



FY 2019 Budget Overview

Introduction and Background

The Arizona Board of Regents is supported by a \$13.3 million budget. The budget is divided into two sections, ABOR operating (\$6.7 million) and ABOR programs (\$6.5 million). The budget also includes \$150,000 in contingency. For FY 2019, the ABOR Office projects FY 2019 total revenues and expenditures to be lower than FY 2018 levels. The major difference is the conclusion of one-time reversions to the universities in the TRIF grant program.

Revenues

The ABOR budget is supported by revenues from four sources: state general fund monies, university funds, Retirement funds and TRIF dollars.

FY 2019 ABOR Revenue

Balance Forward	\$1,756,958
State General Fund	\$6,899,500
University Assessment	\$3,372,000
TRIF	\$2,000,000
Retirement Administration	<u>\$400,000</u>
Total	\$14,428,458

General Fund dollars support both office operations and specific programs.

FY 2019 General Fund Appropriation

Operating	\$2,364,800
WICHE	\$4,231,000
Student Assistance	\$90,000
AZ Transfer	<u>\$213,700</u>
Total	\$6,899,500



Expenditures

FY 2019 Expenditures

Operating	\$6,516,400
TRIF/Grants and Initiatives	\$1,696,000
WICHE	\$4,231,000
Student Assistance	\$90,000
AZ Transfer	\$213,700
Retirement Plan Admn.	\$400,000
HITF Surcharge	\$21,000
Contingency	<u>\$150,000</u>
Total	\$13,318,100

Changes for FY 2019

As shown on the attached schedules, the FY 2019 operating budget is scheduled to be slightly higher than the FY 2018 budget. These changes relate to annualizing of hires made midyear FY 2018, additional training costs and one-time costs for the real estate and economic impact study consulting services. The ABOR office anticipates a decrease in operating costs in FY 2020 once the one-time consulting services are completed.

The employee health insurance trust fund (HITF) surcharge introduced by the state last year, is continued in FY 2019 at a lower amount. The ABOR FY 2019 estimated surcharge is \$21,000.

Other Items

In FY 2017, ABOR allocated \$150,000 to assist with the development and launch of Achieve60AZ. Ultimately the Board spent \$23,670. Achieve60AZ is now a standalone organization with their own funding sources. The ABOR office recommends the Board release the dollars for other purposes.

Cost Effectiveness

ABOR continues to operate at a high level of efficiency. The FY 2019 budget is equal to 0.12% of total public university expenditures.



FY 2019 Ending Balance

The ABOR operating budget generally retains an ending balance of approximately 15 percent of the annual operating budget. Operating dollars above this amount are typically returned to the universities. The ABOR office projects an FY 2019 ending balance of 13 percent and does not anticipate reverting dollars from either the FY 2018 or FY 2019 budgets. While the FY 2018 ending balance does exceed the 15 percent threshold, those dollars are dedicated to the real estate and economic impact projects.

Total FY 2019 projected ending balance is \$1.1 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
 All Funds Operating Budget

REVENUES	FY 2018		
	FY 2017 Actual	Projected	FY 2019 Budget
Balance Forward			
Operating	1,098,598	1,794,038	1,250,155
Improving Teacher Quality (ITQ) - Administration	35,690	47,546	28,568
Achieve60AZ	150,000	126,330	126,330
TRIF - Innovation	3,040,969	1,606,114	351,904
UA Presidential Search	-	(21,272)	-
Total Balance Forward	4,325,257	3,552,756	1,756,958
General Fund			
Operating	2,352,500	2,374,600	2,364,800
WICHE	4,231,000	4,231,000	4,231,000
Student Assistance/ATASS	90,000	90,000	90,000
ATASS	213,700	213,700	213,700
University Assessment	3,372,000	3,372,000	3,372,000
Assessment for ASA Settlement	250,000	-	-
Assessment for Legal Fees	-	200,000	-
Return of FY2017 Assessment	-	(420,000)	-
TRIF	2,000,000	2,000,000	2,000,000
Retirement Plan Administration	-	388,000	400,000
UA Presidential Search	250,000	49,272	-
ITQ Administration	46,452	15,022	-
Other	-	41	-
Total Revenues	12,805,652	12,513,635	12,671,500
Total Available	17,130,909	16,066,391	14,428,458
EXPENSES			
<i>FTE - 32.5</i>			
Operating			
Salaries	3,220,329	3,520,636	3,711,532
ERE (38% standard rate)	1,303,076	1,337,842	1,410,382
Subtotal Personal Services	4,523,405	4,858,478	5,121,914
Professional Services	546,265	848,198	668,768
Other Operating/Equipment	544,031	549,305	625,700
Travel	73,313	100,000	100,000
Total Operating	5,687,014	6,355,981	6,516,382
Program			
TRIF Grants/Initiatives	3,150,000	2,950,000	1,695,995
WICHE Support Fees	4,231,000	4,231,000	4,231,000
Student Assistance	90,000	90,000	90,000
ATASS	213,700	213,700	213,700
Achieve60AZ	23,670	-	-
UA Presidential Search	271,272	28,000	-
Retirement Plan Administration	-	388,000	400,000
Total Program	7,979,642	7,900,700	6,630,695
Other			
ASA Settlement	250,000	-	-
ERE Correction	(338,496)	-	-
HITF Premium Increase	-	52,752	21,000
Contingency	-	-	150,000
Total Expense	13,578,160	14,309,433	13,318,077
Ending Balance			
Operating (CF = 15% of operating)	1,794,038	1,250,155	684,051
ITQ - Admin	47,546	28,568	-
Achieve60AZ	126,330	126,330	126,330
TRIF-Innovation	1,606,107	351,904	300,000
UA Presidential Search	(21,272)	-	-
Retirement Administration	-	-	-