical Rural Rotation

The budget includes \$351,500 and 6.2 FTE Positions from the General Fund in FY 2017 for the Clinical Rural Rotation program. These amounts fund the following adjustments:

Statewide Adjustments

The budget includes a decrease of \$(800) from the General Fund in FY 2017 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 includes \$8,518,400 and 214.4 FTE Positions from the General Fund in FY 2017 for Clinical Teaching Support. These amounts fund the following adjustments:

Statewide Adjustments

The budget includes a decrease of \$(28,200) from the General Fund in FY 2017 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. 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.

Elimination of Payment Deferral

The budget includes no funding in FY 2017 for the Elimination of Payment Deferral line item. This amount funds the following adjustments:

Remove One-Time Funding

The budget includes a decrease of \$(16,776,700) from the General Fund in FY 2017 to remove a one-time payment to eliminate UA - HSC's share of the universitywide payment deferral in FY 2016. *(Please see the Payment Deferral narrative in the ABOR section for more information.)*

Liver Research Institute

The budget includes \$451,800 and 6.6 FTE Positions from the General Fund in FY 2017 for the Liver Research Institute. These amounts fund the following adjustments:

Statewide Adjustments

The budget includes a decrease of \$(900) from the General Fund in FY 2017 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.

Phoenix Medical Campus

The budget includes \$32,516,500 and 194.7 FTE Positions in FY 2017 for the Phoenix Medical Campus (PMC). These amounts consist of:

General Fund	23,326,900
University Collections Fund	9,189,600

These amounts fund the following adjustments:

Statewide Adjustments

The budget includes a decrease of \$(58,600) from the General Fund in FY 2017 for statewide adjustments.

The Phoenix Medical Campus currently has 321 medical students and 80 Master of Public Health students. By FY 2025, UA envisions developing a campus of approximately 1,200,000 square feet incorporating research, instruction, and clinical facilities to serve a planned population of 480 medical students, 250 graduate students, and 1,660 science students.

Laws 2008, Chapter 287 as amended by Laws 2009, 1st Special Session, Chapter 6 and Laws 2009, 3rd Special Session, Chapter 9 authorized ABOR to enter into lease-to-own and bond transactions up to a maximum of \$800,000,000 to pay for building renewal projects and new facilities of which ABOR is required to allocate \$376,000,000 for the Phoenix Medical Campus.

In September 2014, the Joint Committee on Capital Review (JCCR) favorably reviewed UA's planned SPEED bond issuance of \$136,100,000 to fund construction of the Biosciences Partnership Building on the Phoenix Medical Campus. The bond was issued in February 2015, and debt service is paid with 80% from Lottery revenues and 20% from university system revenues.

Of the \$376,000,000 allocated for the Phoenix Medical Campus, the JCCR has reviewed \$275,545,000. *(For additional information on university lottery bonding, please see the Capital Outlay - ABOR Building System section of this report. For historical information, please see the FY 2015 Appropriations Report.)*

Telemedicine Network

The budget includes \$1,843,700 and 15.4 FTE Positions from the General Fund in FY 2017 for the Telemedicine Network. These amounts fund the following adjustments:

Statewide Adjustments

The budget includes a decrease of \$(4,400) from the General Fund in FY 2017 for statewide adjustments.

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

Other Issues

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, there is no projected change to UA - HSC's General Fund costs for FY 2018 to FY 2019.

FY 2016 Supplemental

The budget includes \$421,900 from the General Fund in FY 2016 for a one-time supplemental for the revised allocation of health insurance premium adjustments. *(Please see the Health Insurance Trust Fund narrative in the ABOR section for more information.)*

Summary

UA - HSC's FY 2017 General Fund budget is \$68,859,800. Of this amount:

- \$68,629,200 is included in UA - HSC's individual section of the FY 2017 General Appropriation Act.
- \$230,600 is appropriated for statewide adjustments.

University Collections and FTE Positions Adjustments

The FY 2016 General Appropriation Act (Laws 2015, Chapter 8) appropriated \$43,315,600 from the University Collections Fund to UA - HSC in FY 2016. The Collections Fund for UA - HSC represents a portion of tuition, fees and a portion of land earnings. *(Please see ABOR Other Issues for more information.)* If collections exceed the appropriated amount, the annual General Appropriation Act includes a footnote permitting the universities to expend those amounts as well and a separate footnote requiring the submission of a report detailing any adjustments to the appropriated amounts.

ABOR sets tuition in the spring (independent of the legislative process). Any revised tuition rates as well as changes in enrollment can result in collections exceeding the appropriated amount. The Universities reported the adjustments to the University Collections Fund for FY 2016 to the Joint Legislative Budget Committee in July 2015, and UA incorporated the adjusted FY 2016 amounts as part of their FY 2017 budget submission. Accordingly,

the FY 2016 amount in the budget has been adjusted upward by \$738,200 to \$44,053,800.

The budget also adjusts the number of FTE Positions in FY 2016 to align with General Fund and Collections Fund tuition revenue adjustments. Laws 2015, Chapter 8 originally appropriated 1,054.1 FTE Positions in FY 2016 for the UA - HSC. The General Fund accounted for 691.4 FTE Positions and the University Collections Fund accounted for the remaining 362.7 FTE Positions. The budget increases the total amount of FY 2016 FTE Positions by 321.8 to 1,375.9. The General Fund accounts for 845.7 FTE Positions and the University Collections Fund accounts for the remaining 530.2 FTE Positions. The total number and fund sourcing of FTE Positions significantly increased because adjustments to FTE Positions have not been made in several years.