

Arizona Board of Regents

	FY 2016 ACTUAL	FY 2017 ESTIMATE	FY 2018 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	25.9	25.9	25.9
Personal Services	1,509,500	1,475,100	1,475,100
Employee Related Expenditures	527,500	545,500	567,600
Professional and Outside Services	42,100	55,000	55,000
Other Operating Expenditures	273,400	276,900	276,900
OPERATING SUBTOTAL	2,352,500	2,352,500	2,374,600
SPECIAL LINE ITEMS			
Arizona Teachers Incentive Program	90,000	90,000	90,000
Arizona Transfer Articulation Support System	213,700	213,700	213,700
Performance Funding	5,000,000	5,000,000	0
Student Financial Assistance	10,041,200	10,041,200	0 ^{1/}
Western Interstate Commission Office	141,000	145,000	145,000
WICHE Student Subsidies	4,090,000	4,086,000	4,086,000
AGENCY TOTAL	21,928,400	21,928,400	6,909,300
FUND SOURCES			
General Fund	21,928,400	21,928,400	6,909,300 ^{2/3/}
SUBTOTAL - Appropriated Funds	21,928,400	21,928,400	6,909,300
Other Non-Appropriated Funds	4,629,500	8,089,200	6,039,200
Federal Funds	2,357,300	1,168,200	56,700
TOTAL - ALL SOURCES	28,915,200	31,185,800	13,005,200

AGENCY DESCRIPTION — Article 11 of the Arizona Constitution creates the Arizona Board of Regents (ABOR). ABOR governs the 3 state institutions comprising the Arizona University System: Arizona State University (ASU), Northern Arizona University (NAU), and the University of Arizona (UA). The board is legally, fiscally, and strategically responsible for the state universities.

Operating Budget

The budget includes \$2,374,600 and 25.9 FTE Positions from the General Fund in FY 2018 for the operating budget. These amounts fund the following adjustments:

Statewide Adjustments

The budget includes an increase of \$22,100 from the General Fund in FY 2018 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

Arizona Teachers Incentive Program

The budget includes \$90,000 from the General Fund in FY 2018 for the Arizona Teachers Incentive Program (ATIP). This amount is unchanged from FY 2017.

Laws 1990, Chapter 340 mandated that ABOR establish and administer a loan program for students of deaf and blind education at the UA College of Education. Students may earn forgiveness for their loans by teaching in an Arizona deaf and blind program for a time equal to their period of loan support. In FY 2016, ATIP distributed

- ^{1/} Within 10 days after the acceptance of the universities' semiannual all funds budget reports, the Arizona Board of Regents shall submit an expenditure plan for review to the Joint Legislative Budget Committee. The expenditure plan shall include any tuition revenue amounts that are greater than the appropriated amounts and all retained tuition and fee revenue expenditures for the current fiscal year. The additional revenue expenditure plan shall provide as much detail as the university budget requests. The plan shall include the total revenue and expenditure amounts from all tuition and student fee revenues, including base tuition, differential tuition, program fees, course fees, summer session fees, and other miscellaneous and mandatory student fee revenues that have previously been excluded from university reported tuition and fee revenues. (General Appropriation Act footnote)
- ^{2/} When determining any statewide adjustments, the Joint Legislative Budget Committee staff shall use the overall allocation of state General Fund and appropriated tuition monies for each university in determining that university's specific adjustment. (General Appropriation Act footnote)
- ^{3/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

\$50,000 in loans among 10 students, as well as \$40,000 to the UA College of Education for deaf and blind instructional resources.

Arizona Transfer Articulation Support System

The budget includes \$213,700 from the General Fund in FY 2018 for the Arizona Transfer Articulation Support System (ATASS). This amount is unchanged from FY 2017.

A.R.S. § 15-1824 establishes ATASS as a joint initiative, among the public community colleges and universities, to facilitate efficient transfer of course curricula and credits. ATASS is also developing a shared statewide student and financial information database. The tribal colleges and community college districts overall contributed \$277,200 to the system in FY 2016 and are projected to also contribute \$277,200 in both FY 2017 and FY 2018.

