



University of Arizona FY 2021 Annual Budget

Overview:

The University of Arizona is pleased to submit its FY2021 annual budget for approval by the Arizona Board of Regents. This budget was developed with input from student leaders, University shared governance representatives, and University administration. Due to the COVID-19 global pandemic, the submitted materials reflect a departure from previous forecasts submitted during the operational and financial review as well as spring tuition setting to reflect the new realities of projected declines in all funding sources.

The November operational and financial review focused on the five pillars of the University's strategic plan, whereas the current submission slows or pauses many of these strategic initiatives to allow the University to better weather the impending financial storm.

The FY2021 budget projects a \$60.7 million decrease in net position, however, the budget presented is a balanced budget from a cash perspective. Additionally, it is projected that the University will have 122 monthly days cash on hand at the close of FY2021. This places the UArizona metric within the required range, which is 25% plus or minus the median among rated public colleges and universities per Moody's.

Revenues:

FY2021 revenues are projected to be \$1.88 billion, a \$337.9 million decrease over the FY2020 original projection, representing a 15% decrease. Significant revenue changes are attributed to the following:

- \$77.7 million decrease in grants and contracts due to projected reduction in sponsored research activity
- \$147.3 million decrease in net tuition and fee revenue predominantly due to a decline in non-resident domestic and international students, along with a decline in total forecasted enrollment. This decrease is a revision to forecasts originally submitted during tuition setting and reflects current estimates based on week-over-week analysis of cancellations and periodic student and parent survey data.
- \$8.1 million net decrease in state general fund appropriations, consistent with the current "skinny" budget as reflected in the Joint Legislative Budget Committee's (JLBC) Appropriations Report. These decreases only impact the main campus appropriation and not the Arizona Health Sciences appropriation.



- \$18.7 million decrease in other revenues primarily due to forecasted reductions in departmental sales and service activities, conferences, and investment income.
- \$73.6 million decrease in auxiliary revenues primarily due to forecasted reductions in on-campus activities which impact Athletics, Residence Life, Student Union, and the Bookstores.

Expenses:

FY2021 expenses are projected to be \$1.9 billion, a decrease of \$240.5 million over the FY2020 original projection. This represents an 11% decrease from the FY2020 budget. Expenditure changes reflect the strategic reallocation of general purpose funds as well as reductions in auxiliary, sponsored research, and other activities.

- Salaries and wages are expected to decrease approximately \$106.7 million, approximately 10%. Benefits are projected to decrease \$43.2 million, approximately 13%. This is attributable to the savings generated from the hiring pause as well as the furlough and furlough-based salary programs. Salaries, wages, and employee benefits combined represent over 62% of the total expenditure budget.
- All other operating expenses are expected to decrease \$62.8 million, approximately 12%. This is attributable to the reduction in sponsored research activity, decreases in general purpose allocations, and other non-personnel costs in auxiliary and sales and service units.
- Interest on indebtedness reflects a decrease of \$23.4 million primarily related to debt defeasement and changes in GASB accounting practices. Major capital projects were paused as a response to the COVID-19 induced economic crisis, resulting in reductions in debt service payments planned for FY2021.



FY2021 Strategic Reallocations:

UArizona plans to make a number of strategic reallocations from general purpose funds, along with a careful examination of targeted reductions within support units and institutional cost categories. \$131M (one hundred and thirty-one million) in reallocations are necessary to address forecasted declines in enrollment and student credit hours by college. Additionally, a pause in strategic plan initiatives will reduce costs by \$57.6 million.

Summary:

UArizona continually works to implement efficiencies and identify savings opportunities in support of its commitment to students, parents, employees, and the State to continuously improve how we educate and innovate so we can lead the way in developing disruptive problem-solvers capable of tackling our greatest challenges. UArizona's FY2021 budget is an example of this commitment and the beginning of a multi-year realignment of sources and uses. FY2021 will be a period of transition in response to the underlying economic and enrollment trends impacting the University due to the COVID-19 global pandemic.

