



FY 2018 Budget Overview

Introduction and Background

The Arizona Board of Regents is supported by a \$13.1 million budget. The budget is divided into two sections, ABOR operating (\$5.6 million) and ABOR programs (\$7.3 million). For FY 2018, the board projects FY 2018 operating revenues and expenditures to be at about the same level as FY 2017. The ABOR programs budget has changed significantly due to the completion of one-time projects, the discontinuation of a federal grant, and the redirection of a pass through appropriation from ABOR to the universities.

Revenues

FY 2018 revenue sources to support ABOR functions are provided by direct appropriation from the state general fund, some TRIF dollars and through a university assessment.

General Fund	\$6,909,300
TRIF	\$2,000,000
University Assessment	<u>\$3,372,000</u>
Total Revenues	\$12,281,300

Expenditures

Expenditures by ABOR are related to the board's role as fiduciary, for staffing to support the board and programs assigned to the board as a public entity.

Operating	\$5,666,500
Programs	\$7,325,100
Contingency	<u>\$140,000</u>
Total Expenses	\$13,131,600

FY 2018 expenditures exceed revenues due to lower than anticipated TRIF expenditures in FY 2017. The resulting FY 2017 ending TRIF balance is available for FY 2018 grants.

To better demonstrate the tie between the strategic plan and the budget, the FY2018 budget is presented by program as well as by expense type. The new *By Program* schedule provides even greater transparency and clearly demonstrates the administrative functions performed by the Board to further the enterprise mission.

ABOR Programs

In addition to board operations, ABOR will support the following programs in FY 2018:

WICHE	\$4,371,400
TRIF Grants	\$2,600,000
Transfer Articulation	\$303,700
Achieve60AZ	\$50,000

Funding for these programs is provided through dedicated line item and is not captured in the ABOR operating budget.

Cost Effectiveness

ABOR continues to operate at a high level of efficiency. The FY 2018 budget is equal to 0.11% of total public university expenditures.

FY 2018 Changes

Appropriation and Revenues

Beginning in FY 2018, the Legislature appropriated the general fund share of the Arizona Financial Aid Trust (AFAT) program directly to the universities. Historically, this \$10.4 million appropriation was directed to the Board, which then distributed the dollars to the universities. With this change, ABOR revenues and expenditures are reduced commensurately. Direct appropriation of these dollars does not impact the program and the appropriation amount remains the same.

In FY 2017, the University of Arizona presidential search and the Arizona Students' Association settlement added additional one-time dollars to the budget that will not continue into FY 2018. Additionally, in FY 2018 the Federal Improving Teacher Quality grant program is being discontinued, eliminating these dollars from the ABOR budget.

Expenditures

The board President Eileen Klein recommends some budget reallocations and adjustments, the largest of which converts professional and outside expenditures to salaries as the Board office seeks to reach full staffing levels. These changes increase the projected FY 2018 operating budget includes a small increase of \$14,000 (or 0.25 percent). Additionally, the state is increasing health insurance premiums by 12.6 percent adding \$52,700 to the board's budget.

Full staffing will include the addition of one position in FY 2018. This position will work in communications and assist with public records requests and constituent communications. As reflected in the *By Program* budget, FY 2017 expenditures for public records requests cost over \$215,000. The FY 2018 budget projects that cost at over \$300,000.

The ABOR budget continues to support the Achieve60AZ program in FY 2018 through direct and indirect expenditures. As that program becomes independent or transferred to another lead organization with sustainable funding sources, direct ABOR support will continue to decline or be eliminated.

FY 2018 Ending Balance

The ABOR operating budget retains an ending balance equivalent to about 15 percent of the annual operating budget. Operating dollars above this amount are returned to the universities. In FY 2017, ABOR anticipates reverting approximately \$480,000 to university budgets.

Total FY 2018 projected ending balance is \$1.8 million. The majority of these funds are operating contingency and TRIF dollars in the Regents Innovation Fund. These dollars are set aside for multi-university research projects that promote cooperation across the universities. Staff anticipates committing the remaining TRIF funds by FY 2020.