Performance Funding

The budget includes no monies for performance funding in FY 2018. This amount funds the following adjustments:

Performance Funding Reallocation

The budget includes a decrease of \$(5,000,000) from the General Fund in FY 2018 for the reallocation of performance funding monies from ABOR to the universities. The budget appropriates \$5,000,000 directly to the universities based on the amount each received via ABOR in FY 2017:

- ASU - Tempe/Downtown Phoenix (DPC): \$2,348,800
- ASU - East: \$165,300
- ASU - West: \$190,900
- NAU: \$1,090,000
- UA - Main: \$1,205,000

These amounts are included in each university's operating budget in FY 2018 and are not designated as performance funding monies.

The budget no longer includes the requirement that ABOR adopt a performance funding model in developing and submitting future budget requests for the universities under its jurisdiction, nor that the Legislature use the performance funding model in the development of future fiscal year appropriations for the universities. *(Please see the FY 2017 Appropriations Report for more information.)*

Student Financial Assistance

The budget includes no monies from the General Fund in FY 2018 for Student Financial Assistance. This amount funds the following adjustments:

AFAT Reallocation

The budget includes a decrease of \$(10,041,200) from the General Fund in FY 2018 for the reallocation of state funding for the Arizona Financial Aid Trust (AFAT) from ABOR to the universities. The budget allocates \$10,041,200 directly to the universities based on each institution's share of student fees levied for AFAT in FY 2016, as shown in *Table 1*.

Pursuant to A.R.S. § 15-1642, monies in this line item match financial aid tuition surcharges collected from university students. The AFAT fee is 1% of the full-time resident undergraduate tuition rate, or \$76-\$107 in FY 2017 on the main campuses, depending on the university. All students pay roughly the same fee, except part-time students, who pay half the regular fee.

Table 1

FY 2018 General Fund AFAT Allocations

	FY 2016 AFAT		FY 2018 AFAT
	<u>Student Fees Collected</u>		<u>General Fund</u> ^{1/}
ASU	\$9,109,200	59.6%	\$5,985,800
NAU	\$2,017,900	13.2%	\$1,326,000
UA	\$4,153,700	27.2%	\$2,729,400
Total	\$15,280,800	100.0%	\$10,041,200

^{1/} Total state General Fund AFAT contribution in FY 2018 allocated to each university based on its share of the overall AFAT student fees levied systemwide in FY 2016. The FY 2018 Higher Education BRB continues to suspend the statutory requirement that the state provide a 2:1 match of AFAT student fee collections.

The FY 2018 Higher Education Budget Reconciliation Bill (BRB) (Laws, 2017, Chapter 310) continues to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees in FY 2018. Based on student fees contributed to AFAT in FY 2016, the state's match would have been \$30,561,600, or an increase of \$20,520,400 over the current appropriation in FY 2018.

Each university retains 25% of its annual AFAT student fees and state contributions in an AFAT endowment account. The remaining 75% of the student fees and state contributions, as well as 75% of the endowment's annual interest earnings, are used to provide immediate assistance for needy in-state students. In FY 2016, AFAT disbursed \$20,284,852. *(Please see Table 7 for additional information on financial aid.)*

Western Interstate Commission Office

The budget includes \$145,000 from the General Fund in FY 2018 for the Western Interstate Commission Office. This amount is unchanged from FY 2017.

Monies in this line item pay the state's share of administrative expenditures for the Western Interstate Commission on Higher Education (WICHE), in accordance with A.R.S. § 15-1742. The WICHE central office sets the administrative fee.

WICHE Student Subsidies

The budget includes \$4,086,000 from the General Fund in FY 2018 for WICHE student subsidies. This amount is unchanged from FY 2017.

Monies in this line item provide subsidies to Arizona students participating in the WICHE Professional Student Exchange Program (PSEP). Since the Arizona University System does not currently offer programs in dentistry, optometry, osteopathy, podiatry, or veterinary medicine, PSEP allows interested students to enroll in these programs at private in-state institutions or other public western universities.

In FY 2017, ABOR is providing subsidies to 166 Arizona students, which is (5) fewer than FY 2016. Participating students receive admissions preference and subsidized tuition. A.R.S. § 15-1745 requires graduates to practice 1 year in Arizona, or 6 months in an under-served Arizona community, for each year of WICHE support. Participants who fail to meet their service requirements must repay 100% of their subsidies, plus interest.

The WICHE central office determines subsidy amounts for each program through negotiations with participating institutions. As rough guidance, WICHE subsidies are intended to cover the difference between resident and non-resident tuition at a public university or approximately half the private university tuition rate.

