

ARIZONA BOARD OF REGENTS

Frank Besnette, Ph.D., Executive Director

A.R.S. § 15-1621

JLBC Analyst: John Lee/Steve Grunig

General Fund	FY 1998 Actual	FY 1999 Estimate	FY 2000 Approved	FY 2001 Approved
FTE Positions	28.0	29.4	29.4	29.4
Personal Services	1,387,000	1,493,200	1,522,200	1,552,600
Employee Related Expenditures	264,900	285,200	294,500	305,400
Professional and Outside Services	4,100	0	0	0
Travel - In State	3,200	11,400	11,400	11,400
Travel - Out of State	2,500	0	0	0
Other Operating Expenditures	255,100	276,000	274,100	274,100
Operating Subtotal	1,916,800	2,065,800	2,102,200	2,143,500
Western Interstate Commission Office	81,000	83,000	85,000	88,000
WICHE Student Subsidies	2,497,700	2,704,900	2,767,600	2,834,400
Student Financial Aid Trust Fund	1,761,100	1,933,400	2,060,200	2,260,200
Arizona Teachers Incentive Program	95,000	95,000	95,000	95,000
Western Governors University (WGU)	100,000	0	0	0
Total Appropriations	6,451,600	6,882,100	7,110,000 ^{1/2/3/}	7,421,100 ^{1/2/3/}

Agency Description — *The Arizona Board of Regents (ABOR) board governs the 3 state universities, appoints presidents of the universities, sets the tuition and fees, establishes curricula, awards degrees, and prescribes qualifications for admission of all students to the universities. The board also adopts personnel rules and controls the university finances and expenditures including bonding, budget and all non-appropriated funds.*

Western Interstate Commission Office — The approved FY 2000 amount includes an increase of \$2,000 for Arizona’s annual pro rata share of administrative expenditures for the Western Interstate Commission for Higher Education (WICHE). The approved FY 2001 amount includes a further increase of \$3,000 for a total of \$88,000 for the WICHE office.

WICHE Student Subsidies — The approved FY 2000 amount includes an increase of \$62,700 for WICHE student subsidy fee adjustments (*see Table 1*). The approved FY 2001 amount includes a further increase of \$66,800 for a total of \$2,834,400 for subsidies to 177 WICHE students (*see Table 2*). This subsidy program enables Arizona to participate in the WICHE-Professional

Student Exchange Program and provides partial financial support and preferential access for Arizona residents who choose careers in certain health professions for which education is not offered in Arizona.

Student Financial Aid Trust Fund — The approved FY 2000 amount includes an increase of \$126,800 for the Student Financial Aid Trust Fund. This amount is continued in FY 2001. The approved amounts provide funds to Arizona universities to provide immediate aid to students with verifiable financial need and create an endowment for future financial aid. The approved amounts represent the state matching portion for the program and are based upon the most recent (FY 1998) actual student surcharge collections.

1/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

2/ It is the intent of the Legislature that the Community Colleges and Universities cooperate in operating a Statewide Articulation and Transfer System, including the process for transfer of lower division general education credits, general elective credits and curriculum requirements for majors, to ensure that community college students may transfer to Arizona public universities without loss of credit toward a baccalaureate degree. It is also the intent of the Legislature that the Higher Education Study Committee continue the collaborative process that assures that the postsecondary education needs of students statewide are met without unnecessary duplication of programs. The committee shall focus its efforts on potential students who reside in rural areas or who cannot meet the regular class schedule due to their employment and family matters. The Arizona Board of Regents and the State Board of Directors for Community Colleges shall submit an annual report of their progress on both articulation and meeting statewide postsecondary education needs to the Joint Legislative Budget Committee by December 15, 1999 and December 15, 2000. (General Appropriation Act footnote)

3/ The Arizona Board of Regents shall submit an annual report to the Joint Legislative Budget Committee by July 31, 1999 and July 31, 2000 documenting their progress in increasing faculty teaching loads at Arizona universities. The report shall include information on the direct classroom teaching loads, based on the regularly scheduled student credit hours taught by tenure track faculty members for each semester of the academic years 1998-1999 and 1999-2000, respectively. The faculty teaching load report format shall be consistent with and comparable to the faculty teaching load reports previously submitted to the Joint Legislative Budget Committee Staff.

