

University of Arizona - Main Campus

	FY 2017 ACTUAL	FY 2018 ESTIMATE	FY 2019 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	6,009.5	6,064.5	6,064.5
Personal Services	290,086,500	331,290,700	331,290,700
Employee Related Expenditures	108,585,900	123,312,300	121,788,100
Professional and Outside Services	7,492,800	3,518,600	3,518,600
Travel - In State	91,100	66,000	66,000
Travel - Out of State	799,300	52,300	52,300
Other Operating Expenditures	75,326,100	58,583,000	58,583,000
OPERATING SUBTOTAL	482,381,700	516,822,900	515,298,700
SPECIAL LINE ITEMS			
2003 Research Infrastructure Lease-Purchase Payment	13,978,400	14,249,300	14,251,000
2017 Capital Infrastructure Funding	0	0	10,551,700
Agriculture	38,062,000	42,376,000	42,376,000
Arizona Cooperative Extension	15,287,400	16,358,100	16,358,100
Arizona Financial Aid Trust	0	2,729,400	2,729,400
Arizona Geological Survey	0	941,000	941,000
Center for Philosophy of Freedom	779,800	3,500,000	2,500,000
Mining, Mineral and Natural Resources Educational Museum	428,300	428,300	428,300
One-Time Funding	8,000,000	3,157,700	0
Sierra Vista Campus	8,769,600	9,132,900	9,132,900
AGENCY TOTAL	567,687,200	609,695,600	614,567,100
FUND SOURCES			
General Fund	197,059,600	199,600,900	204,472,400
<u>Other Appropriated Funds</u>			
University Collections Fund	370,627,600	410,094,700	410,094,700
SUBTOTAL - Other Appropriated Funds	370,627,600	410,094,700	410,094,700
SUBTOTAL - Appropriated Funds	567,687,200	609,695,600	614,567,100
Other Non-Appropriated Funds	1,031,002,800	1,081,668,700	1,118,581,200
Federal Funds	212,419,400	218,791,400	226,449,200
TOTAL - ALL SOURCES	1,811,109,400	1,910,155,700	1,959,597,500

AGENCY DESCRIPTION — Established in 1885, The University of Arizona (UA) is one of 3 public universities governed by the Arizona Board of Regents (ABOR). As a primary research institution, UA had 39,425 full-time equivalent students at its campuses (excluding the Health Sciences Center) in fall 2017. Upon its establishment, UA received the federal land grant for Arizona, allowing the creation of agricultural and mining programs that continue today.

Operating Budget

The Baseline includes \$515,298,700 and 4,847 FTE Positions in FY 2019 for the operating budget. These amounts consist of:

	FY 2019
General Fund	127,471,600
University Collections Fund	387,827,100

FY 2019 adjustments are as follows:

Remove Health Insurance Adjustment

The Baseline includes a decrease of \$(1,524,200) from the General Fund in FY 2019 for the removal of a one-time FY 2018 health insurance adjustment. (Please see the *Technical Budget Assumptions section*.)

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.)

2003 Research Infrastructure Lease-Purchase Payment

The Baseline includes \$14,251,000 from the General Fund in FY 2019 for the 2003 Research Infrastructure Lease-Purchase Payment line item. FY 2019 adjustments are as follows:

Refinance Adjustment

The Baseline includes an increase of \$1,700 from the General Fund in FY 2019 to adjust from prior year savings associated with the refinancing of Certificates of Participation (COPs).

As amended by the FY 2017 Higher Education Budget Reconciliation Bill (BRB) (Laws 2016, Chapter 130), A.R.S. § 15-1670 appropriates an annual amount from the General Fund to the state university system from FY 2008 through FY 2031 to finance lease-purchase payments for research infrastructure project agreements entered into before July 1, 2006.

Since this funding appears in A.R.S. § 15-1670, this funding would not appear in the FY 2018 General Appropriation Act. In total, the universities have issued \$482,500,000 in COPs for research infrastructure projects. Of this amount, UA has issued \$201,300,000 in COPs.

(Please see the Long-Term Budget Impacts narrative below and the 2003 Research Infrastructure narrative in the ABOR section for more information.)

2017 Capital Infrastructure Funding

The Baseline includes \$10,551,700 from the General Fund in FY 2019 for capital infrastructure funding. FY 2019 adjustments are as follows:

2017 Capital Infrastructure Funding

The Baseline includes an increase of \$10,551,700 from the General Fund in FY 2019 for capital infrastructure funding.