Other Issues

This section includes information on the following topics:

- Long-Term Budget Impacts
- Additional Legislation
- FY 2015 Operating Appropriation
- Land Trust Funds
- Tuition Revenues
- 2003 Research Infrastructure Refinancing
- One-Time Funding

- University Capital Investment Program
- Intellectual Property & Technology Transfer Royalties
- University System Summary Tables

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, universitywide costs are projected to increase by \$11,999,100 in FY 2019 above FY 2018 and \$520,000 in FY 2020 above FY 2019.

These estimates include the universities' appropriations for the University Capital Investment Program, as established in A.R.S. § 15-1671 by Laws 2017, Chapter 328. The appropriations will begin in FY 2019 at \$27,000,000 systemwide and will grow by 2% or inflation each year thereafter through FY 2043. *(Please see the University Capital Investment Program narrative in the Capital Outlay - ABOR Building System section for more information.)*

The estimates for FY 2019 are decreased by \$(15,000,000) for the removal of one-time funding. The estimates also include a \$(900) decrease in the level of state appropriations required to cover refinanced Research Infrastructure debt service costs in FY 2019 compared to FY 2018 and a \$(19,900) decrease in FY 2020 below FY 2019. *(Please see the 2003 Research Infrastructure Refinancing narrative for more information.)*

Additional Legislation

Arizona Teacher Academy

The FY 2018 Higher Education Budget BRB (Laws 2017, Chapter 310) establishes A.R.S. § 15-1655, which instructs ABOR and the universities to develop an Arizona Teacher Academy in FY 2018. The academy is intended to encourage more Arizona residents to enter the teaching profession and commit to teach in Arizona public schools. The academy will grant an annual waiver for all tuition and fees associated with enrollees' program of study in exchange for subsequently teaching in an Arizona public school 1 year for each year they received a tuition waiver.

The law does not establish the number of participants or provide additional funding to the universities for the program, but requires ABOR to annually submit a report on the number of students enrolled in the academy, the number subsequently teaching to fulfill their waiver agreement, and the number who subsequently fail to satisfy their teaching requirements.

Resident Student & Cost Containment Reports

The FY 2018 Higher Education BRB also establishes A.R.S. § 15-1650.03, which requires that ABOR conduct a comprehensive study of the cost of educating a full-time resident undergraduate student by December 15, 2017, and every 5 years thereafter. ABOR must include in the report: 1) the use of instructional fees, 2) differentiated costs between programs of study, 3) the costs of faculty and administration, differentiating between time spent on instruction vs. research activities 4) the allocation of tuition dollars, including the amount not directly attributable to instructional costs, and 5) marginal and average student costs, including for online programs.

In addition, ABOR must annually submit a cost-containment report for each university including 1) historical tuition and fee rates, 2) growth of faculty and administrative costs, 3) actions taken to reduce costs and the resulting savings, 4) allocations of faculty time between instruction and research, 5) return on investment of the use of tuition monies for non-instructional purposes, 6) the ability to reduce unnecessary coursework, and 7) the development of new, nontraditional, and less expensive education programs.

Contract Lobbyist Ban

Laws 2017, Chapter 315 establishes A.R.S. § 15-1650.04, which prohibits ABOR and the universities from using state General Fund monies to contract with individuals or entities for lobbying services.

This law makes permanent the effect of footnotes in the individual university sections of the FY 2018 General Appropriation Act, which also prohibit the universities from using their General Fund appropriations to contract with individuals or entities for lobbying services.

FY 2015 Operating Appropriation

The FY 2015 budget increased General Fund support for university operations by \$4.5 million. Of that amount, ASU received \$2.0 million, NAU \$500,000, and UA \$2.0 million. A footnote in the FY 2015 General Appropriation Act continued this appropriation in FY 2016 and FY 2017.

The budget incorporates these amounts into the university base budgets in FY 2018. As a result, this funding does not appear separately in the FY 2018 General Appropriation Act.

Land Trust Funds

As a beneficiary of the Arizona State Land Trust, ABOR receives monies generated from lease revenues and the proceeds from land sales that are invested into

“permanent funds,” pursuant to Article X, Section 7 of the Arizona Constitution.