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Table 1

WICHE Student Subsidies - FY 2000

<u>Field of Study</u>	<u>Continuing Students</u>	<u>First Year and New Students</u>	<u>Total Students</u>	<u>Amount</u>
Veterinary Medicine	52	17	69	\$1,407,600
Dentistry	38	12	50	757,900
Osteopathy	15	5	20	274,000
Optometry	10	4	14	130,200
Occupational Therapy	7	7	14	141,900
Physicians Assistants	<u>5</u>	<u>5</u>	<u>10</u>	<u>56,000</u>
Total	127	50	177	\$2,767,600

Table 2

WICHE Student Subsidies - FY 2001

<u>Field of Study</u>	<u>Continuing Students</u>	<u>First Year and New Students</u>	<u>Total Students</u>	<u>Amount</u>
Veterinary Medicine	53	17	70	\$1,463,000
Dentistry	36	12	48	749,700
Osteopathy	15	5	20	280,000
Optometry	10	4	14	133,000
Occupational Therapy	7	7	14	145,600
Physicians Assistants	<u>6</u>	<u>5</u>	<u>11</u>	<u>63,100</u>
Total	127	50	177	\$2,834,400

Arizona Teachers Incentive Program (ATIP) — The approved FY 2000 amount provides \$95,000 for the Arizona Teachers Incentive Program. This amount is continued in FY 2001. ATIP provides loans for persons in teacher training programs in the areas of the deaf and the blind within the College of Education at the University of Arizona.

Capital Outlay Appropriations: Chapter 2, 1st Special Session —Appropriates \$8,128,100 in FY 2000 and \$8,804,600 in FY 2001 from the General Fund to the Arizona Board of Regents (ABOR) for major maintenance and repair activities for university buildings and for Americans with Disabilities Act compliance, as follows:

- Appropriates \$8,128,100 in FY 2000 and \$8,804,600 in FY 2001 for allocation to the universities for major maintenance and repair activities for university buildings in accordance with the Building Renewal Formula (A.R.S. § 41-790 and § 41-793.01). The appropriation represents 23.3% support of the formula. The board shall require each university to establish a major maintenance and repair account for deposit of amounts allocated from this appropriation. Amounts deposited in the account shall be audited annually by the board, and the appropriated monies shall be used only for facilities on the statewide building inventory approved by the Joint Committee on Capital Review. The monies appropriated in this

section shall not be spent for maintenance contracts on building components and equipment or for Personal Services or Employee Related Expenditures.

- Provides that a maximum of 25% of the appropriated Building Renewal monies may be spent for state building modifications to comply with the federal Americans with Disabilities Act or for major maintenance and repair activities for state infrastructure.

Additional Legislation: Performance Based Incentives Pilot Program (Chapter 138) — Requires the Executive Director of ABOR to identify state universities in which to implement the pilot program. Requires the ABOR to develop a performance-based employee appraisal system based on university goals and objectives, as identified and approved by the university's employees, supervisors, and president. ABOR may authorize the expenditure of up to 80% of excess vacancy savings to recognize participating employees. ABOR, in cooperation with the universities, shall provide the Performance-Based Incentives Pilot Program Oversight Committee with periodic reports on the implementation of the program and the expenditures of each participating university related to the program.