Laws 2017, Chapter 328 established 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. Since this funding appears in A.R.S. § 15-1671, this funding would not appear in the FY 2019 General Appropriation Act.

(Please see the 2017 University Infrastructure Funding narrative in the Capital Outlay - ABOR Building System section for more information.)

Agriculture

The Baseline includes \$42,376,000 and 743.8 FTE Positions in FY 2019 for the Agriculture Programs. These amounts consist of:

General Fund	28,397,500
University Collections Fund	13,978,500

These amounts are unchanged from FY 2018.

This line item supports agricultural academic programs in Animal Systems; Environment and Natural Resources; Family, Youth, and Community; Human Nutrition, Food Safety and Health; Marketing, Trade, and Economics; and Plant Systems.

Arizona Cooperative Extension

The Baseline includes \$16,358,100 and 354.8 FTE Positions in FY 2019 for the Arizona Cooperative Extension. These amounts consist of:

General Fund	14,458,100
University Collection Fund	1,900,000

These amounts are unchanged from FY 2018.

This line item supports Agriculture Experiment Stations and Cooperative Extension services that provide non-credit community outreach seminars and youth programs throughout the state.

Arizona Financial Aid Trust

The Baseline includes \$2,729,400 from the General Fund in FY 2019 for the Arizona Financial Aid Trust (AFAT). This amount is unchanged from 2018. *(Please see the Other Issues: Arizona Financial Aid Trust narrative in the ABOR section for more information).*

Arizona Geological Survey

The Baseline includes \$941,000 from the General Fund in FY 2019 for the Arizona Geological Survey. This amount is unchanged from FY 2018.

The Geological Survey investigates Arizona's geology and provides technical advice and assistance to state and local government agencies, industry and other members of the public concerning the geologic environment and the development and use of mineral resources in Arizona.

The FY 2017 Agency Consolidation BRB (Laws 2016, Chapter 128) transferred the statutory responsibilities of the Arizona Geological Survey to the University of Arizona effective July 1, 2016.

(Please see Geological Survey Transfer in Other Issues in the University of Arizona section of the FY 2018 Baseline Book for more information.)

Center for the Philosophy of Freedom

The Baseline includes \$2,500,000 and 37.4 FTE Positions from the General Fund in FY 2019 for the Center for the Philosophy of Freedom (CPF). FY 2019 adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(1,000,000) from the General Fund in FY 2019 for one-time funding for operating expenditures. *(Please see the One-Time Funding line item narrative below for more information.)*

This line item supports the CPF, which is within the UA Department of Political Economy and Moral Science. The CPF’s functions include published research, undergraduate education, graduate education, and community outreach.

Mining, Mineral and Natural Resources Educational Museum

The Baseline includes \$428,300 and 1 FTE Position from the General Fund in FY 2019 for the Mining, Mineral, and Natural Resources Educational Museum. These amounts are unchanged from FY 2018.

The FY 2017 Agency Consolidation BRB transferred \$428,300 and 1 FTE Position from the General Fund in FY 2017 for the Mining, Mineral and Natural Resources Educational Museum. The Agency Consolidation BRB transferred the Arizona Experience Museum from the Arizona Historical Society (AHS) to the Arizona Geological Survey, which the same legislation placed within the University of Arizona, and renamed as the Mining, Mineral and Natural Resources Educational Museum (Museum). *(Please see Mining, Mineral and Natural Resources Educational Museum Transfer in Other Issues in the University of Arizona section of the FY 2018 Baseline Book for more information.)*

Laws 2017, Chapter 221 directed the Arizona Department of Administration to convey ownership of the property to UA for nominal consideration by July 1, 2017, and the FY 2018 Budget Procedures Budget Reconciliation Bill (Laws

2017, Chapter 307) as permanent law exempts University of Arizona from paying building rent for the Museum.

This line item funds a curator and monies that will be used by the University to pay for repairs to the building. Of the total FY 2018 appropriation for the Museum, \$360,800 is available for renovations and the remaining \$67,500 funds a curator position.

One-Time Funding

The Baseline includes no funding in FY 2019 from the General Fund for the One-Time Funding line item. FY 2019 adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(3,157,700) from the General Fund in FY 2019 for the elimination of one-time funding for capital improvements or operating expenditures.