ABOR distributes state land trust monies to the universities from 6 funds. These distributions are allocated to the universities in accordance with A.R.S. § 15-1662, 15-1663, and ABOR Policy 3-606. The universities’ land trust monies are non-appropriated. ABOR may expend them “as it deems expedient,” with 1 exception: the Universities Land Fund. This fund is comprised of the University Land Code and the UA Land - 1881 Fund. All proceeds in the Universities Land Fund, including the UA Land - 1881 Fund, are distributed proportionately among the 3 universities based upon the total student credit hours in the fall semester of the previous year. The Universities Land Fund provides matching funds for the interest earned on nonpublic endowment monies donated to attract and retain faculty, otherwise known as the Eminent Scholars Program.

The funds will have estimated revenues of \$11,462,400 in FY 2018. (Please see the Land Department narrative for more information.)

Table 2

State Land Trust Revenues: Universities ^{1/}

	FY 2015	FY 2018
Military Institute	\$ 83,800	\$ 121,200
Normal Schools	296,600	571,800
A&M Colleges	445,100	913,900
School of Mines ^{2/}	499,800	1,056,400
Universities Land Fund	3,834,800	8,787,100
University Land Code	2,175,400	2,682,500
U of A Land - 1881	<u>1,659,400</u>	<u>6,116,600</u>
Total	\$ 5,160,100	\$ 11,462,400

^{1/} Includes income from the Treasurer's distribution and lease revenues from the universities' state land trust property.

^{2/} Only the University of Arizona receives monies from the School of Mines Fund

Tuition Revenues

The FY 2017 Higher Education BRB (Laws 2016, Chapter 130) amended A.R.S. § 15-1626A to require the universities to deposit tuition and fee revenues into separate tuition and fee revenue subaccounts for each university beginning in FY 2019.

Currently, statute allows the universities to retain a portion of tuition collections for expenditures, as approved by ABOR pursuant to A.R.S. § 15-1626A. These “locally” retained tuition monies are considered non-appropriated and are deposited into accounts labeled as “Designated” funds. The Designated Fund for each

university includes the retained tuition and fees as well as monies from other sources.

Any remaining tuition collections are remitted to the Treasurer before being disbursed back to the universities into "Collections" funds as part of the appropriated budget. As with the non-appropriated tuition monies in the Designated Funds, tuition revenues in the appropriated Collections Funds are mixed with other revenue sources such as state land trust monies and miscellaneous receipts. While Financial Aid and Debt Service are primarily non-appropriated, general operating expenses appear in both appropriated and non-appropriated budgets.

By requiring that the universities keep tuition and fee monies separate from other revenue sources, the FY 2017 Higher Education BRB was intended to make the university funding structure more transparent. The FY 2017 Higher Education BRB also amended A.R.S. § 55-146 to eliminate the requirement that the universities remit appropriated tuition revenues to the Treasurer, also effective beginning FY 2019. This provision does not change the current split between appropriated and non-appropriated tuition monies.

FY 2018 gross tuition and fees as reported in the tuition schedules of the annual university budget requests are projected to be \$2.4 billion. Of this amount, \$1.3 billion is appropriated while \$1.1 billion is non-appropriated. These amounts exclude revenues from course fees, most summer session revenues, non-degree, extended education, personalized learning, mandatory fees and

other miscellaneous student fees. The excluded revenues equaled approximately \$417 million in FY 2017 based on additional data provided by ABOR.

A FY 2018 General Appropriation Act footnote requires that ABOR include all tuition and fee revenues, including the previously excluded categories, in its FY 2018 report.

The reported gross tuition revenues reflect the amounts the universities would receive if all students paid full published tuition and fee rates. The actual amounts paid by students after accounting for tuition waivers and other gift aid awarded by the universities would constitute net tuition. The universities provided \$622.3 million in tuition waivers and awards in FY 2016.

2003 Research Infrastructure Refinancing

Laws 2003, Chapter 267, which established A.R.S. § 15-1670, appropriated for FY 2008 to FY 2031 monies to the universities each year for lease-purchase capital financing of research infrastructure projects such as installations and facilities for the continuance and growth of scientific and technological research activities.

The budget includes an increase of \$4.2 million from the General Fund in FY 2018 to adjust appropriations for research infrastructure lease-purchase payments to the universities' actual debt service obligations.