FY 2021



ANNUAL BUDGET

FY 2021 ANNUAL BUDGET (\$ millions)

	FY21 BUDGET	FY20 ESTIMATE	FY20 BUDGET	VARIANCE BETWEEN FY20 EST & FY21 BGT		VARIANCE BETWEEN FY20 EST & FY20 BGT	
Revenues							
State General Fund Appropriation	\$258.0	\$266.7	\$266.3	-\$8.7	-3.3%	\$0.4	0.1%
State Appropriation - Research Infrastructure	14.3	14.3	14.3	0.0	0.3%	(0.0)	-0.3%
State Appropriation - Capital Infrastructure	11.0	10.8	10.8	0.2	2.2%	(0.0)	-0.3%
State Appropriation - AFAT	1.3	1.3	1.3	0.0	0.0%	0.0	0.0%
Tuition and Fees	761.9	911.4	914.1	(149.5)	-16.4%	(2.7)	-0.3%
<i>less Scholarship Allowance</i>	(228.9)	(267.1)	(233.8)	38.2	-14.3%	(33.3)	14.2%
Net Tuition and Fees	\$533.0	\$644.4	\$680.3	-\$111.4	-30.7%	-\$35.9	13.9%
Grants & Contracts -- Research	\$616.2	\$705.6	\$693.9	-\$89.4	-12.7%	\$11.7	1.7%
Financial Aid Grants (Primarily Federal Pell Grants)	58.9	63.1	59.0	(4.2)	-6.6%	4.1	6.9%
Arizona Teachers Academy	tbd	1.5	0.0		0.0%	1.5	-
CARES Act Revenue	28.6	4.6	0.0	24.0	521.7%	4.6	-
Private Gifts	73.9	89.0	87.0	(15.1)	-16.9%	2.0	2.2%
Technology & Research Initiative Fund (TRIF)	31.0	30.7	30.4	0.3	1.0%	0.3	0.9%
Auxiliary Revenues, Net	151.4	186.9	225.0	(35.5)	-19.0%	(38.1)	-16.9%
Other Revenues	105.5	201.1	152.7	(95.6)	-47.5%	48.4	31.7%
Total Revenues	\$1,883.1	\$2,219.8	\$2,221.0	-\$336.7	-15.2%	-\$1.2	-0.1%
Expenses							
Salaries and Wages	\$916.1	\$1,052.2	\$1,022.8	-\$136.1	-12.9%	\$29.4	2.9%
Benefits	293.1	409.2	336.3	(116.1)	-28.4%	72.9	21.7%
All Other Operating	477.7	549.6	540.5	(71.9)	-13.1%	9.1	1.7%
Scholarships & Fellowships, Net of Scholarship Allowance	54.4	70.9	72.2	(16.5)	-23.3%	(1.3)	-1.8%
Depreciation	148.9	149.8	135.5	(0.9)	-0.6%	14.3	10.5%
Interest on Indebtedness	53.6	60.2	77.0	(6.6)	-10.9%	(16.8)	-21.8%
Total Expenditures	\$1,943.8	\$2,291.9	\$2,184.3	-\$348.1	-15.2%	\$107.6	4.9%
Net Increase	-\$60.7	-\$72.1	\$36.7	\$11.4	-15.8%	-\$108.8	-296.4%

MONTHLY DAYS CASH ON HAND

Monthly days cash on hand is projected to be 122 days at June 30, 2021.

