

EXECUTIVE SUMMARY

Item Name: FY 2010 INITIAL ALL FUNDS OPERATING BUDGET

Action Item Discussion Item Information Item

Issue: The Board is asked to approve the FY 2010 Initial All Funds Operating Budget for the universities and the central office.

Background

- < The All Funds Operating Budget combines operating budget funds and local fund budgets (unrestricted and restricted funds) into a comprehensive report that includes projected revenues, expenditures, and year end balances for the fiscal year for each university and the central office.

- < Operating budget funds include General Fund appropriations, tuition revenues remitted to the state and allocated back to the universities, and some miscellaneous fees and receipts.

- < Unrestricted local funds (non-state funds) include revenues from auxiliary operations, investment income, locally retained tuition revenue, and self-supporting designated funds. Unrestricted local fund year end balances typically are shown as if they appear in one account, when in reality the fund represents hundreds of local accounts with relatively small balances and supported by a variety of non-state revenue sources. Local fund balances consist primarily of auxiliary and self-supporting activities, such as Residence Life, Parking, Student Unions, and Student Health. These balances include assets other than cash, such as bookstore inventory and supplies.

- < Restricted gifts, grants, and contracts include funds received for specific purposes and are more difficult to project than the state operating budget and unrestricted local funds.

- < The Initial All Funds Operating Budget delineates estimated expenditures within the following programs: Instruction, Organized Research, Public Service, Academic Support, Student Services, and Institutional Support.

Statutory/Policy Requirements

- < ABOR Policy 3-403 – 3-404 All Funds Operating Budget

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Discussion

- < Each university's Initial All Funds Operating Budget includes a narrative that highlights major changes in expenditures or revenues over the prior year.
 - < Major program changes, whether funded from new revenues or from a reallocation of existing revenue, and
 - < Aggregate estimates of tuition and fee revenues, indirect cost recoveries, investment income, auxiliary enterprises, and gifts, grants, and contracts.
 - < Local fund budgets with projected year end negative balances of \$100,000 or more.
- < Reports included in the Initial All Funds Operating Budget are:
 - < Income from gifts, grants and contracts for the prior fiscal year, and projections for the current fiscal year.
 - < Interest rates and interest income during the prior fiscal year, and income projections for the current fiscal year;
 - < Indirect cost recoveries during the prior fiscal year, and income projections for the current fiscal year;
 - < Planning for Plant Fund Projects which includes a master list of all estimated revenues to be placed in the plant for FY 2010 and expenditures for each project. All projects of \$250,000 or more are listed individually; smaller projects are aggregated.
- < Supporting detail can be found in the Appendix.

Key Data/Findings

- < The FY 2010 Initial All Funds Operating Budget (including estimated balances forward) for the system totals \$4.67 billion (+11.7%) compared to \$4.18 billion in FY 2009.
 - < \$901.7 million General Fund appropriations, comprised of the initial FY 2010 General Fund appropriations of \$898.9 million plus an additional \$2.7 million for health insurance premiums;
 - < \$968.5 million unrestricted local funds;
 - < \$1,034.5 million restricted gifts, grants, and contracts;
 - < \$639.4 million estimated balance forwards; \$510.3 million in unrestricted local funds, and \$129.1 in restricted gifts, grants, and contract.
 - < \$1.024 billion tuition and fee revenues, of which \$61.9 million is attributed to the tuition surcharge approved by the Board in April 2009.

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Tuition and Fee Revenues Summary

- < \$689.9 million or 62% of tuition and fee revenues are remitted to the state to support the State Operating Budget, and \$420.8 million or 38% is retained for “local” use (locally retained collections) and to support summer session programs. Tuition and fee revenues retained locally primarily support student financial aid in the amount of \$192.6 million.

Gifts, Grants and Contracts

- < The FY 2010 estimated revenues for Gifts, Grants, and Contracts for the university system is \$1.03 billion, an decrease of \$1.5 million from FY 2009. Cash contributions are expected to increase slightly from \$135 million to \$139 million (+3%) in FY 2010; and grants and contracts are expected to decrease by approximately \$5.4 million (+0.6%) from \$867.2 million in FY 2009 to \$861.8 million in FY 2010.

Investment Income

The FY 2010 Investment Income for the universities is estimated at \$10.6 million, a decrease of \$6.9 million (65%) from FY 2009. For ASU, the FY 2010 estimated earnings rate is 3.7% compared to 4.45% in FY 2009; for NAU, the FY 2010 estimated earnings rate is 1.17% compared to 1.68% in FY 2009; and for the UA, the estimated earnings rate for FY 2010 is maintained at the FY 2009 level of 2.15%.

Indirect Cost Recovery

- < The FY 2010 Indirect Cost Recovery income for the universities is estimated at \$133.9 million, an increase of \$5.4 million (+4.2%) from FY 2009. ICR is estimated to increase \$5.4 million for ASU. No increases anticipated for NAU or the UA.

Committee Review and Recommendation

The Strategic Planning, Budget and Finance Committee will review this item at its September 24, 2009, meeting.