Due to subsequent refinancing, the FY 2017 Higher Education Budget Reconciliation Bill (BRB) (Laws 2016, Chapter 130) amended A.R.S. § 15-1670 to revise the FY

Table 3

FY 2018 – 2031 Research Infrastructure Appropriations

Fiscal Year	ASU	NAU	UA	Total
2018	\$ 13,481,000	\$ 5,896,500	\$ 14,249,300	\$ 33,626,800
2019	13,478,700	5,896,200	14,251,000	33,625,900
2020	13,456,300	5,899,500	14,250,200	33,606,000
2021	13,458,700	4,879,500	14,251,500	32,589,700
2022	13,451,900	5,039,800	14,248,900	32,740,600
2023	13,462,100	5,301,500	14,252,500	33,016,100
2024	13,468,200	5,302,900	14,255,300	33,026,400
2025	13,459,300	4,885,500	14,247,300	32,592,100
2026	13,453,900	4,884,500	14,248,400	32,586,800
2027	13,450,100	4,884,300	14,251,300	32,585,700
2028	13,436,200	4,894,000	14,254,100	32,584,300
2029	13,430,800	4,888,400	14,251,500	32,570,700
2030	13,423,500	4,892,000	14,252,500	32,568,000
2031	<u>13,428,800</u>	<u>4,889,300</u>	<u>14,255,800</u>	<u>32,573,900</u>
2018 - 2031	188,339,500	72,433,900	199,519,600	460,293,000

^{1/} FY 2018 – 2031 research infrastructure General Fund appropriations as specified in A.R.S. § 15-1670, as amended by the FY 2017 Higher Education BRB.

2018 to FY 2031 research infrastructure appropriations to correspond to the universities' current debt service schedules. *(Please see Table 3 for more information.)*

The \$4.2 million increase in the FY 2018 budget reflects the additional costs in FY 2018 beyond those of FY 2017. Of this amount, the General Fund appropriations are adjusted \$2,290,700 for ASU, \$1,649,700 for NAU, and \$270,900 for UA in FY 2018 compared to FY 2017.

The average annual savings of the new debt service appropriation for all remaining payments compared to the original appropriation is \$(1.7) million. The majority of the savings come from ASU and NAU. *(Please see Capital Outlay - Arizona Board of Regents section for additional information.)*

Since this funding appears in A.R.S. § 15-1670, this funding does not appear in the FY 2018 General Appropriation Act. In total, the universities have issued \$482,500,000 in COPs for research infrastructure projects.

One-Time Funding

Section 131 of the FY 2018 General Appropriation Act appropriates \$15,000,000 to the universities from the General Fund in FY 2018 for one-time operating expenditures or capital improvements. Of this amount, \$7,639,500 is appropriated to ASU, \$3,202,800 is appropriated to NAU, and \$4,157,700 is appropriated to UA. Of the amounts appropriated to ASU and UA, \$1,000,000 from each is restricted for use toward operating expenditures of the School of Civic and Economic Thought and Leadership and the Center for the Philosophy of Freedom, respectively.

Each university's allocation of the \$15,000,000 was determined by its share of the systemwide resident student enrollment headcount for fall 2016:

- ASU: 49,307 (50.9%)
- NAU: 20,672 (21.3%)
- UA: 26,835 (27.7%)
- **Total: 96,814 (100%)**

The FY 2017 budget included \$19,000,000 of one-time funding for the universities in FY 2017.

University Capital Investment Program

Laws 2017, Chapter 328 establishes A.R.S. § 15-1671, which provides General Fund appropriations from FY 2019 - FY 2043 for new university research facilities, building renewal, or other capital construction projects. The law appropriates \$27,000,000 to the universities in FY 2019

and increases the appropriation each year thereafter by the lesser of 2.0% or inflation. The FY 2019 appropriations are allocated to each university as follows:

- ASU: \$11,927,400
- NAU: \$4,520,900
- UA: \$10,551,700

The allocations of the \$27,000,000 are based on each university's share of the systemwide transaction privilege tax (TPT) collections in FY 2016. *(Please see Capital Outlay - ABOR Building System section for additional information.)*

Intellectual Property & Technology Transfer Royalties

In conjunction with annual General Fund appropriations that fund university research facilities constructed under A.R.S. § 15-1670 *(please see 2003 Research Infrastructure Refinancing section above for more information)*, Laws 2003, Chapter 267 required the universities to deposit into the General Fund 20% of income from licensure and royalty payments and 25% of income from the sale or transfer of intellectual property during the preceding fiscal year (not to exceed the state's annual General Fund appropriation for the research facilities).