Monthly Days Cash on Hand

■ Board's Target Range (75%-125% Moody's Median) — UA

FY 2021



ANNUAL BUDGET

INCREMENTAL ALLOCATION OF GENERAL PURPOSE¹ FUNDS *(\$ millions)*

FY20 Base Budget

Changes in Incremental Funding

State General Fund Appropriations	(8.1)
Other Revenues	(18.7)
Revenues from Tuition and Fees FY20	(127.2)

Net Change in Resources

(154.0)

Allocation of Incremental Resources

Student Financial Aid	(22.7)
Strategic Reallocations	(131.3)

Net Change in College and Administrative Budget Allocations

\$ (154.0)

FY21 Base Budget

\$ 1,070.9

	Strategic Metric Addressed			
\$ 1,224.9	Student Educational Success & Learning	Educational	Discover New Knowledge	Impact Arizona
e.g. Fr retention, enrollment, graduation rates, etc.	e.g. Bachelors degrees awarded, grad degrees, E&G, certifications and cre-	e.g. Research and development, licenses & options, inventions	e.g. Public service, degrees in high demand fields, etc.	
	Note which metrics addressed in each quadrant for each line item			
	x	x		
	x	x	x	x

¹ General Purpose Funds include state general funds, tuition and fees, investment income, administrative service charge, and facilities and administration revenue (indirect cost recovery).

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ANNUAL BUDGET

STATE EXPENDITURE AUTHORITY BY APPROPRIATION CAMPUS *(\$ thousands)*

	FY21 BUDGET			FY20 BUDGET		CHANGE
	MAIN	AHS	TOTAL			
University Revenues						
Resident Tuition	\$ 222,741.4	\$ 22,116.5	\$ 244,857.9	\$ 275,678.7	\$ (30,820.8)	
Non Resident Tuition	295,664.0	8,095.1	303,759.1	406,695.0	(102,935.9)	
Online Tuition Revenue	70,078.0	-	70,078.0	62,247.1	7,830.9	
Program Fees	28,000.6	-	28,000.6	33,737.1	(5,736.5)	
Miscellaneous Revenues ¹	(14,941.6)	31,480.7	16,539.1	12,111.5	4,427.6	
Total University Revenues	\$ 601,542.4	\$ 61,692.3	\$ 663,234.7	\$ 790,469.4	\$ (127,234.7)	
University Revenues Retained for Local Uses						
Support for Local Operating Budgets	\$ 111,139.0	\$ -	\$ 111,139.0	\$ 98,880.5	\$ 12,258.5	
Program Fees/Differential Tuition	24,080.5	-	24,080.5	29,206.3	(5,125.8)	
Regents Financial Aid Set Aside	49,911.4	2,323.0	52,234.4	51,098.8	1,135.6	
Other Financial Aid	142,896.1	2,505.9	145,402.0	169,227.4	(23,825.4)	
Plant Funds	4,776.5	-	4,776.5	4,776.5	-	
Debt Service/COPS/Lease Purchase	28,152.4	-	28,152.4	28,152.4	-	
Total Retained for Local Uses	\$ 360,955.9	\$ 4,828.9	\$ 365,784.8	\$ 381,341.9	\$ (15,557.1)	
Appropriated Tuition	\$ 240,586.5	\$ 56,863.4	\$ 297,449.9	\$ 409,127.5	\$ (111,677.6)	
Plus: State General Fund Appropriation	207,722.2	76,897.7	284,619.9	292,706.6	(8,086.7)	
Total State Expenditure Authority	\$ 448,308.7	\$ 133,761.1	\$ 582,069.8	\$ 701,834.1	\$ (119,764.3)	

¹ Miscellaneous Revenues include Distributed, Summer Session Reimbursement, Land Grant, and other Miscellaneous Revenues. It also includes a tuition transfer from Main Campus to support units within the AHS Campus.

