



ARIZONA STATE SENATE
Forty-ninth Legislature, First Regular Session

PROGRAM PRESENTATION
University Growth Funding

Background

The three state universities under the jurisdiction of the Arizona Board of Regents (ABOR), Arizona State University (ASU), Northern Arizona University (NAU) and University of Arizona (UA) receive funding from the state General Fund for enrollment growth each year. Funding amounts, which can increase or decline depending on enrollment, are calculated for each university using a formula that provides funding for 1 faculty position and .75 support staff position for every 22 full-time enrollments (FTE). Called the "22 to 1" formula, Arizona's universities began using the formula in 1959, although it only recently became partially statutorily enacted (Laws 2005, Chapter 330).

The formula utilizes several calculations, of which only the first is included in statute. Student enrollments generate the FTE numbers used in the formula based on the number of credits enrolled and at which level (undergraduate level, lower and upper division, or graduate level). After determining the FTE number, the formula then calculates the projected student enrollment for the next academic year using a three-year weighted rolling average. The projection utilizes student enrollment data from the upcoming, current and prior academic years. Finally, the formula adds or subtracts 1 faculty position and .75 support staff position for each 22 FTE increase or decrease. An average salary amount, adjusted for Employee Related Expenses, of \$70,000 is used in determining each universities enrollment growth funding.

Laws 2005, Chapter 330, also established a credit-hour threshold that prohibits state funding for students enrolled at one of the universities but exceeded the threshold. For FY 2008-2009, the threshold was 145 credit hours.

The FY 2008-2009 budget provided \$20,738,800 from the state General Fund to fund 113,251 FTEs (adjusted for the credit-hour threshold) at all three universities for enrollment growth funding.

Fiscal Information

The first table below shows state General Fund support for enrollment growth, beginning FY 2001-2002. No funding was provided in FY 2003-2004. The second table shows the increase or decrease in FTE during the same period.

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	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
ASU-Main	\$1,297,900	\$6,762,100	\$0	\$6,592,800	\$7,908,600	\$14,193,500	\$10,740,900	\$3,944,300
ASU-East	\$0	\$0	\$0	\$0	\$1,864,400	\$2,743,600	\$3,808,900	\$6,093,400
ASU-West	\$0	\$0	\$0	\$2,670,700	\$2,865,500	\$1,453,300	\$1,638,300	\$3,191,900
NAU	(\$2,513,300)	(\$413,400)	\$0	\$0	\$656,500	\$0	\$4,439,400	\$6,499,800
UA-Main	(\$1,277,000)	\$4,652,100	\$0	\$3,386,700	\$498,700	\$411,700	(\$1,283,000)	\$1,117,800
UA-Health Sciences	\$0	\$0	\$0	\$238,100	\$728,900	\$1,033,100	\$677,800	(\$108,400)
TOTAL	(\$2,492,400)	\$11,000,800	\$0	\$12,888,300	\$14,522,600	\$19,835,200	\$20,022,300	\$20,738,800

Data from JLBC Appropriation Reports.

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
ASU-Main	1,503	1,794	1,410	(29)	3,306	1,380	251	1,478
ASU-East	376	434	312	306	359	568	788	794
ASU-West	570	666	563	332	361	219	437	378
NAU	(50)	132	(800)	405	(166)	861	792	0
UA	1,452	629	718	211	219	(214)	245	312
TOTAL	3,851	3,655	2,203	1,225	4,079	2,814	2,513	2,962

Data from JLBC Appropriation Reports.

FY 2008-2009 Budget Action

Although no reduction was taken against the FY 2008-2009 enrollment growth funding, ABOR and the universities under its jurisdiction received a lump sum reduction of \$141,500,000. ABOR was given the discretion to allocate the reduction. Additionally, the reduction includes the statutory change impacting enrollment counts. Laws 2009, First Special Session, Chapter 6, requires full-time enrollment to be calculated based on the 45th day of the fall and spring semesters instead of the 21st day of the fall semester.

Committee Activity

The Committee on Education Accountability & Reform heard a Joint Legislative Budget Committee (JLBC) staff presentation on university growth funding on Wednesday, February 25, 2009. The Committee also heard testimony from Christine Thompson of ABOR regarding the allocation of FY 2008-2009 budget reductions.

Attachments

- Handout outlining the JLBC presentation.
- Handout provided by ABOR