

University of Arizona - Health Sciences Center

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1,054.1	1,375.9	1,375.9
Personal Services	45,246,700	50,044,300	50,044,300
Employee Related Expenditures	13,778,600	15,248,800	15,248,800
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	2,315,700
Equipment	215,700	94,600	94,600
OPERATING SUBTOTAL	71,877,500	68,877,500	68,919,000
SPECIAL LINE ITEMS			
Clinical Rural Rotation	311,300	350,500	350,500
Clinical Teaching Support	8,587,000	8,484,400	8,484,400
Liver Research Institute	460,800	450,600	450,600
Phoenix Medical Campus	31,457,500	32,445,800	32,445,800
Telemedicine Network	1,854,300	1,838,500	1,838,500
AGENCY TOTAL	114,548,400	112,447,300	112,488,800
FUND SOURCES			
General Fund	69,585,300	68,393,500	68,435,000
<u>Other Appropriated Funds</u>			
University Collections Fund	44,963,100	44,053,800	44,053,800
SUBTOTAL - Other Appropriated Funds	44,963,100	44,053,800	44,053,800
SUBTOTAL - Appropriated Funds	114,548,400	112,447,300	112,488,800
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	550,081,600	497,264,300

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.

Operating Budget

The Baseline includes \$68,919,000 and 938.6 FTE Positions in FY 2017 for the operating budget. These amounts consist of:

	FY 2017
General Fund	\$34,054,800
University Collections Fund	34,864,200

FY 2017 adjustments would be as follows:

Additional Resources GF 41,500

The Baseline includes an increase of \$41,500 from the General Fund in FY 2017 for UA - Health Sciences Center

(UA - HSC)'s share of additional university resources. The 3-year budget plan associated with the enacted FY 2016 budget included \$8,200,000 in systemwide ongoing additional resources for the university system beginning in FY 2017. (Please see the Arizona Board of Regents (ABOR) 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 Baseline includes \$350,500 and 6.2 FTE Positions from the General Fund in FY 2017 for the Clinical Rural Rotation program. These amounts are unchanged from FY 2016.

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 Baseline includes \$8,484,400 and 214.4 FTE Positions from the General Fund in FY 2017 for Clinical Teaching Support. These amounts are unchanged from FY 2016.

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 Baseline includes \$450,600 and 6.6 FTE Positions from the General Fund in FY 2017 for the Liver Research Institute. These amounts are unchanged from FY 2016.

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 Baseline includes \$32,445,800 and 194.7 FTE Positions in FY 2017 for the Phoenix Medical Campus (PMC). These amounts consist of:

General Fund	23,256,200
University Collections Fund	9,189,600

These amounts are unchanged from FY 2016.

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 Baseline includes \$1,838,500 and 15.4 FTE Positions from the General Fund in FY 2017 for the Telemedicine Network. These amounts are unchanged from FY 2016.

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

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes (Please see Arizona Board of Regents (ABOR) for universitywide standard footnotes.)

It is the intent of the Legislature that the state General Fund base funding for University of Arizona - Health Sciences Center is \$68,435,000. This appropriation includes a deferral of \$16,776,700 from FY 2017 to FY 2018. This deferral shall be paid as required in this act. *(Please see Other Issues for more information.)*

Other Issues

FY 2016 Supplemental

The FY 2017 Baseline would include a FY 2016 supplemental appropriation of \$1,752,600 from the General Fund to UA for health insurance adjustments. This supplemental would be divided between all UA campuses. In FY 2017, UA's appropriation would be further adjusted for the annualization for savings associated with lower employer contribution rates for health insurance. *(Please see the Health Insurance Trust Fund section in the ABOR narrative for more information.)*

Payment Deferral

The Baseline includes \$16,776,700 from the General Fund for FY 2016 payments that were deferred until FY 2017 and includes a FY 2017 General Fund payment deferral of \$(16,776,700) until FY 2018. These amounts constitute a portion of a \$200,000,000 universitywide payment deferral. The payment deferral is unchanged from FY 2011. *(Please see the ABOR section for more information.)*

The FY 2017 General Fund Baseline is \$68,435,000. Of this amount:

- \$51,658,300 would be included in UA - HSC's individual section of the FY 2017 General Appropriation Act.
- \$16,776,700 was appropriated in the FY 2016 General Appropriation Act to reflect the deferral of FY 2016 monies to FY 2017.

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 Baseline has been adjusted upward by \$738,200 to \$44,053,800.

The Baseline 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 Baseline 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.

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Auxiliary Fund (UNI8906/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	9,902,400	10,148,000
Year-End Fund Balance*	(806,700)	(89,700)

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Designated Fund (UNI8905/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. Tuition and mandatory registration fees comprise \$3,778,100 and \$4,129,800 of the total FY 2015 and FY 2016 revenue, respectively.		
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. Indirect Cost Recovery, a Designated Fund sub-account, is presented separately.		
Funds Expended	171,766,500	227,475,200
Year-End Fund Balance	155,440,100	155,305,400
Endowment and Life Income Fund (UNI8904/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	161,940,400	199,802,300
Federal Grants (UNI8903/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	71,302,700	72,728,800
Year-End Fund Balance*	(5,428,300)	(4,027,600)
Federal Indirect Cost Recovery Fund (UNI8902/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Federally-sponsored research programs.		
Purpose of Fund: To assist and promote federally sponsored research.		
Funds Expended	21,535,800	21,966,500
Year-End Fund Balance	0	0
Indirect Cost Recovery Fund (Non-Federal) (UNI8900/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Non-federally sponsored research programs.		
Purpose of Fund: To assist and promote non-federally sponsored research.		
Funds Expended	2,789,700	2,845,500
Year-End Fund Balance	0	0
Restricted Fund (Excluding Federal Funds) (UNI8907/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 ABOR 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	100,461,000	102,470,300
Year-End Fund Balance	69,986,300	109,054,900

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 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. Tuition and mandatory registration fees comprise \$43,859,300 and \$44,053,800 of the total FY 2015 and FY 2016 revenue, respectively.		
Purpose of Fund: To operate the university.		
Funds Expended	44,963,100	44,053,800
Year-End Fund Balance	0	0

*As reported by the agency. Actual ending balances will not be negative.