State Employees: Compensation (Chapter 139) — Requires the ABOR to submit a report to the Governor and Legislature annually by September 1. Each report shall

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include the following: information on employee turnover, including the number of employees and reason for turnover; employee compensation during the preceding and coming year and compensation of other public and private employees, overtime pay requirements, and a recommendation on the salary plan and adjustments for their employees. In establishing the salary plan they shall consider the relative duties and responsibilities of the classes of positions, the rates paid for comparable positions elsewhere, and other relevant factors.

Postsecondary Institutions; Social Security Numbers (Chapter 239) — Prohibits a university from assigning an identification number to a student, faculty member, or other university employee which is identical to, or incorporates any portion of, their Social Security number. Universities are also prohibited from displaying a student's Social Security number or any 4 consecutive digits of a student's Social Security number on the Internet or on any publicly accessible document. Students can consent to the use of their Social Security number as their ID number and universities can electronically transfer data and are not prohibited from complying with any federal reporting requirements. This bill is effective from and after June 30, 2002.

SUMMARY OF MAJOR CHANGES FOR UNIVERSITY SYSTEM

The following tables summarize the major changes for the university system for FY 2000 and FY 2001.

The FY 2000 and FY 2001 salary adjustments, including Personal Services and Employee Related Expenditures, are shown for each campus, and for the university system as a whole in *Table 3*.

Changes to the total General Fund operating budget for the university system for FY 2000 and FY 2001 are shown in *Table 4*.

The estimated student enrollment for the university system for FY 2000 is shown in *Table 5*.

Table 3

UNIVERSITY SYSTEM SALARY ADJUSTMENTS FOR FY 2000 AND FY 2001
(Personal Services and Employee Related Expenditures)

	2% Merit effective 4/1/2000	FY 2000 TOTAL	Annualization of FY 2000 Salary Adjust.	2% Merit effective 4/1/2001	FY 2001 TOTAL
ASU-Main Campus	\$1,416,300	\$1,416,300	\$5,665,500	\$1,464,700	\$7,130,200
ASU-East Campus	47,600	47,600	190,600	49,200	239,800
ASU-West Campus	<u>153,600</u>	<u>153,600</u>	<u>614,400</u>	<u>157,500</u>	<u>771,900</u>
ASU-Total	1,617,500	1,617,500	6,470,500	1,671,400	8,141,900
Northern Arizona University	514,500	514,500	2,058,100	532,000	2,590,100
NAU-Yuma	<u>8,400</u>	<u>8,400</u>	<u>33,400</u>	<u>8,600</u>	<u>42,000</u>
NAU Total	522,900	522,900	2,091,500	540,600	2,632,100
University of Arizona-Main Campus	1,126,800	1,126,800	4,507,100	1,166,400	5,673,500
Agriculture	187,000	187,000	747,900	191,000	938,900
Arizona International College	6,200	6,200	24,800	6,400	31,200
Sierra Vista Campus	<u>8,500</u>	<u>8,500</u>	<u>33,900</u>	<u>8,600</u>	<u>42,500</u>
UA Total	1,328,500	1,328,500	5,313,700	1,372,400	6,686,100
Health Sciences Center	222,500	222,500	890,000	227,800	1,117,800
Clinical Teaching Support	30,800	30,800	123,100	31,400	154,500
Telemedicine Network	2,000	2,000	8,100	2,000	10,100
Clinical Rural Rotations	1,600	1,600	6,100	1,600	7,700
Liver Research Institute	<u>2,200</u>	<u>2,200</u>	<u>8,500</u>	<u>2,200</u>	<u>10,700</u>
AHSC Total	259,100	259,100	1,035,800	265,000	1,300,800
Arizona Board of Regents	<u>8,600</u>	<u>8,600</u>	<u>34,400</u>	<u>8,700</u>	<u>43,100</u>
TOTAL SYSTEM	<u>\$3,736,600</u>	<u>\$3,736,600</u>	<u>\$14,945,900</u>	<u>\$3,858,100</u>	<u>\$18,804,000</u>

