

# **Universities Update and Challenges Ahead**

*A presentation to GPCC's Workforce Readiness  
Committee*

# FY 2016 State Budget

- \$99 million reduction in General Fund support
- \$2.5 million in bond refinance savings

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**= \$101.5 million total FY 16 cut**

\*Of all hard cuts in the state budget, the universities share is 63%

# Health Insurance Trust Fund (HITF) Adjustment

- FY12-15: \$192 million HITF transfer to General Fund
  - Estimated \$58 million from universities
- FY16-17: \$148 million HITF transfer to General Fund in
  - Estimated \$45 million from universities

# State Cuts & Obligations Since 2008

**\$418M** state General Fund reductions

**\$200M** owed in rollovers

**\$728M** building renewal shortages

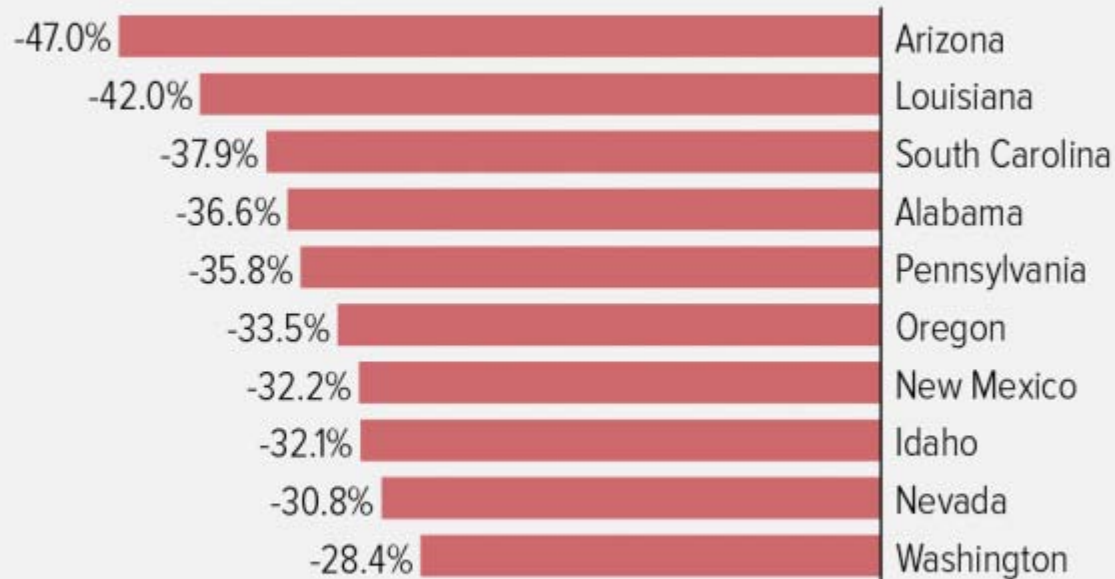
**\$103M** HITF share

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**\$1.5 Billion** since '08

## Ten States With Biggest Higher Education Cuts

Percent change in state spending per student, inflation adjusted, 2008 - 2015



Source: CBPP calculations using data from Illinois State University's annual Grapevine Report and the State Higher Education Executive Officers Association. Because enrollment data is only available through the 2014 school year, enrollment for the 2014-15 school year is estimated using data from past years. Years are fiscal years.

# FY 2016 New Tuition Revenues vs. State Cuts

New Revenue from Tuition & Mandatory Fee Increases				
(Includes revenue from ASU's one-time Tuition Surcharge)				
	ASU	NAU	UA	System
Net revenue from tuition & fee increase	\$45,639,000	\$3,108,954	\$13,210,900	\$61,958,854
State reduction	<u>(\$53,254,000)</u>	<u>(\$17,304,000)</u>	<u>(\$28,400,000)</u>	<u>(98,958,000)</u>
Shortfall	(\$7,615,000)	(\$14,195,046)	(\$15,189,100)	(36,999,146)
Percent recovered	85.7%	18.0%	46.5%	62.6%
Forecasted enrollment growth	6,098	1,150	996	8,244



# FY 16 Student Operating Revenues Lower than FY15

- FY16 enrollment expected to increase 8,244 students, or 5.8%
- Operating dollars per student will be down \$640 or -3.9%
- When adjusted for expected 1.5% inflationary increase, operating dollars per student will be down \$754 or -5.3%

# 150% Non-Resident Tuition Policy & MCCCCD/DACA Ruling

- New proposed policy: AZ high school graduates who do not qualify for in-state tuition could be eligible for new non-resident rate of 150% of in-state tuition. Qualifications include:
  - Lawful presence in Arizona;
  - Attended an Arizona high school for at least 3 years; and
  - Graduated from an Arizona high school.
- Regents interpreting the Maricopa County Superior Court ruling\* granting Deferred Action for Childhood Arrivals (DACA) students in-state tuition as applicable to Arizona's public universities.

\*State of Arizona v. Maricopa County Community College District



# What's to Come

- June board meeting
  - Adopt final FY16 university budgets, including decisions on budgetary shortfalls
  - Regent Killian last meeting as chair; Regent Heiler assumes chairmanship July 1
- Begin developing 2016 legislative agenda



## What's to Come

- Refreshing ABOR strategic plan
  - Governor charged university leadership to refashion strategic plan based on quality results, growth, business input, etc.

# What's to Come

- 2016 Legislative Agenda
  - Must be approved by Regents
  - Regulatory Reform
    - Tuition Remittance
    - Commercial Paper
    - JCCR Review
    - Efficiencies
  - Benefits Redesign

# Questions?

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