



University of Arizona FY 2022 Annual Budget

Overview

The University of Arizona is pleased to submit its FY 2022 annual budget for approval by the Arizona Board of Regents. This budget was developed with input from student leaders, shared governance representatives, and University administration. It reflects initiatives that are aligned with the University's mission and materials presented in recent months to the Board of Regents during tuition setting.

Serving as a guide for investment are the University of Arizona strategic plan 5 Pillars:

- The Wildcat Journey—driving student success for a rapidly changing world
- Grand Challenges—tackling critical problems at the edges of human endeavor
- Arizona Advantage—driving social, cultural, and economic impact
- Arizona Global—engaging the world
- Institutional Excellence—ensuring UArizona lives its values and innovative culture to enable a high-performing academic and administrative enterprise

The annual budget presented here reflects the University's investments in these key strategic areas and its commitment to the promises made to its students, their parents, faculty and staff, and the state of Arizona.

The FY 2022 budget projects a \$4.5 million increase in net position and represents a balanced budget from a cash perspective. Additionally, it is projected that the University will have 159 monthly days cash on hand at the close of FY 2022. 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

FY 2022 revenues are projected to be \$2.17 billion, a \$10.3 million increase over the FY 2021 revised projections, representing a 0.5% increase. Significant revenue changes from FY 2021 revised projections are attributed to the following:

- \$9.3 million increase in state funding as currently outlined in the Governor's executive budget proposal.
- \$1.2 million decrease in grants and contracts due to a combined projected reduction in Banner clinical salary support and an increase in sponsored research activity primarily in the medical sciences.
- \$11.4 million increase in net tuition and fee revenues from enrollment growth and tuition rate increases. This increase is consistent with our projections during the tuition setting process. It reflects an expected increase of 187 student FTE enrollments overall. This net increase is the result of a projected decrease in traditional student enrollments of 569, coupled with an increase of 756 students in fully online programs, with all the projected declines being derived from resident undergraduates.



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- Approved tuition rate increases for students entering the Fall 2021 guaranteed tuition cohort are 0% for undergraduate resident students and 1.4% for undergraduate non-resident students.
- \$90.3 million in one-time Higher Education Emergency Relief Funds (HEERF), with \$43.2 million dedicated to student financial support. This represents only an FY 2022 amount and not a change to original or revised estimates.
- \$10.2 million increase in Other Revenues due primarily to expected return of departmental sales and service activities, conferences, and endowment investment income.
- \$34.1 million increase in Auxiliary revenues primarily due to expected return of on-campus events and services.

Expenses

FY 2022 expenses are projected to be nearly \$2.17 billion, an increase of \$18.5 million over the FY 2021 revised projections. This represents a 0.9% increase. Expenditure changes reflect the strategic investments to be made from General Purpose funds (detailed in the next section) as well as increases in auxiliary, sponsored research, and other activities.

- Salaries and Wages are expected to decrease approximately \$21.2 million or 2.1%. This is attributable to a shift in personnel off Banner clinical support funding as well as a reduction in force in response to departmental general fund budget allocations. Salaries, Wages and employee Benefits combined make up over 62% of the total expenditure budget.
- Benefits are projected to decrease \$7.7 million, approximately 2.2%, associated with the above referenced declines in salary and wage.
- All Other Operating expenses are expected to increase \$41.3 million, representing an 8.5% increase. This increase is attributable to an increase in Grant and Contract activity as well as the return of Auxiliary sales and associated Cost of Goods Sold.
- Interest on indebtedness reflects an increase of \$3.4 million primarily related to the refinancing efforts from FY 2021 payments as well as the Grand Challenges Research Building, the Applied Research Building, and the Chemistry Renovation capital projects.



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FY 2022 Strategic Investments

From our General Purpose Funds, we plan to make a number of strategic investments. These investments are aligned with our strategic plan and priorities and will be funded via incremental sources as well as funds identified for reallocation.

