

Universities Funding Study (Report Highlights)

December 2000

In response to a request from the Legislature, we reviewed three university funding matters: policy initiatives or decision packages, tuition and fees, and funding for student enrollment growth. We reviewed the decision packages approved since 1996, the growth in tuition and fees from 1990 to 1999, and funding for growth in student enrollment from 1994 to 1999.

Our Conclusions:

Although decision package expenditures can be tracked only to a limited degree, it appears that universities used decision package monies as intended. In addition, we found receipts from tuition and fees have increased substantially over the last ten years, from \$216.8 million in fiscal year 1990 to \$388.1 million in fiscal year 1999. Furthermore, we found monies appropriated by the Legislature for student growth funding generally follow changes in student populations.

Decision Package Monies Used Appropriately

A decision package is a budget request for increased funding to implement or enhance a specific policy or program. Since 1996, about 20 percent of the decision packages requested by Arizona State University (ASU), Northern Arizona University (NAU), and the University of Arizona (UA) have been approved by the Legislature.

For fiscal years 1996 to 1999:

- Universities submitted 73 decision packages totaling \$133.8 million;
- The Legislature approved 16 decision packages and \$14.5 million in funding; and
- Of the 1,254 FTE positions requested, 233 FTEs were approved.

In most cases, the funding and full-time equivalent (FTE) positions appropriated for the 16 approved decision packages was less than the universities requested, representing about 25 percent of the total funding requested and 32 percent of the total FTEs requested.

Decision Package Appropriations Can Be Tracked Only to a Limited Degree

- Decision package monies are not identified separately from other state-appropriated General Fund and tuition and fees dollars;
- Expenditures related specifically to decision package appropriations are not usually captured in accounting records;
- After the initial appropriation, the *State Appropriations Reports* do not track approved decision packages; and
- Some decision packages are not separated from existing programs.

Total spending is appropriate—We found that the universities are spending the full dollar amount appropriated for programs related to decision packages, plus additional monies.

Although we cannot track the specific dollars approved for the decision packages, this suggests that decision package monies have not been shifted to other purposes, but have been used for the intended purposes and then supplemented with other monies.

Examples include:

- UA 1997 decision package to improve undergraduate education:
 - 1997 to 1999 appropriated \$900,000
 - 1997 to 1999 spent \$1,855,405.



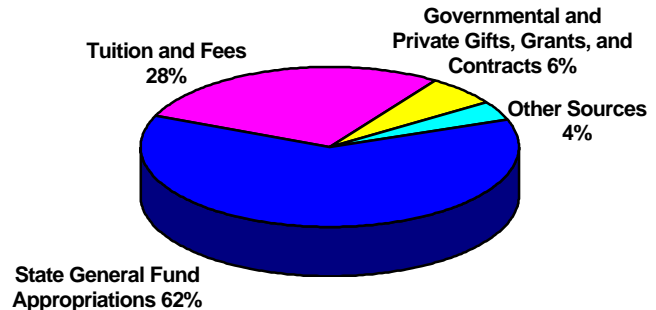
- NAU 1998 decision package regarding ecosystem restoration and conservation in the forest environment:
 - 1998 to 1999 appropriated \$502,600
 - 1998 to 1999 spent \$937,424.

Tuition and Fees Substantially Increased Since 1990

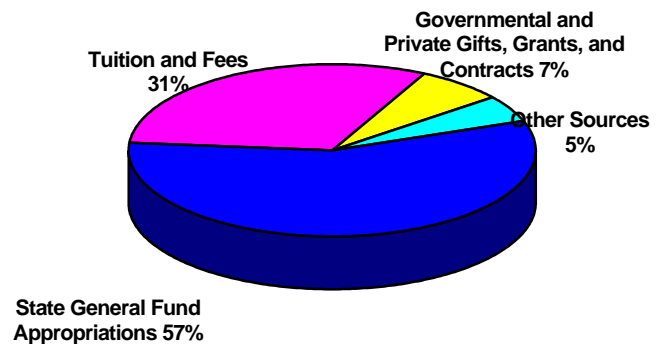
Tuition and fees revenues totaled \$388,110,000 in fiscal year 1999, an increase of 79 percent over the last 10 years. These revenues have gradually increased as a proportion of the universities' unrestricted revenues, from 28 percent in fiscal year 1990 to 31 percent in fiscal year 1999. During the same period, state General Fund appropriations decreased in proportion from 62 percent in fiscal year 1990 to 57 percent in fiscal year 1999.

University Revenue Sources

1990



1999



Over the past 10 years, instruction and academic support expenditures have averaged 57 percent of total operating expenditures, indicating that a majority of the universities' unrestricted operating revenues are used for providing instruction, academic materials, and direct support of instruction. However, specific expenditures paid for by tuition and fees cannot be determined because the universities are not required to separate the expenditures by revenue source.

To Obtain More Information

- A copy of the full report can be obtained by calling (602) 553-0333 or by visiting our Web site at:

www.auditorgen.state.az.us

- The contact person for this report is **Donna Miller**.