



University Enterprise

For FY 2017, the university system received just under \$37 million new dollars, bringing total state support to \$705 million. The system also received a FY 2016 supplemental appropriation of \$4.1 million and one-time monies to fully retire the \$200 million payment “rollover.”

The FY 2017 funding is a mix of \$13.2 million in ongoing dollars, \$19 million one-time dollars that may be spent at each university’s discretion, and \$3.9 million in research infrastructure debt service payment adjustments.

FY 2016 Supplemental Funding

Health Insurance Adjustments \$4.1 million

- ASU \$2.3 million
- NAU \$40,000
- UA \$1.8 million

As part of the FY 2016 budget, the state reduced employer health insurance payments and made corresponding reductions to general fund budgets based on the anticipated savings. The state over allocated the universities reductions, which university staff successfully challenged. To restore those amounts, the FY 2017 budget provides a one-time FY 2016 supplemental of \$4.1 million.

University payment deferral rollover paid off in its entirety - \$200 million

- ASU \$90.6 million
- NAU \$30.5 million
- UA \$78.9 million

As part of the budget solutions for FY 2009 and FY 2010, the state deferred \$200 million in payments from the university system. This action is known as the university rollover. When implemented, the rollover weakened the university’s cash position and created a receivable on university books. The rollover payoff will switch the receivable to cash and improve each university’s cash position. In the coming months, universities and the board



will review cash positions to determine the impact of the payoff on balances and what amounts, if any, can be spent on one-time projects.

FY 2017 Funding

\$13.2 million Ongoing Funds

- \$8.2 million allocated based on the new resident student funding model
- \$5 million for ASU and UA “freedom schools”

Resident dollars are allocated based on resident student counts as follows:

- ASU \$4.4 million
- NAU \$1.5 million
- UA \$2.3 million

Funding for the “freedom schools” is allocated as follows:

- ASU School of Civic and Economic Thought and Leadership \$3 million
- UA Center for the Philosophy of Freedom \$2 million, the Center currently receives \$500,000 annually from the state general fund.

A budget footnote requires ASU to consolidate the currently existing Center for Political Thought and Leadership and the Center for the Study of Economic Liberty into a new School of Civic and Economic Thought and Leadership. The school is required to operate as a single stand-alone academic entity within ASU.

The total \$5.5 million appropriation to ASU and UA may not be used to supplant any existing state funding or private or external donations for the “freedom schools” and are prohibited from being used for indirect costs for the universities.

Reports must also be submitted to the legislature detailing the total amount of funding received by each ‘freedom school’ from all sources, a description of faculty positions and courses offered, total student participation and significant community events, initiatives and publications.



Other university funding is divided as follows:

\$19 million one-time for any use

- ASU \$7 million
- NAU \$4 million
- UA \$8 million

\$3.9 million Research Infrastructure Debt Service Payment Adjustments

- ASU \$716,100
- NAU (\$1,246,400)
- UA \$4,384,800

The change in research infrastructure amounts is to align general fund appropriations with actual debt service amounts due to savings from refinancing of outstanding bonds.

Other University Budget Changes

In addition to the appropriations, the budget implements policies impacting the university system.

ELAS Fee Elimination

The budget eliminates a \$6 per FTE fee the universities currently pay to the Department of Education for the development of a student level longitudinal data system. The elimination of the fee will save each university approximately:

- ASU \$479,000
- NAU \$149,000
- UA \$240,000

Tuition Remittance Elimination

The budget eliminates the tuition remittance process beginning in FY 2019. Currently universities remit the appropriated portion of tuition to the state treasurer's office. These dollars are then returned to the universities on a monthly basis. The new budget eliminates this process and instead creates a local fund that will hold all tuition and fee revenue. This fund will be divided



between appropriated and non-appropriated tuition, but all tuition dollars will remain at the local level. The implementation was delayed until FY 2019 to allow the universities to make the necessary adjustments to accounting protocols.

Geological Survey/Mines and Minerals Museum

The budget also transfers the state's Geological Survey agency, to the University of Arizona as part of an agency consolidation effort.

Geological Survey investigates Arizona's geology and provides technical advice and assistance to state and local government, industry and members of the public. The Budget requires that the Arizona Geological Survey maintain current level of services and transfers oversight and fee authority to ABOR. The University of Arizona is required to report to the Joint Legislative Budget Committee by August 1, 2017 on the services that were maintained.

Geological Survey is also required to coordinate with the Mining, Mineral and Natural Resources Educational Museum Advisory Council to operate a Mining, Mineral and Natural Resources Educational Museum. Establishment and operation of the museum is conditional on the UA president certifying to the directory of the Arizona Legislative Council by July 15, 2018 that the Arizona Geological Survey has raised sufficient monies to refurbish and open the museum.

FY 2017 Budget Adoption

The universities will present FY 2017 budget proposals for board review and adoption at the June board meeting. The review will include use plans for the FY 2016 supplemental funding.