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Table 4

**SUMMARY OF CHANGES TO GENERAL FUND OPERATING BUDGET
Total for University System for FY 2000 and FY 2001**

FY 1999 <u>General Fund</u> Operating Budget Total	<u>\$728,915,400</u>
Adjustments for FY 2000:	
• Pay Increase and Pay Annualization (Personal Services and ERE)	\$ 14,723,900
• Standard Adjustments (Transfers, ERE Rate Changes, etc.)	4,500,600
• Risk Management Adjustments	(2,620,700)
• Debt Service Adjustments	(4,915,200)
• Out-of-State Travel Reduction	(1,015,400)
• Student Enrollment Growth (806 FTE Students Supported by 22:1 Funding Formula)	3,235,000
• New Facilities Support and Annualization of Facilities Support	1,100,800
• Undergraduate Initiatives/Program Development/Decision Packages	2,900,000
• Other Appropriated Funds Increase (General Fund Decrease)	<u>3,325,700</u>
FY 2000 Total <u>General Fund</u> Adjustment	<u>\$ 21,234,700</u>
FY 2000 <u>General Fund</u> Operating Budget Total	<u>\$750,150,100</u>
Adjustments for FY 2001:	
• Pay Increase and Pay Annualization (Personal Services and ERE)	\$ 15,067,400
• Standard Adjustments (Transfers, ERE Rate Changes, etc.)	2,971,500
• Debt Service Adjustments	(5,731,000)
• Student Enrollment Growth (1,468 FTE Students Supported by 22:1 Funding Formula)	5,869,400
• New Facilities Support and Annualization of Facilities Support	959,800
• Undergraduate Initiatives/Program Development/Decision Packages	3,200,000
• Other Appropriated Funds Increase (General Fund Decrease)	<u>(278,100)</u>
FY 2001 Total <u>General Fund</u> Adjustment	<u>\$ 22,059,000</u>
FY 2001 <u>General Fund</u> Operating Budget Total	<u>\$772,209,100</u>

Table 5

University System FY 2000 Enrollment Estimates

	Headcount			FTE		
	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
ASU-Main	33,268	10,464	43,732	31,126	7,619	38,745
ASU-West	3,608	1,272	4,880	2,966	490	3,456
ASU-East	804	291	1,095	618	127	745
NAU	13,906	6,034	19,940	14,021	3,463	17,484
U of A	<u>26,157</u>	<u>8,170</u>	<u>34,327</u>	<u>25,077</u>	<u>5,656</u>	<u>30,733</u>
TOTAL	<u>77,743</u>	<u>26,231</u>	<u>103,974</u>	<u>73,808</u>	<u>17,355</u>	<u>91,163</u>

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University tuition and mandatory fees for FY 2000 are shown above in *Table 6*.

Regular Tuition/Fees	Resident			Non-Resident		
	Tuition	Fees	Total	Tuition	Fees	Total
ASU	\$2,188	\$71	\$2,259	\$9,340	\$71	\$9,411
U of A	2,188	71	2,259	9,340	71	9,411
NAU	2,188	71	2,259	8,340	71	8,375
<u>Special Tuition Fees</u>						
College of Medicine	\$8,760	\$71	\$8,831	\$28,000 *	\$71	\$28,071
Colleges of Law	4,938	71	5,009	12,090	71	12,161
College of Pharmacy	3,688	71	3,759	10,840	71	10,911
ASU Evening MBA	6,056	71	6,127	10,870	71	10,941
MBA - ASUW	3,688	71	3,759	10,840	71	10,911
MBA - NAU - existing students	3,688	71	3,759	9,804	71	9,875
- new students	4,438	71	4,509	10,554	71	10,625
<u>Master's in Selected Programs</u>						
- existing students	4,188	71	4,259	11,340	71	11,411
- new students	5,188	71	5,259	12,340	71	12,411
MBA (ASU/U of A)	"	"	"	"	"	"
Accounting (ASU/U of A)	"	"	"	"	"	"
Taxation	"	"	"	"	"	"
Health Services Admin.	"	"	"	"	"	"
Information Mgmt. (ASU)	"	"	"	"	"	"
Management (U of A)	"	"	"	"	"	"
MIS (U of A)	"	"	"	"	"	"
Nurse Practitioner (ASU)	8,488	71	8,559	15,640	71	15,711
* applies to WICHE students only						