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ANNUAL BUDGET

LOCAL COLLECTIONS

	FY21 BUDGET			FY20 BUDGET		CHANGE
	MAIN	AHS	TOTAL			
LOCAL COLLECTIONS FROM TUITION AND FEES						
OPERATING FUNDS						
<i><u>DESIGNATED</u></i>						
Admissions Recruiting	\$ 3,794,000	\$ -	\$ 3,794,000	\$ 3,700,800	\$ 93,200	
Advising Resource Center	237,000	-	237,000	-	237,000	
Applied Biosciences Program	150,000	-	150,000	-	150,000	
ASUA	199,500	-	199,500	246,700	(47,200)	
ASUA-Cart Service	161,600	-	161,600	12,300	149,300	
AZ Assurance Program	20,000	-	20,000	20,000	-	
Bursar Billing Support	3,600,000	-	3,600,000	3,600,000	-	
Dean of Students	559,500	-	559,500	1,742,700	(1,183,200)	
Digital Innovation/Stewardship	4,900	-	4,900	4,900	-	
Distributed Education Program	9,809,700	-	9,809,700	5,382,100	4,427,600	
Early Alert Programs	5,000	-	5,000	5,000	-	
Early Outreach	388,000	-	388,000	381,400	6,600	
Enrollment Management	2,061,800	-	2,061,800	1,448,900	612,900	
FM Student Recreation O&M	259,300	-	259,300	259,300	-	
Graduate & Professional Student Council	240,300	-	240,300	240,300	-	
Graduate College	856,900	-	856,900	674,300	182,600	
Graduate Scholarships	3,698,400	-	3,698,400	3,746,200	(47,800)	
Interpreting/Disabilities	139,700	-	139,700	164,200	(24,500)	
Learning Disabilities Mandated Services	131,800	-	131,800	131,800	-	
Library Acquisitions	461,200	-	461,200	461,200	-	
Merchant Credit Card Banking Fees	468,200	-	468,200	468,200	-	

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ANNUAL BUDGET

LOCAL COLLECTIONS (Cont.)

	FY21 BUDGET			FY20 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
Military/ROTC Programs	255,800	-	255,800	190,500	65,300
Minority Student Recruitment	185,200	-	185,200	185,200	-
Minority Summer Institute for Writing	-	-	-	13,500	(13,500)
New Start Program	311,700	-	311,700	-	311,700
Office of the Registrar	1,103,200	-	1,103,200	1,085,100	18,100
Online Program Support	70,078,000	-	70,078,000	62,247,100	7,830,900
Student Activities	12,800	-	12,800	12,800	-
Student Affairs Systems Group	997,400	-	997,400	1,229,500	(232,100)
Student Child Care Voucher Program	283,100	-	283,100	83,100	200,000
Student Engagement	1,160,700	-	1,160,700	1,160,700	-
Student Financial Aid Office	2,073,300	-	2,073,300	1,789,400	283,900
Student Learning Services	1,595,300	-	1,595,300	1,318,500	276,800
Student Programs	165,700	-	165,700	1,138,700	(973,000)
Student Services	853,000	-	853,000	2,667,000	(1,814,000)
Student Services Support - Student Union O&M	1,143,100	-	1,143,100	1,143,100	-
Student Transitions/Retention	1,381,200	-	1,381,200	524,000	857,200
Student Travel Support	50,300	-	50,300	50,300	-
Summer Session Operations	385,000	-	385,000	385,000	-
Sustainability Projects	834,400	-	834,400	600,000	234,400
UA Commencement	656,300	-	656,300	-	656,300
UA Library Administration	260,100	-	260,100	260,100	-
UA Presents	24,600	-	24,600	24,600	-
Utilities	82,000	-	82,000	82,000	-
OPERATING FUNDS SUBTOTAL	\$ 111,139,000	\$ -	\$ 111,139,000	\$ 98,880,500	\$ 12,258,500

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ANNUAL BUDGET

LOCAL COLLECTIONS (Cont.)