The FY 2018 budget process designated \$4,157,700 as one-time funding. Of this amount, \$1,000,000 was restricted for operating expenditures of the Center for the Philosophy of Freedom and therefore were displayed in the funding for that line item. *(Please see the Center for the Philosophy of Freedom narrative above for more information.)*

Excluding the funds used for the Center for the Philosophy of Freedom, UA used its one-time funding to upgrade its financial system, update its main website, and to make cyber security upgrades.

Sierra Vista Campus

The Baseline includes \$9,132,900 and 80.5 FTE Positions in FY 2019 for the Sierra Vista Campus. These amounts consist of:

General Fund	2,743,800
University Collections Fund	6,389,100

These amounts are unchanged from FY 2018.

UA - Sierra Vista offers upper-division undergraduate programs in 16 disciplines for community college transfer students. While ABOR authorized this UA branch campus for Sierra Vista in 1995, the Legislature has not formally established the campus in statute.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes (Please see the ABOR section for universitywide footnotes.)

The appropriated amount for the Center for the Philosophy of Freedom line item may not supplant any existing state funding or private or external donations to the Center or the Philosophy Department of the University of Arizona. The appropriated monies and all private and external donations to the Center shall be used only for the direct operation of the Center and may not be used for indirect costs of the university. The Center shall submit a report to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Senate Education Committee and the House of Representatives Education Committee and the Director of the Joint Legislative Budget Committee on or before October 1, 2018. The report shall include at least the following for the Center:

1. The total amount of funding received from all sources.
2. A description of faculty positions and courses offered.
3. The total undergraduate and graduate student participation.
4. Significant community events, initiatives or publications.

The Chairpersons of the Senate Education Committee and the House of Representatives Education Committee may request the Director of the Center to appear before the committees to report on the Center's annual achievements.

Deletion of Prior Year Footnotes

The Baseline would delete footnotes concerning the one-time appropriation and report on use of the funding for operating or capital expenditures.

Other Issues

This section includes information on the following topics:

- Summary
- Long-Term Budget Impacts
- University Collections and FTE Positions Adjustments

Summary

UA - Main's FY 2019 General Fund Baseline is \$204,472,400. Of this amount:

- \$179,669,700 would be included in UA - Main's individual section of the FY 2019 General Appropriation Act.
- \$14,251,000 is appropriated in A.R.S. § 15-1670 for a research infrastructure lease-purchase payment.
- \$10,551,700 is appropriated in A.R.S. § 15-1671 for new university research facilities, building renewal, or other capital construction projects.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, UA - Main's General Fund costs are projected to increase by \$210,200 in FY 2020 above FY 2019, and \$216,600 in FY 2021 above FY 2020.

These estimates are based on:

- A \$(800) decrease in FY 2020 and a \$1,300 increase in FY 2021 to adjust for university debt service costs. *(Please see the 2003 Research Infrastructure Refinancing narrative for more information.)*
- Increases of \$211,000 and \$215,300 in FY 2020 and FY 2021, respectively, to increase the university's annual Capital Infrastructure Funding appropriation by 2% each year. (The GDP inflator is currently projected at 2.16% for FY 2020 and 2.21% for FY 2021; statute funds the lesser of 2% or the actual rate). *(Please see the 2017 University Capital Infrastructure Funding narrative in the Capital Outlay - ABOR Building System section for more information.)*

University Collections and FTE Positions Adjustments

Including statewide adjustments, the FY 2018 General Appropriation Act (Laws 2017, Chapter 305) appropriated \$408,320,500 from the University Collections Fund to UA - Main in FY 2018. The Collections Fund for UA - Main 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 as 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 2018 to the Joint Legislative Budget Committee in August 2017, and UA incorporated the adjusted FY 2018 amounts as part of their FY 2019 budget submission.

Accordingly, the estimated FY 2018 amount has been adjusted upward by \$1,774,200 to \$410,094,700.

The FY 2018 FTE Position count has also been adjusted. Laws 2017, Chapter 305 originally appropriated 6,009.5 FTE Positions in FY 2018 for UA - Main. The General Fund accounted for 2,063.3 FTE Positions and the University

Collections Fund accounted for the remaining 3,946.2 FTE Positions. The estimated number of FY 2018 FTE Positions has been adjusted by 55 to 6,064.5. The General Fund accounts for 2,084.4 FTE Positions and the University Collections Fund accounts for the remaining 3,980.1 FTE Positions.