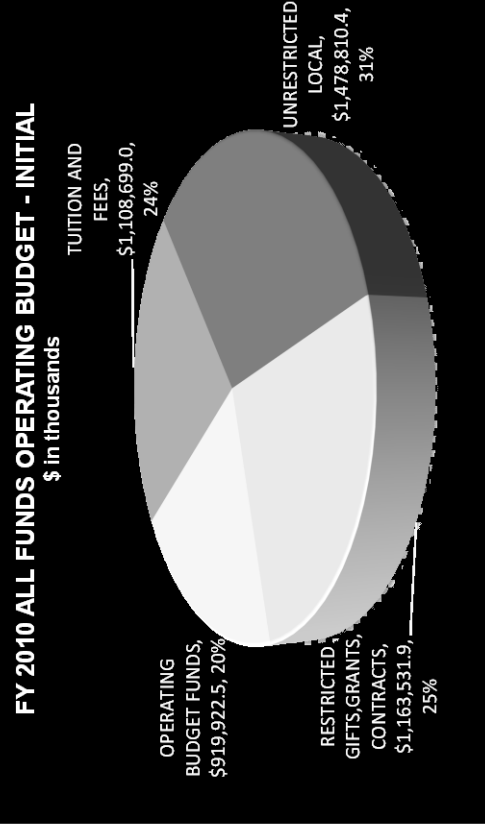
Recommendation to the Board

It is recommended that the Board approve the FY 2010 Initial All Funds Operating Budget, as presented in this Executive Summary.

FY 2010 ALL FUNDS OPERATING BUDGET - INITIAL BUDGET
(in Thousands of Dollars)

University	OPERATING BUDGET FUNDS			UNRESTRICTED LOCAL FUNDS			RESTRICTED GIFTS, GRANTS & CONTRACTS		
	Sources (Including Balance Forward)	Expenditures/ Transfers Out	Projected Year End	Sources (Including Balance Forward)	Expenditures/ Transfers Out	Projected Year End	Sources (Including Balance Forward)	Expenditures/ Transfers Out	Projected Year End
ASU Tempe	\$647,548.3	\$647,548.3	\$0.0	\$745,691.0	\$598,550.4	\$147,140.6	\$364,393.4	\$338,486.5	\$25,906.9
ASU Polytechnic	57,144.6	\$57,144.6	0.0	\$28,878.1	21,296.3	7,581.8	\$10,758.8	10,677.7	81.1
ASU West	75,595.5	\$75,595.5	0.0	\$31,348.1	25,964.9	5,383.2	\$9,907.9	9,774.9	133.0
NAU	208,014.4	208,014.4	0.0	\$246,181.4	194,549.3	51,632.1	\$138,476.1	115,953.9	22,522.2
UA	497,847.1	497,847.1	0.0	\$784,857.8	690,909.6	93,948.2	\$409,143.4	395,833.4	13,310.0
UA-AHSC	103,087.3	103,062.3	25.0	\$60,876.7	38,918.4	21,958.3	\$227,846.3	184,061.2	43,785.1
University Total	\$1,589,237.2	\$1,589,212.2	\$25.0	\$1,897,833.1	\$1,570,188.9	\$327,644.2	\$1,160,525.9	\$1,054,787.6	\$105,738.3
Central Office	18,598.3	18,598.3	0.0	1,763.3	1,319.1	444.2	\$3,006.0	3,006.0	0.0
System Total	\$1,607,835.5	\$1,607,810.5	\$25.0	\$1,899,596.4	\$1,225,891.3	\$673,705.1	\$1,163,531.9	\$1,057,793.6	\$105,738.3

University	TOTAL ALL FUNDS OPERATING BUDGET			University Share of Total Resources
	Sources (Including Balance Forward)	Expenditures/ Transfers Out	Projected Year End	
ASU Tempe	\$1,757,632.7	\$1,584,585.2	\$173,047.5	38%
ASU Polytechnic	\$96,781.5	\$89,118.6	\$7,662.9	2%
ASU West	\$116,851.5	\$111,335.3	\$5,516.2	3%
NAU	\$592,671.9	\$518,517.6	\$74,154.3	13%
UA	\$1,691,848.3	\$1,584,590.1	\$107,258.2	36%
UA-AHSC	\$391,810.3	\$326,041.9	\$65,768.4	8%
University Total	\$4,647,596.2	\$4,214,188.7	\$433,407.5	99%
Central Office	\$23,367.6	\$22,923.4	\$444.2	1%
System Total	\$4,670,963.8	\$4,237,112.1	\$433,851.7	100%



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FY 2010 State Expenditure Authority

	FY 2010 State General Fund	FY 2010 Tuition & Fee Revenue and Other Miscellaneous Revenue Supporting Operating Budget	FY 2010 State Expenditure Authority
ASU Tempe/Downtown	\$330,087.2	\$316,565.2	\$646,652.4
ASU Polytechnic (1)	25,388.8	31,612.3	57,001.1
ASU West (1)	44,438.9	29,907.4	74,346.3
NAU	134,642.8	73,068.9	207,711.7
UA	274,423.1	215,379.2	489,802.3
UA AHSC	74,073.7	21,380.0	95,453.7
Central Office	18,598.3		18,598.3
Administration	2,478.4		2,478.4
Student Assistance Programs	16,045.6		16,045.6
AUS-State Expenditure Authority	\$901,652.8	\$687,913.0	\$1,589,565.8
(1) Other Miscellaneous Revenue includes \$3.6 million (\$2.0 million at ASU Polytechnic and \$1.6 million at ASU West) from TRIF for lease-purchase payments.			

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The following detail is provided in the Appendix for this item:

Appendix

FY 2010 All Funds Operating Budgets

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FY 2010 State Expenditure Authority

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Report of Projected Deficits of \$100,000 or more (ASU) 35
Report of Plant Funds 36