	FY21 BUDGET			FY20 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
<i>FINANCIAL AID</i>					
Main Campus Financial Aid - ABOR Policy	49,911,400	-	49,911,400	48,857,300	1,054,100
Student Aid Awards (formerly tuition waivers)	138,976,000	2,505,900	141,481,900	164,696,600	(23,214,700)
College of Medicine Financial Aid - ABOR Policy	-	1,278,800	1,278,800	1,275,200	3,600
College of Medicine-Phx Financial Aid - ABOR Policy	-	1,044,200	1,044,200	966,300	77,900
SUBTOTAL	\$ 188,887,400	\$ 4,828,900	\$ 193,716,300	\$ 215,795,400	\$ (22,079,100)
<u>MINOR CAPITAL PROJECTS/START UP FUNDS</u>	4,776,500	-	4,776,500	4,776,500	-
<u>DEBT SERVICE</u>	28,152,400	-	28,152,400	28,152,400	-
TOTAL LOCAL RETENTION FROM TUITION	\$ 332,955,300	\$ 4,828,900	\$ 337,784,200	\$ 347,604,800	\$ (9,820,600)
LOCAL COLLECTIONS FROM PROGRAM FEES					
College of Architecture & Landscape Architecture	627,900	-	627,900	756,100	(128,200)
College of Agriculture and Life Sciences	586,600	-	586,600	722,400	(135,800)
College of Engineering	2,540,300	-	2,540,300	2,945,500	(405,200)
College of Fine Arts	360,900	-	360,900	441,600	(80,700)
College of Medicine-Tucson	81,100	-	81,100	71,400	9,700
College of Nursing	2,208,500	-	2,208,500	1,877,800	330,700
College of Pharmacy	4,863,400	-	4,863,400	5,912,100	(1,048,700)
College of Public Health	376,800	-	376,800	859,100	(482,300)
College of Science	725,000	-	725,000	918,900	(193,900)

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ANNUAL BUDGET

LOCAL COLLECTIONS (Cont.)

	FY21 BUDGET			FY20 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
College of Social and Behavioral Science	1,556,300	-	1,556,300	1,799,400	(243,100)
Eller College of Management	7,023,600	-	7,023,600	9,123,200	(2,099,600)
Honor's College	1,448,200	-	1,448,200	1,720,000	(271,800)
James E Rogers College of Law	1,681,900	-	1,681,900	2,058,800	(376,900)
SUBTOTAL	\$ 24,080,500	\$ -	\$ 24,080,500	\$ 29,206,300	\$ (5,125,800)
<i><u>FINANCIAL AID</u></i>					
College of Architecture & Landscape Architecture Financial Aid	102,200	-	102,200	123,100	(20,900)
College of Agriculture and Life Sciences Financial Aid	95,500	-	95,500	117,600	(22,100)
College of Engineering Financial Aid	413,500	-	413,500	479,500	(66,000)
College of Fine Arts Financial Aid	58,800	-	58,800	77,900	(19,100)
College of Medicine-Tucson Financial Aid	13,200	-	13,200	11,600	1,600
College of Nursing Financial Aid	359,500	-	359,500	305,700	53,800
College of Pharmacy Financial Aid	791,700	-	791,700	962,400	(170,700)
College of Public Health Financial Aid	61,300	-	61,300	139,900	(78,600)
College of Science Financial Aid	118,000	-	118,000	149,600	(31,600)
College of Social and Behavioral Science Financial Aid	253,400	-	253,400	292,900	(39,500)
Eller College of Management Financial Aid	1,143,500	-	1,143,500	1,255,400	(111,900)
Honor's College Financial Aid	235,700	-	235,700	280,000	(44,300)
James E Rogers College of Law Financial Aid	273,800	-	273,800	335,200	(61,400)
SUBTOTAL	\$ 3,920,100	\$ -	\$ 3,920,100	\$ 4,530,800	\$ (610,700)
TOTAL LOCAL RETENTION FROM PROGRAM FEES	\$ 28,000,600	\$ -	\$ 28,000,600	\$ 33,737,100	\$ (5,736,500)
TOTAL LOCAL COLLECTIONS	\$ 360,955,900	\$ 4,828,900	\$ 365,784,800	\$ 381,341,900	\$ (15,557,100)