While not defined in statute, the universities have interpreted "income" as gross royalties net of expenditures on legal fees (required to secure patents, etc.), the costs of managing the technology transfer process, and distributions of revenues to the inventors and their laboratories.

In terms of FY 2016 gross royalty revenues, ASU reported \$10,813,800 of licensing and royalty revenues, NAU reported \$5,290 of licensing and royalty revenue, and UA reported \$2,015,800 of licensure, royalty, and assignment revenues.

In terms of net income, NAU and UA both reported a loss in FY 2016. ASU reported a net income of \$603,000 in FY 2016. ASU did not deposit any portion of these monies into the General Fund, citing a \$40.3 million cumulative net loss from prior years. Statute does not provide, however, for offsetting annual income with prior year losses.

Laws 2017, Chapter 328 amends A.R.S. § 15-1670 to clarify the university technology transfer sale and royalty income sharing policy by requiring that for all new agreements entered into after May 1, 2017, the universities shall annually deposit:

- For the first 3 years of each licensure or royalty contract, 20% of the net income generated in the prior fiscal year.
- After the third year of each contract, 20% of the gross annual revenues generated by the contract.
- For any sale or transfer of intellectual property, 25% of the gross revenues generated by the transaction.

The law clarifies that the universities may not deduct past years' cumulative losses from the amount of revenue or income subject to deposit into the General Fund.

The law also makes permanent the technology transfer income sharing provisions, which would otherwise have expired in FY 2031.

University System Summary Tables

The University Summary Tables address the following:

- Total Spending Authority
- Tuition Distribution
- Tuition Rates
- Financial Aid
- Enrollment

Total Spending Authority

In total, the Universities' total projected spending authority in FY 2018 is \$6.14 billion, including \$704.8 million from the General Fund and \$2.42 billion of tuition/fee collections. This latter amount is not adjusted for any FY 2018 tuition rate changes and does not include the categories of tuition and fees excluded from the universities annual budget requests. *(Please see the Tuition Revenues section for more information.)* Table 4 summarizes the FY 2018 expenditure authority amounts for the Arizona University System.

Tuition Distribution

A.R.S. § 15-1626 authorizes ABOR to allocate tuition monies between the appropriated operating budgets, under legislative control, and non-appropriated funds, locally retained by the universities. The latter includes financial aid, facilities (plant fund), debt service, and some of their operating budget. Total tuition collections for the Arizona University System equal an estimated \$2.35 billion in FY 2017 and \$2.42 billion in FY 2018 *(please see Table 5)*. The FY 2018 amount is not adjusted for any FY 2018 tuition rate changes.

Tuition Rates

ABOR approved FY 2018 tuition rates on April 7, 2017.

- Since FY 2009, NAU has maintained a guaranteed tuition model for incoming freshmen. NAU increased

tuition and mandatory fees by 2.7% for new undergraduate resident students.

- UA began a similar program in FY 2015. UA increased tuition and fees by 3.9% for new resident undergraduate students.
- ASU increased tuition and fees for all resident undergraduates by 1.4%. ASU's total tuition and fees include \$270 for the partial continuation of a temporary surcharge first levied in FY 2016.

Table 6 only includes major tuition categories. A comprehensive list can be found on the [ABOR website](#).

Financial Aid

The Arizona University System distributed \$2.4 billion in financial aid in FY 2016. Of the \$2.4 billion total financial aid distributions in FY 2016, the federal government financed \$1.0 billion and university institutional sources provided \$808 million. The latter includes \$622 million of foregone tuition collections in the form of waivers and awards. *(Please see Table 7 for details.)*

Enrollment

Between fall 2015 and fall 2016, university enrollment increased from 157,877 FTE to 164,838, or 4.4%, as displayed in Table 8. Spring enrollment is traditionally lower than the fall. Spring 2017 enrollment is 161,199, or 4.4% higher than spring 2016.

