Fiscal Year 2014-15 Outlook

Board of Governors Meeting
December 11, 2013

Dr. David Bea
Executive Vice Chancellor for Finance and Administration
# Fiscal Year 2014-15 Budget Calendar

<table>
<thead>
<tr>
<th>Month</th>
<th>Description</th>
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<tbody>
<tr>
<td>January 2014</td>
<td>Preliminary fiscal year 2014-15 budget parameters</td>
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<tr>
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<td>Fiscal year 2013 Comprehensive Annual Financial Report</td>
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<td>February 2014</td>
<td>Property tax levy letter is received from Pima County</td>
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<td>Board of Governors working session on the budget</td>
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<td>March 2014</td>
<td>Proposed 2014-15 tuition and fees</td>
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<td>Contracts and premium structures for employee benefits</td>
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<td>April 2014</td>
<td>Proposed fiscal year 2014-15 and 2015-16 capital budget and projects</td>
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<td>May 2014</td>
<td>Fiscal year 2014-15 preliminary proposed budget, tax rate, and tax levy with a request for approval to allow publication according to statutory guidelines.</td>
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<td>The proposed budget and 'Truth in Taxation Notice of Tax Increase' are published as required and a press release is distributed.</td>
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<tr>
<td>June 2014</td>
<td>The proposed budget and 'Truth in Taxation Notice of Tax Increase' are published for a second time as required by Arizona Revised Statutes.</td>
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<td>The Board of Governors schedules a public hearing on the proposed fiscal year 2014-15 budget, property tax rates, and levies. A Special Meeting to vote on property tax levies and rates and the fiscal year 2014-15 budget follows the public hearing. During this Special Meeting, the Governing Board considers a motion by a roll call vote to levy the proposed property tax and the Governing Board considers another motion by a roll call vote to approve the proposed fiscal year 2014-15 budget.</td>
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<td>The documents are transmitted to the Property Tax Oversight Commission as required by Arizona Revised Statutes.</td>
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<td>July 2014</td>
<td>On July 1, 2014 the fiscal year 2014-15 budget is implemented for the new fiscal year.</td>
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Fiscal Year 2014-15 Budget Parameters

- Revenue
  - State Appropriations
    - Enrollment funding / Operations support
    - Science, Technology, Engineering, and Math (STEM) funding
    - Pathways initiative
  - Tax Levy
    - New property growth
  - Enrollment, Tuition, and Fees
    - In-state
    - Out-of-state
Out-of-State Enrollment and Tuition

- FY 2013-14 elimination of discounted 1-6 unit out-of-state tuition rate
- What Actual Happened in Fall 2014 vs. Fall 2013?
  - Total fall out-of-state enrollment **declined** 11%
    - 1-6 units: decreased 55% (-45 FTSE)
    - 7+ units: increased 26% (+25 FTSE)
    - Total: decreased 11% (-20 FTSE)
      - Same percentage as overall College enrollment decrease
  - Average amount of revenue for each out-of-state student **increased** from $1,416 to $2,602 ($1,187)
  - Total fall out-of-state tuition revenue **increased** $350K
Fiscal Year 2014-15 Budget Parameters

- Expenditures
  - Contractual / mandatory obligations
  - Capital projects budget
  - Strategic needs/priorities
    - Adjunct faculty pay
  - Employee health benefits / Affordable Care Act
Affordable Care Act (ACA): Actions to date

- Implemented plan design changes
  - Removed limits, preventative care, dependents to age 26
  - Plan already had no pre-existing conditions, covered minimum essential benefits.
- Medical Loss Rebates
  - received for full CY 2011 and ½ year CY 2012
  - returned to employees who contributed to premiums
- ACA notice on October 1 to all employees, continue with new employees
- Summary of Benefits and Coverage posted on intranet
- Related Taxes/Fees
  - Reinsurance assessment fee
  - Health Insurance fees
- Change co-pays and deductibles for FY 2013-14
Estimated Increases in Total Annual Medical Plan Costs compared to “Cadillac Plan” Threshold

Assumes 10% premium increase each year
ACA – Health Benefit Eligibility

Temporary Employees
- “Full-time” employee defined as working an average 30 hours/week or 130 hours/month
- In effect January 1, 2015 or July 1, 2015

Adjunct Faculty
- No firm guidance on evaluating adjunct hours
Questions?
Comments?