

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

January 2014	<p>Preliminary fiscal year 2014-15 budget parameters</p> <p>Fiscal year 2013 Comprehensive Annual Financial Report</p>
February 2014	<p>Property tax levy letter is received from Pima County</p> <p>Board of Governors working session on the budget</p>
March 2014	<p>Proposed 2014-15 tuition and fees</p> <p>Contracts and premium structures for employee benefits</p>
April 2014	<p>Proposed fiscal year 2014-15 and 2015-16 capital budget and projects</p>
May 2014	<p>Fiscal year 2014-15 preliminary proposed budget, tax rate, and tax levy with a request for approval to allow publication according to statutory guidelines.</p> <p>The proposed budget and 'Truth in Taxation Notice of Tax Increase' are published as required and a press release is distributed.</p>
June 2014	<p>The proposed budget and 'Truth in Taxation Notice of Tax Increase' are published for a second time as required by Arizona Revised Statutes.</p> <p>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.</p> <p>The documents are transmitted to the Property Tax Oversight Commission as required by Arizona Revised Statutes.</p>
July 2014	<p>On July 1, 2014 the fiscal year 2014-15 budget is implemented for the new fiscal year.</p>

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

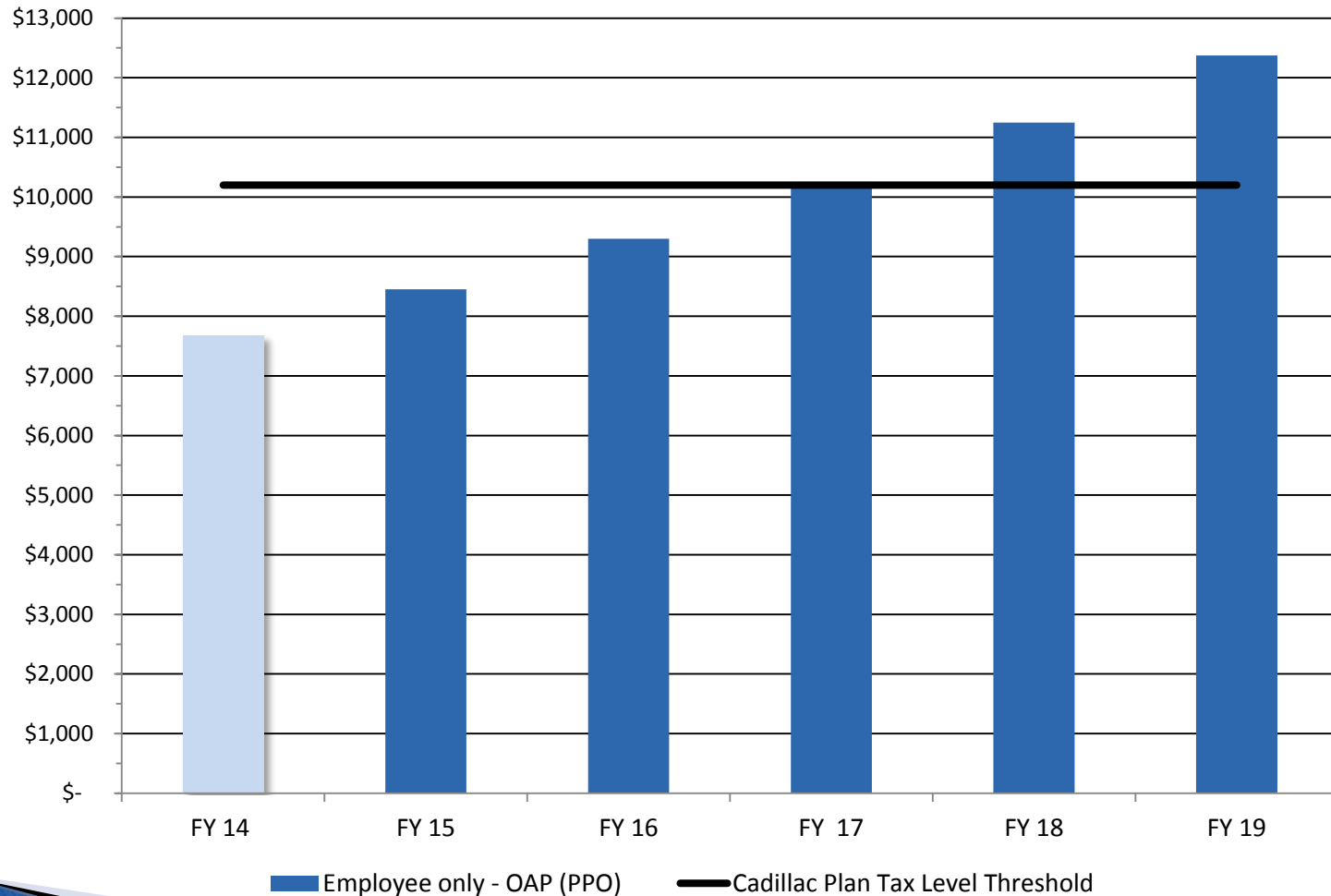
- ▶ Expenditures
 - Contractual /mandatory obligations
 - Capital projects budget
 - Strategic needs/priorities
 - Adjunct faculty pay
 - Employee health benefits / Affordable Care Act

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?