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Total spending authority for the university system in FY2000 and FY 2001 is estimated below for both appropriated and non-appropriated funds (see Table 7 and Table 8)

Table 7

Summary of FY 2000 Spending Authority for the University System
(\$ in Millions)

	Appropriated Funds			Non-Appropriated Funds		TOTAL
	General Fund FTE	Amount	Collections Fund	Federal Funds	Other Funds	
Operating Authority						
AZ Board of Regents	29.4	\$ 7.1	\$ 0.0	\$ 0.8	\$ 2.9	\$ 10.8
ASU-Main	5,848.9	265.4	93.0	70.5	185.6	614.5
ASU-East	193.4	11.1	2.3	1.8	2.6	17.8
ASU-West	658.6	38.5	6.7	0.9	3.4	49.5
NAU	2,286.7	108.4	27.8	19.8	74.0	230.0
U of A-Main	5,502.6	263.3	71.1	148.1	287.4	769.9
AHSC	<u>698.4</u>	<u>56.2</u>	<u>6.5</u>	<u>53.9</u>	<u>52.2</u>	<u>168.9</u>
Total Operating	15,218.0	\$750.2	\$207.3	\$295.9	\$608.0	\$1,861.3
Capital Outlay						
Building Renewal	0.0	\$8.1	\$0.0	\$0.0	\$0.0	\$8.1
U of A - Sierra Vista	0.0	0.5	0.0	0.0	0.0	0.5
NAU - Signal Peak	<u>0.0</u>	<u>0.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.4</u>
Total Capital	0.0	\$9.0	\$0.0	\$0.0	\$0.0	\$9.0
Total System	<u>15,218.0</u>	<u>\$759.2</u>	<u>\$207.3</u>	<u>\$295.9</u>	<u>\$608.0</u>	<u>\$1,870.4</u>

Table 8

Summary of FY 2001 Spending Authority for the University System
(\$ in Millions)

	Appropriated Funds			Non-Appropriated Funds		TOTAL
	General Fund FTE	Amount	Collections Fund	Federal Funds	Other Funds	
Operating Authority						
AZ Board of Regents	29.4	\$ 7.4	\$ 0.0	\$ 0.8	\$ 2.9	\$ 11.1
ASU-Main	5,903.8	273.8	95.3	72.5	196.8	638.3
ASU-East	194.3	11.1	2.6	1.9	3.3	18.9
ASU-West	659.5	39.5	6.8	0.9	3.6	50.7
NAU	2,311.4	112.4	28.1	20.3	76.6	237.4
U of A-Main	5,563.0	270.2	74.9	152.5	298.4	796.1
AHSC	<u>700.2</u>	<u>57.7</u>	<u>6.5</u>	<u>55.6</u>	<u>53.9</u>	<u>173.6</u>
Total Operating	15,361.6	\$772.2	\$214.1	\$304.5	\$635.3	\$1,926.1
Capital Outlay						
Building Renewal	0.0	\$8.8	\$0.0	\$0.0	\$0.0	\$8.8
U of A - Sierra Vista	0.0	0.8	0.0	0.0	0.0	0.8
NAU - Signal Peak	<u>0.0</u>	<u>0.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.4</u>
Total Capital	0.0	\$10.0	\$0.0	\$0.0	\$0.0	\$10.0
Total System	<u>15,361.6</u>	<u>\$782.2</u>	<u>\$214.1</u>	<u>\$304.5</u>	<u>\$635.3</u>	<u>\$1,936.1</u>