Arizona Board of Regents Office
FY2018 All Funds Operating Budget
By Expense

	FY 2016 Actual	FY 2017 Projected	FY 2018 Budget	
REVENUES				
Balance Forward				
Operating	756,611	1,098,598	905,621	(1)
Improving Teacher Quality (ITQ)	(40,386)	338,952	58,606	
Achieve60AZ	-	150,000	100,000	
TRIF - Innovation	2,837,947	3,040,975	1,579,559	
Making Opportunities Affordable	(19,332)	-	-	
Total Balance Forward	3,534,840	4,628,525	2,643,786	
General Fund				
Operating	2,352,500	2,352,500	2,374,600	
WICHE	4,231,000	4,231,000	4,231,000	
Student Assistance/ATASS	10,344,900	10,344,900	303,700	
University Assessment	3,372,000	3,372,000	3,372,000	
Return of Assessment to Universities	(750,000)	(480,000)	-	
TRIF	2,045,146	2,000,000	2,000,000	
TRIF funds redirected to the University	-	(1,900,000)	-	
UA Presidential Search	-	290,000	-	
ASA Settlement funds from university	-	250,000	-	
ITQ Federal Grant	2,736,662	907,568	-	
Miscellaneous Revenues	26,774	121	-	
Total Revenues	24,358,982	21,368,089	12,281,300	
Total Available	27,893,822	25,996,614	14,925,086	
EXPENSES				
FTE	28.5	31.5	32.5	
Salaries	2,880,245	3,202,313	3,382,751	
ERE (38% standard rate)	1,210,773	1,216,912	1,285,445	
Subtotal Personal Services	4,091,018	4,419,225	4,668,196	
Lease/Parking	267,439	271,000	278,675	
Risk Management	(23,878)	5,900	5,900	
Professional Services	434,165	594,785	396,500	
Computer Equipment & Software	50,885	84,392	65,000	
In State Travel	72,766	70,000	70,000	
Out of State Travel	24,492	30,000	30,000	
Other Operating Expenses	422,679	403,312	384,900	
Improving Teacher Quality Grants	2,319,830	1,153,314	-	
TRIF Grants	1,458,000	1,300,000	2,600,000	
Student Assistance/WICHE/ATASS	14,434,900	14,430,900	4,389,700	
Achieve60AZ	50,487	50,000	50,000	
ERE Correction	(337,486)	-	-	
HITF Premium Increase	-	-	52,752	
UA Presidential Search	-	290,000	-	
ASA Settlement	-	250,000	-	
Contingency	-	-	140,000	(2)
Total Expenses	23,265,297	23,352,828	13,131,623	
Year End Balance				
	4,628,525	2,643,786	1,793,463	
Operating (CF = 15% of operating)	1,098,598	905,621	957,292	
ITQ	338,952	58,606	24,606	
Achieve60AZ	150,000	100,000	50,000	
TRIF-Innovation	3,040,975	1,579,559	792,217	

NOTES

(1)Operating carryforward for FY2018 estimated at 15% of total operating expenses

(2)Contingency 3% of salary and ERE

Arizona Board of Regents Office
FY2018 All Funds Operating Budget
By Program

	<u>FY 2016 Actual</u>	<u>FY 2017 Projected</u>	<u>FY 2018 Budget</u>
REVENUES			
Balance Forward			
Operating	756,611	1,098,598	905,621
Improving Teacher Quality (ITQ)	(40,386)	338,952	58,606
Achieve60AZ	-	150,000	100,000
TRIF - Innovation	2,837,947	3,040,975	1,579,559
Making Opportunities Affordable	(19,332)	-	-
Total Balance Forward	3,534,840	4,628,525	2,643,786
General Fund			
Operating	2,352,500	2,352,500	2,374,600
WICHE	4,231,000	4,231,000	4,231,000
Student Assistance/ATASS	10,344,900	10,344,900	303,700
University Assessment	3,372,000	3,372,000	3,372,000
Return of Assessment to Universities	(750,000)	(480,000)	-
TRIF	2,045,146	2,000,000	2,000,000
TRIF funds redirected to the University	-	(1,900,000)	-
UA Presidential Search	-	290,000	-
ASA Settlement funds from university	-	250,000	-
ITQ Federal Grant	2,736,662	907,568	-
Miscellaneous Revenues	26,774	121	-
Total Revenues	24,358,982	21,368,089	12,281,300
Total Available	27,893,822	25,996,614	14,925,086
EXPENSES			
ABOR Operating			
Academic & Student Affairs	339,602	509,227	487,440
Administration	807,779	854,104	852,414
Board Administration & Legal Affairs	1,321,985	1,398,592	1,394,790
Business & Finance	1,034,577	1,124,072	1,055,758
Legislative Affairs	299,717	322,470	316,919
Public Records	210,513	216,039	303,108
Communications	450,879	459,477	492,768
Research Innovation and Impact	644,041	715,581	710,595
HITF Premium Increase	-	-	52,752
Subtotal ABOR Operating	5,109,091	5,599,562	5,666,545
ABOR Programs			
WICHE	4,320,475	4,365,052	4,371,379
Improving Teacher Quality Grants	2,319,830	1,153,314	-
TRIF Grants	1,458,000	1,300,000	2,600,000
Student Assistance/ATASS	10,344,900	10,344,900	303,700
Achieve60AZ	50,487	50,000	50,000
ERE Correction	(337,486)	-	-
UA Presidential Search	-	290,000	-
ASA Settlement	-	250,000	-
Contingency	-	-	140,000
Total Expenses	23,265,297	23,352,828	13,131,623
Year End Balance			
Operating	4,628,525	2,643,786	1,793,463
ITQ	1,098,598	905,621	957,292
Achieve60AZ	338,952	58,606	24,606
TRIF-Innovation	150,000	100,000	50,000
	3,040,975	1,579,559	792,217