



ABOR System Office FY 2024 Annual Budget

Background

The FY 2024 budget proposal divides the Office Budget into two components: the operating budget and the program budget. The program budget consists of funds related to programs the ABOR office directly administers.

In total, the FY 2024 budget is \$127.3 million. This represents a 38 percent increase over FY 2023.

	FY 2023	FY 2024
ABOR Programs	\$78,539,300	\$116,865,300
Office Budget	<u>\$10,016,800</u>	<u>\$10,534,401</u>
Total	\$88,556,100	\$127,399,701

ABOR Programs

ABOR administers three different types of programs: Statutory, Regent and Retirement. Over the last few years, the board and the legislature allocated specific funding to the ABOR office to implement new programming. The board office also administers various retirement programs offered by the universities. Table 1 provides a list of the FY 2023 estimates for ABOR programs and the FY 2024 budget. You will note, in FY 2024, the legislature dramatically expanded two programs and added three new programs. The total increase in program funding for FY 2024 is \$44 million.

Table 1 ABOR Programs

Statutory	FY 2023 Estimate	FY 2024 Budget
Adaptive Athletics	\$160,000	\$160,000
Arizona Promise Program	\$20,000,000	\$40,000,000
Veteran Spouses Scholarship	\$10,000,000	\$10,000,000
Arizona Teachers Academy	\$15,000,000	\$30,000,000
Arizona Teachers Incentive Program	\$90,000	\$90,000
Arizona Teachers Student Loan Program	\$426,000	\$426,000
Arizona Transfer Articulation	\$213,700	\$213,700
LEAP Program	\$2,441,600	\$2,441,600
Veterinary Loan Assistance	\$6,000,000	\$0
Washington DC Internships	\$300,000	\$300,000
WICHE	\$4,231,000	\$4,231,000

Law Enforcement Families Scholarships	\$0	\$2,000,000
Primary Care Residency	\$0	\$5,000,000
Museum of Democracy Presidential Project	\$0	\$2,000,000
Board Funded (TRIF)		
Attainment/Workforce	\$3,000,000	\$5,000,000
Regent Grants	\$12,000,000	\$12,000,000
Health Sciences	\$1,600,000	\$0
Community Grants	\$1,200,000	\$1,200,000
General Education Assessment	\$300,000	\$300,000
Retirement		
Retirement Investment Advisor	\$340,000	\$340,000
Recordkeeping Fees	\$1,230,000	\$1,153,000
Retirement Legal Fees	\$7,000	\$10,000
Total	\$78,539,300	\$116,865,300

Major changes to ABOR programs include increases to Promise funding and ATA funding. The Legislature also added three additional programs:

- Law Enforcement Families Scholarships: Provides a full tuition and fees scholarship to a public university, private university and community college for the spouse or dependent of a law enforcement officer.
- Museum of Democracy Presidential Project: These dollars are to be used to provide opportunities for undergraduate students, high school students, and the broader community to become better informed on American presidencies and presidential elections.
- Primary Care Residencies. These dollars are a pass through to the University of Arizona for distribution to the AHEC clinical network.

ABOR Operating Budget

The FY 2024 ABOR office operating budget request is \$10.5 million. This budget is consistent with the ABOR reform effort and includes funding for an additional communications specialist, a community outreach position and additional administrative support.

The budget also includes an increase in administrative expenses charged to ABOR programs. As programs continue to expand, the office allocates directly related administrative expenditures to program funding.

The FY 2024 budget reflects an increase of 5.2 percent over the FY 2023 budget. Two major changes drive this increase. First, employee related expenses increased from 32 percent of salary to 34 percent. This reflects increased costs for health insurance and retirement contributions. The second item is a 5.7 percent increase in projected Personal Services (employee salary) related to additional staff and salary increases.

For the last several years, the ABOR office budget has carried a large ending balance. The board is in the midst of spending down that balance over several years. The projected FY 2024 ending balance is \$2.3 million.

Table 2 ABOR Operating

	FY2023 Estimates 3/31	FY 2024 Budget
Carryforward		
Operating	\$2,003,406	\$1,133,732
TRIF	\$3,142,699	\$2,748,268
Total Carryforward	\$5,146,105	\$3,882,000
Revenue		
General Fund	\$2,496,500	\$2,649,500
University Assessment	\$3,372,000	\$3,372,000
TRIF	\$2,000,000	\$2,000,000
Program Administration	\$541,500	\$952,048
Total Revenue	<u>\$8,410,000</u>	<u>\$8,973,548</u>
Total Available	\$13,556,105	\$12,855,548
Expenses		
Personal Services	\$5,438,400	\$5,746,105
ERE	\$1,740,300	\$1,951,976
Professional Services	\$1,008,100	\$1,035,620
Other Operating Expenses	\$1,330,000	\$1,300,700
Market Research	<u>\$500,000</u>	<u>\$500,000</u>
Total Expenses	\$10,016,800	\$10,534,401
Balance	\$3,539,305	\$2,321,147
Structural Balance (Deficit)	(\$1,606,800)	(\$1,560,853)

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