- Financial Aid, \$6.1 million as compared to FY 2021 forecast with \$5.3 million in waivers and \$.8 million other awards. The percentage of institutional tuition discount is expected to remain consistent with FY 2021 forecast levels as we have modified our institutional aid policies for incoming students.
- Faculty, Staff, and Graduate Assistant Salary Adjustments, \$14.4 million – the University is focused on providing annual salary adjustments based upon performance in order to reward employees and improve its competitiveness in retaining this highly valued resources. In addition, the University will adjust wages to meet the new State Minimum Wage mandate.
- Strategic Planning Initiatives support of \$41.9 million. This funding will support a variety of initiatives designed to improve retention, completion, and new program development.
- \$1 million to be used to support MD students in the Colleges of Medicine.
- \$5.6 million to support a new cohort of College of Veterinary Medicine students.
- Half of the Governor’s executive budget proposal is assumed to be dedicated for New Economy initiatives budgeted at \$4.6 million.
- The remainder of the listed investments represent an internal budget model allocation process and the dollar amounts reflected in the proposal are consistent with comparing the FY 2021 original budget to the FY 2022 original budget and do not reflect the new realities embedded in the FY 2021 revised forecasts.

Summary

The University Arizona continually works to implement efficiencies and identify savings opportunities. It is committed to its students, parents, employees, and the State to providing the most efficient and effective services as possible. The FY 2022 budget is one example of this commitment.

FY 2022 ANNUAL BUDGET

**UNIVERSITY OPERATING BUDGET
 FY 2022 (WITH FY 2021 COMPARATIVE BUDGET DATA)
 (\$ millions)**

	FY 2022	FY 2021	FY 2021	VARIANCE BETWEEN		VARIANCE BETWEEN	
	BUDGET	ESTIMATE	BUDGET	FY 2022 BGT & FY 2021 EST		FY 2021 EST & FY 2021 BGT	
Revenues							
State General Fund Appropriation	\$265.9	\$256.6	\$256.6	\$9.3	3.6%	\$0.0	0.0%
State Appropriation - Research Infrastructure	14.2	14.3	14.3	(0.1)	-0.7%	0.0	0.0%
State Appropriation - Capital Infrastructure	11.1	11.0	11.0	0.1	0.9%	0.0	0.0%
State Appropriation - AFAT	2.7	2.7	2.7	0.0	0.0%	0.0	0.0%
Total General Fund Appropriation	\$293.9	\$284.6	\$284.6	\$9.3	3.3%	\$0.0	0.0%
State Appropriations Transfer - Arizona Teachers Academy	\$1.5	\$1.5	\$0.0	\$0.0	0.0%	\$1.5	--
Tuition and Fees	\$924.6	\$907.9	\$761.9	\$16.7	1.8%	\$146.0	19.2%
<i>less Scholarship Allowance</i>	(293.2)	(287.9)	(228.9)	(5.3)	1.8%	(59.0)	25.8%
Net Tuition and Fees	\$631.4	\$620.0	\$533.0	\$11.4	1.8%	\$87.0	16.3%
Grants & Contracts -- Research	\$656.3	\$657.5	\$616.2	(\$1.2)	-0.2%	\$41.3	6.7%
Financial Aid Grants (Primarily Federal Pell Grants)	56.3	57.0	58.9	(0.7)	-1.2%	(1.9)	-3.2%
Higher Education Emergency Relief (HEERF) – Student	43.2	40.4	0.0	2.8	6.9%	40.4	--
Higher Education Emergency Relief (HEERF) – Institutional	47.1	65.6	0.0	(18.5)	-28.2%	65.6	--
Governor's Emergency Education Relief (GEERF) – Allocation	0.0	46.0	0.0	(46.0)	-100.0%	46.0	--
Governor Office for Arizona Teachers Academy (GEERF)	0.0	0.4	0.0	(0.4)	-100.0%	0.4	--
CARES Act Revenue	0.0	0.0	28.6	0.0	--	(28.6)	-100.0%
Private Gifts	91.8	80.6	73.9	11.2	13.9%	6.7	9.1%
Technology & Research Initiative Fund (TRIF)	30.0	31.9	31.0	(1.9)	-6.0%	0.9	2.9%
Auxiliary Revenues, Net	151.0	116.9	151.4	34.1	29.2%	(34.5)	-22.8%
Other Revenues	169.3	159.1	105.5	10.2	6.4%	53.6	50.8%
Total Other Revenues	\$1,245.0	\$1,255.4	\$1,065.5	(\$10.4)	-0.8%	\$189.9	17.8%
Total Revenues	\$2,171.8	\$2,161.5	\$1,883.1	\$10.3	0.5%	\$278.4	14.8%
Expenses							
Salaries and Wages	\$999.0	\$1,020.2	\$916.1	(\$21.2)	-2.1%	\$104.1	11.4%
Benefits	335.6	343.3	293.1	(7.7)	-2.2%	50.2	17.1%
All Other Operating	524.5	483.2	477.7	41.3	8.5%	5.5	1.2%
HEERF Student Emergency Grants	43.2	40.4	0.0	2.8	6.9%	40.4	--
Scholarships & fellowships, Net of Scholarship Allowance	60.8	60.0	54.4	0.8	1.3%	5.6	10.3%
Interest on Indebtedness	56.2	52.8	53.6	3.4	6.4%	(0.8)	-1.5%
Depreciation	148.0	148.9	148.9	(0.9)	-0.6%	0.0	0.0%
Total Expenses	\$2,167.3	\$2,148.8	\$1,943.8	\$18.5	0.9%	\$205.0	10.5%
Net Increase	\$4.5	\$12.7	(\$60.7)	(\$8.2)	-64.6%	\$73.4	-120.9%