FY 2021



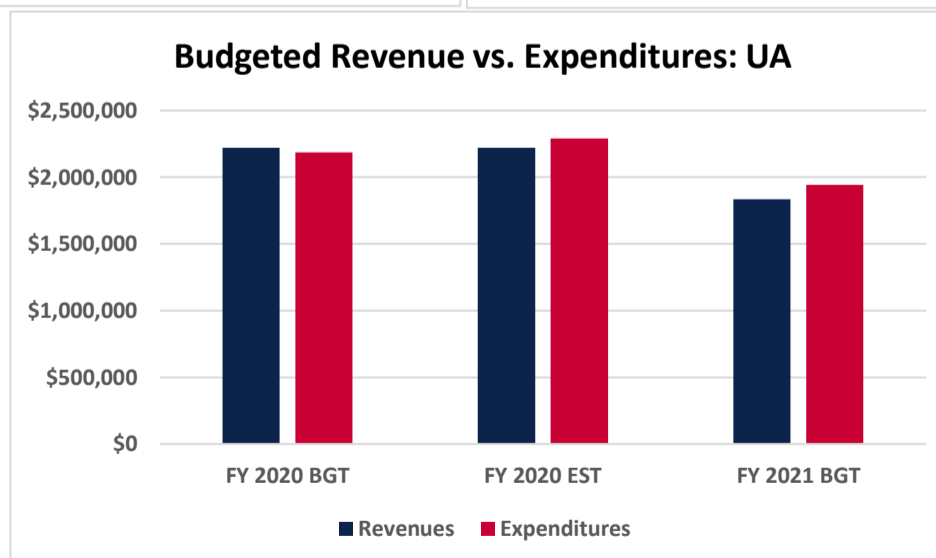
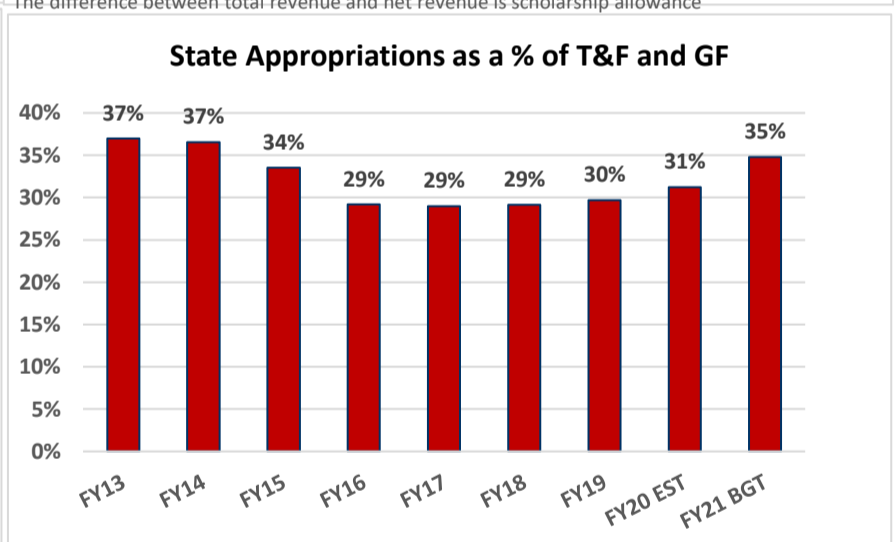
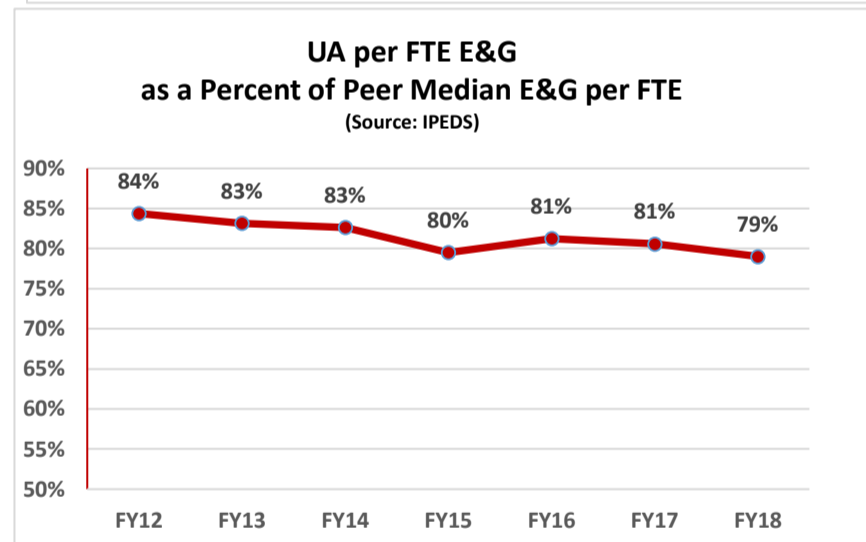
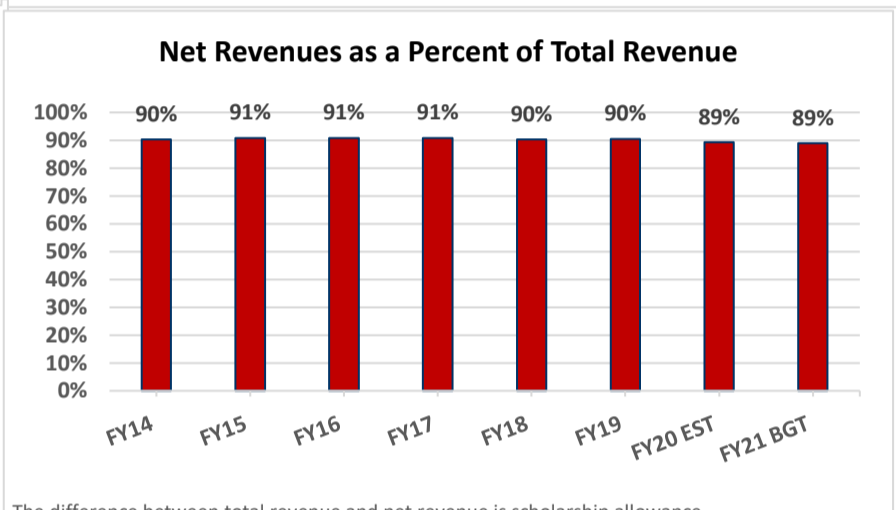
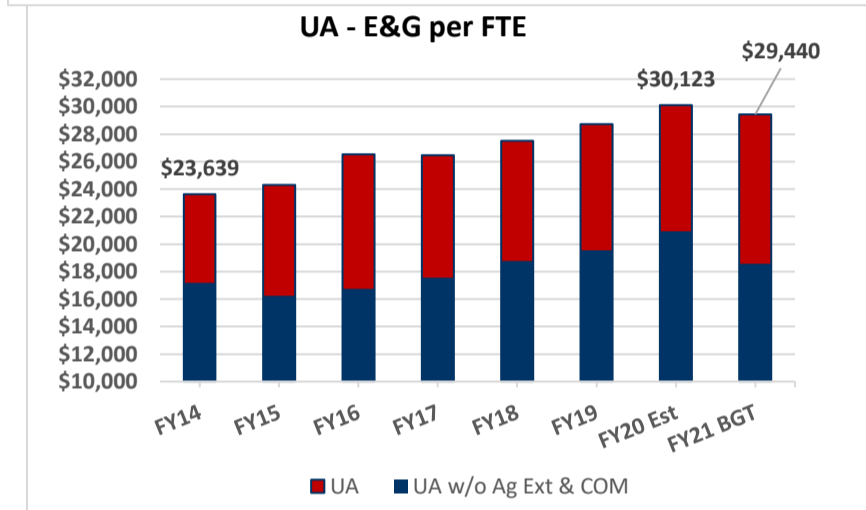
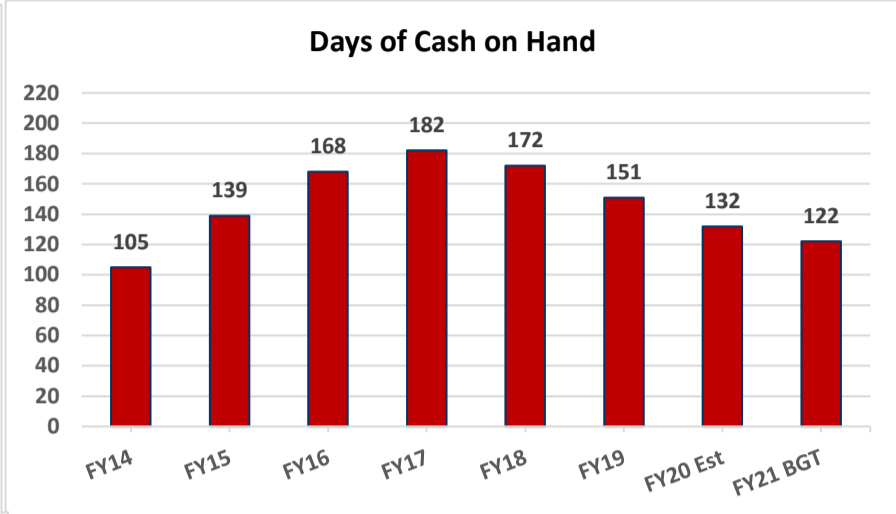
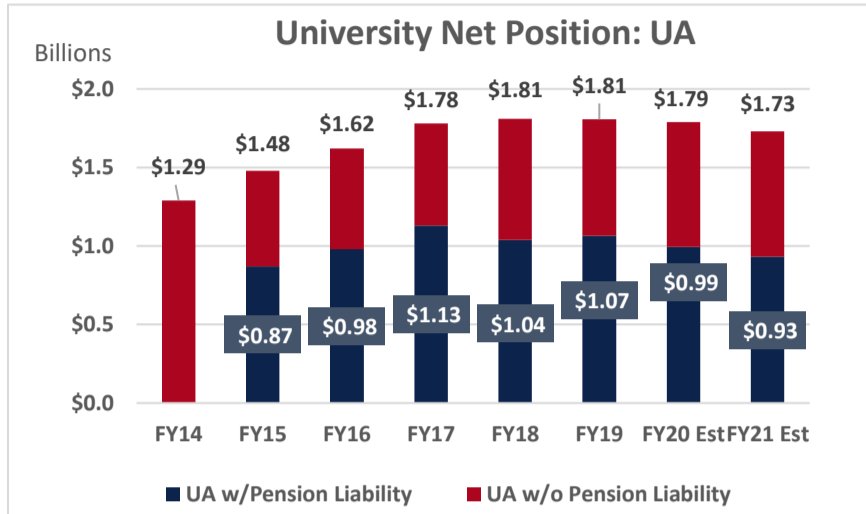
ANNUAL BUDGET

FY 2021 LOCAL BUDGETS WITH DEFICITS OF \$100,000 OR MORE

ACCOUNT	ACCOUNT	FY20 ENDING BALANCE	FY21 ESTIMATED REVENUES AND TRANSFERS IN	FY21 ESTIMATED EXPENDITURES TRANSFERS OUT	FY21 ENDING BALANCE
<i>Deficits: None</i>					



FY 2021 ANNUAL BUDGET



Notes:

University Net Position: Beginning in FY 2015 and FY 2016 (GASB 68 & GASB 45, respectively) new accounting standards require a liability for pension obligations including other postemployment benefits (OPEB) be recognized on the balance sheet, thereby reducing the universities net position.