Table 4

FY 2018 Summary of Spending Authority

	Appropriated Funds			Non-Appropriated Funds		Total ^{3/}
	General Fund	Collections Fund ^{1/}	Tech & Research Fund (TRIF)	Federal Funds	Other Funds ^{2/}	
ABOR	\$ 6,909,300	\$ 0	\$ 0	\$ 56,700	\$ 6,039,200	\$ 13,005,200
ASU-Tempe/DPC	267,987,600	598,306,200	0	339,838,100	1,301,471,700	2,507,603,600
ASU-East	22,757,200	42,436,200	2,000,000	10,151,400	57,211,500	134,556,300
ASU-West	29,514,200	44,345,500	1,600,000	13,685,700	123,179,800	212,325,200
NAU	108,612,800	147,362,100	0	89,980,200	301,915,000	647,870,100
UA-Main	199,600,900	408,320,500	0	227,529,600	1,118,100,000	1,953,551,000
UA-Health Sciences	<u>69,437,700</u>	<u>47,899,600</u>	<u>0</u>	<u>122,122,900</u>	<u>428,965,100</u>	<u>668,425,300</u>
Total	\$704,819,700	\$1,288,670,100	\$3,600,000	\$803,364,600	\$3,336,882,300	\$6,137,336,700

- ^{1/} Appropriated share of tuition and mandatory registration fees comprise \$1,275,076,700 of the total Collections Fund spending authority. The remaining authority is derived from miscellaneous fees. This amount excludes FY 2018 tuition rate changes.
- ^{2/} Expenditures of non-appropriated funds include transfers of funds to non-operating accounts for capital and debt service expenses, which were excluded in prior years' analyses. The total expenditures of gross non-appropriated tuition are estimated to be \$1,131,520,000 in FY 2018 and are reflected in *Table 5*. This amount excludes FY 2018 tuition rate changes. This amount also excludes tuition and fee revenue derived from course fees, most summer session revenues, non-degree, extended education, personalized learning, mandatory fees and other miscellaneous student fees. These amounts equaled approximately \$417 million in FY 2017. The excluded tuition and fee monies are included among the other non-appropriated funds total.
- ^{3/} Total universitywide funding includes gross tuition revenues. The net tuition amount received by the universities after accounting for tuition waivers and other scholarships they provided was \$622 million less as of FY 2016.

Table 5

Gross Tuition Revenue Allocation

	FY 2016 <u>Actual</u>	FY 2017 <u>Estimate</u>	FY 2018 <u>Estimate</u>
Appropriated			
Operating Budget	\$1,157,209,800	\$1,275,076,700 ^{1/}	\$1,275,076,700 ^{2/}
Non-Appropriated ^{3/}			
Operating Budget	\$ 286,862,100	\$ 335,430,200	\$ 351,333,100
Financial Aid	544,502,700	621,336,700	665,091,400
Plant Fund	25,776,500	25,776,500	26,276,500
Debt Service	<u>97,819,100</u>	<u>88,319,000</u>	<u>88,819,000</u>
<i>Subtotal</i>	<i>\$ 954,960,400</i>	<i>\$1,070,862,400</i>	<i>\$1,131,520,000</i>
Total ^{4/ 5/}	\$2,112,170,200	\$2,345,939,100	\$2,406,596,700

- ^{1/} This amount reflects appropriated gross tuition collections and fees as allocated by ABOR and favorably reviewed by the JLBC at its December 2016 meeting, excluding miscellaneous revenues such as federal agriculture payments and land grant monies that the universities report as part of collections.
- ^{2/} The appropriated tuition and fees amount is the FY 2017 amount carried forward and does not reflect FY 2018 tuition adjustments determined by ABOR in the spring of 2017.
- ^{3/} The source for these non-appropriated amounts are the universities' FY 2018 budget requests from October 2016. These amounts reflect the *expenditures* of tuition monies and therefore differ by approximately \$15 million in FY 2018 from the *gross revenues* collected due to the universities maintaining a reserve of funds.
- ^{4/} Excludes several categories of student fee revenues, including course fees, most summer session revenues, and other miscellaneous and mandatory fees that the universities omit from reported tuition totals in their annual budget requests and tuition revenue report. These excluded revenues equal approximately 15% of tuition and fee revenues. The excluded revenues equaled approximately \$417 million in FY 2017.
- ^{5/} The reported gross tuition revenues reflect the amounts the universities would receive if all students paid full published tuition and fee rates. The actual amounts paid by students after accounting for tuition waivers and other gift aid awarded by the universities would constitute net tuition. The FY 2016 ABOR Financial Aid Report states that the universities provided \$622.3 million in tuition waivers and awards in FY 2016.