SUMMARY OF FUNDS	FY 2017 Actual	FY 2018 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	288,057,900	281,549,100
Year-End Fund Balance	32,413,200	31,677,700
Capital Infrastructure Fund - UA (UNI3003/A.R.S. § 15-1671)		Non-Appropriated
Source of Revenue: General Fund appropriations and university local funds. UA will receive a General Fund appropriation of \$10,551,700 starting in FY 2019, and this amount will annually increase by 2% or the rate of inflation, whichever is less, through FY 2043. The university must provide a 1:1 match of its own funds for any General Fund appropriations which are used to pay debt service.		
Purpose of Fund: To pay the cost of, or debt service on debt financing for, university capital projects. Systemwide, projects funded by the universities' capital infrastructure funds may not cumulatively exceed \$1.0 billion in principal. <i>(Please see the Capital Outlay ABOR Building System narrative for more information.)</i> Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
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.		
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 subaccounts for specific purposes. Indirect Cost Recovery, a Designated Fund subaccount, is presented separately.		
Funds Expended	531,117,400	583,151,500
Year-End Fund Balance	251,411,800	273,374,800
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	1,797,400	1,851,400
Year-End Fund Balance	160,011,700	162,960,700
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	165,713,300	170,426,700
Year-End Fund Balance	38,243,400	66,982,500

SUMMARY OF FUNDS	FY 2017 Actual	FY 2018 Estimate
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 federal-sponsored research.		
Funds Expended	45,699,500	47,070,400
Year-End Fund Balance	0	0
Geological Survey Fund (UNI3030/A.R.S. § 27-107)		Non-Appropriated
Source of Revenue: Indirect cost recovery funds, and other state and local grants, fees, contracts, agreements, MOUs and other university funds. The FY 2017 Agency Consolidation Budget Reconciliation Bill established this fund and placed the Geological Survey under the University of Arizona.		
Purpose of Fund: To investigate and describe Arizona's geologic setting and to finance map publication and production expenses.		
Funds Expended	684,800	337,000
Year-End Fund Balance	584,200	400,200
Geological Survey Fund - Federal Grants (UNI3031/A.R.S. § 27-107)		Non-Appropriated
Source of Revenue: Federal grants and contracts.		
Purpose of Fund: To carry out federal grants and contracts awarded to the Arizona Geological Survey.		
Funds Expended	1,006,600	1,294,300
Year-End Fund Balance	0	0
Geological Survey Fund - Mining, Mineral and Natural Resources Educational Museum Account (UNI9999/A.R.S. § 27-107)		Non-Appropriated
Source of Revenue: Ongoing revenues from the Arizona Centennial Special Fund established by A.R.S. § 28-2448 are deposited in this account of the Geological Survey Fund. Donations or other financial contributions can be deposited into this account.		
Purpose of Fund: Monies in this account are to be used exclusively for the restoration, maintenance, and operations of the Mining, Mineral, and Natural Resources Educational Museum. The FY 2017 Agency Consolidation Budget Reconciliation Bill established this account and transferred all unexpended and unencumbered monies in the Arizona Centennial Special Plate Fund to it.		
Funds Expended	90,800	39,900
Year-End Fund Balance	425,400	545,500
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	11,110,300	11,443,600
Year-End Fund Balance	0	0
Loan Fund (UNI8901/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest on federal student loans and reimbursements from federal loan forgiveness programs.		
Purpose of Fund: To provide one-third of the amount of federal student loans. The federal government provides the other two-thirds. The amounts displayed do not include an administrative allowance, which is reflected in the Designated Fund.		
Funds Expended	219,100	225,700
Year-End Fund Balance	23,750,800	24,082,700
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 (please see the ABOR Summary of Funds,) 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	171,024,700	176,179,700
Year-End Fund Balance	52,197,300	61,430,000

SUMMARY OF FUNDS	FY 2017 Actual	FY 2018 Estimate
University Capital Improvement Lease-to-Own and Bond Fund (BRA3042/A.R.S. § 15-1682.03)		Non-Appropriated
Source of Revenue: University system revenues.		
Purpose of Fund: To pay annual debt service payments for the \$800,000,000 university Lottery bonding package. Lottery bond debt service is paid with no more than 80% Lottery revenues and at least 20% state university system revenues. <i>(Please see the Capital Outlay ABOR Building System narrative for more information).</i>		
Funds Expended	26,900,400	26,890,800
Year-End Fund Balance	0	0
University Collections Fund (UAA1402/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees, as well as a portion of summer session and university trust land earnings.		
Purpose of Fund: To operate the university.		
Funds Expended	370,627,600	410,094,700
Year-End Fund Balance	0	0