Table 6

**Arizona University System
FY 2018 Undergraduate and Graduate Tuition ^{1/}**

	<u>Resident Undergraduate</u>		<u>Resident Graduate</u>		<u>Non-Resident Undergraduate</u>		<u>Non-Resident Graduate</u>	
	<u>Tuition</u>	<u>Increase</u>	<u>Tuition</u>	<u>Increase</u>	<u>Tuition</u>	<u>Increase</u>	<u>Tuition</u>	<u>Increase</u>
ASU	\$10,792 ^{2/}	1.4%	\$11,918	1.4%	\$27,372 ^{3/}	3.4%	\$29,854	3.4%
NAU	\$11,059	2.7%	\$10,261	2.7%	\$24,841	2.9%	\$22,609	2.9%
UA	\$12,228	3.9%	\$12,748	2.9%	\$35,658	2.0%	\$32,698	1.0%

^{1/} Reflects tuition rates for new students at NAU and UA and all classes at ASU. NAU and UA provide a guaranteed tuition rate for each incoming class, whereas ASU does not.

^{2/} Includes temporary surcharge first levied in FY 2016 at \$320, which was reduced to \$270 in FY 2017 and is continued at that level in FY 2018. Overall tuition and fee increase of 1.4% for ASU undergraduate resident students.

^{3/} ABOR approved a rate of \$29,512 for international undergraduate students at ASU.

Table 7

**FY 2016 Financial Aid Distribution by Source
(\$ in Thousands) ^{1/}**

	<u>Federal</u>	<u>State ^{2/}</u>	<u>Institutional ^{3/}</u>	<u>Private/Other ^{4/}</u>	<u>Total</u>
Grants	\$260,432.9	\$765.1	\$622,274.3	\$222,600.4	\$1,106,072.7
Loans	776,726.5	186.6	0.0	316,629.5	1,093,542.6
Employment	9,126.6	0.0	185,816.9	0.0	194,943.5
Total	\$1,046,286.0	\$951.7	\$808,091.2	\$539,229.9	\$2,394,558.8 ^{5/}

^{1/} Information from ABOR FY 2016 Financial Aid Report.

^{2/} State sources of aid include revenues from the Commission for Postsecondary Education.

^{3/} Institutional sources of aid include revenues from: Local Retention, the Collegiate License Plate Fund, Foundation funds, and Financial Aid Carry Forward from previous years. Of the \$622.3 million in institutional grant aid, \$544.5 million represents cash-based awards funded by tuition revenues received from other students. (Source: university FY 2018 budget requests, schedule 1D-4). The remaining institutional grant aid represents foregone revenues associated with tuition waivers for students, faculty, or other recipients.

^{4/} Private/Other sources of aid include AFAT, which is a combination of both state and institutional sources of aid.

^{5/} Numbers do not add due to rounding.

Table 8

Arizona University System 45th Day Enrollment ^{1/}

	<u>Fall 2015</u>	<u>Spring 2016</u>	<u>Fall 2016</u>	<u>Spring 2017</u>	<u>Fall 2015 To Fall 2016</u>	<u>Spring 2016 To Spring 2017</u>	<u>FY 2015 – 2016 Residents ^{2/}</u>
ASU-Tempe / DPC	73,956	72,556	78,333	76,958	5.9%	6.1%	39,891
ASU-East	6,565	6,490	7,052	6,782	7.4%	4.5%	4,401
ASU-West	7,992	7,873	8,521	8,498	6.6%	7.9%	3,723
NAU	27,212	26,400	28,568	27,479	5.0%	4.1%	17,238
UA-Main	38,593	37,515	38,690	37,829	0.3%	0.8%	22,130
UA-Health Sciences	<u>3,559</u>	<u>3,528</u>	<u>3,674</u>	<u>3,654</u>	<u>3.2%</u>	<u>3.6%</u>	<u>2,752</u>
Total	157,877	154,361	164,838	161,199	4.4%	4.4%	90,135

^{1/} Adjusted FTE counts include both graduate and undergraduate students and exclude excess credit hours taken by students. Spring enrollment figures are the average of the full academic year (spring and fall semesters).

^{2/} FY 2015-2016 resident FTE counts from FY 2016 Auditor General Full-Time Equivalent Student Enrollment Report.