Monthly Days Cash on Hand

Monthly days cash on hand is projected to be 159 days at June 30, 2022.



Monthly Days Cash on Hand
 Monthly Target Range: (75% - 125% Monthly's Budget) — 159



ANNUAL BUDGET

INCREMENTAL ALLOCATION OF GENERAL PURPOSE¹ FUNDS (\$ millions)

<u>FY21 Base Budget</u>	\$	<u>1,070.9</u>
Changes in Incremental Funding		
State General Fund Appropriations		9.3
Other Revenues		18.0
Revenues from Tuition and Fees FY21		<u>148.0</u>
Net Change in Resources		<u>175.3</u>
Allocation of Incremental Resources		
Student Financial Aid		57.5
Employee & Staff Performance Salary Adjustments & Retention		14.4
Strategic Planning Initiatives		41.9
College of Medicine MD programs		1.0
Veterinary Medicine Program		5.6
Workforce Development for the New Economy		4.6
Programs Supported by Fees		0.9
Operations of New Facilities		0.5
Debt Service		5.8
Departmental Budget Model Reinvestment		<u>43.1</u>
Net Change in College and Administrative Budget Allocations	\$	<u>175.3</u>
FY22 Base Budget	\$	<u>1,246.2</u>

Strategic Metric Addressed			
Student Educational Success & Learning	Educational	Discover New Knowledge	Impact Arizona
e.g. Fr retention, enrollment, grad rates, etc.	e.g. Bachelors degrees awarded, grad degrees, E&G, certifications and credentials	e.g. Research and development, li-censes & 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
x	x	x	x
	x		x
	x		x
	x	x	x
	x		x
x	x	x	x
x	x	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).



ANNUAL BUDGET

STATE EXPENDITURE AUTHORITY BY APPROPRIATION CAMPUS (\$ thousands)

	FY22 BUDGET			FY21 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
University Revenues					
Resident Tuition	\$ 249,491.1	\$ 21,394.2	\$ 270,885.3	\$ 244,857.9	\$ 26,027.4
Non Resident Tuition	389,128.7	9,167.3	398,296.0	303,759.1	94,536.9
Online Tuition Revenue	91,044.3	-	91,044.3	70,078.0	20,966.3
Program Fees	33,505.9	-	33,505.9	28,000.6	5,505.3
Miscellaneous Revenues ¹	(12,663.4)	30,137.5	17,474.1	16,539.1	935.0
Total University Revenues	\$ 750,506.6	\$ 60,699.0	\$ 811,205.6	\$ 663,234.7	\$ 147,970.9
University Revenues Retained for Local Uses					
Support for Local Operating Budgets	\$ 133,390.3	\$ -	\$ 133,390.3	\$ 111,139.0	\$ 22,251.3
Program Fees/Differential Tuition	28,815.1	-	28,815.1	24,080.5	4,734.6
Regents Financial Aid Set Aside	50,052.1	2,357.5	52,409.6	52,234.4	175.2
Other Financial Aid	200,731.2	1,978.2	202,709.4	145,402.0	57,307.4
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	\$ 445,917.6	\$ 4,335.7	\$ 450,253.3	\$ 365,784.8	\$ 84,468.5
Appropriated Tuition	\$ 304,589.0	\$ 56,363.3	\$ 360,952.3	\$ 297,449.9	\$ 63,502.4
Plus: State General Fund Appropriation	217,051.5	76,897.7	293,949.2	284,619.9	9,329.3
Total State Expenditure Authority	\$ 521,640.5	\$ 133,261.0	\$ 654,901.5	\$ 582,069.8	\$ 72,831.7

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



ANNUAL BUDGET

LOCAL COLLECTIONS

	FY22 BUDGET			FY21 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
LOCAL COLLECTIONS FROM TUITION AND FEES					
OPERATING FUNDS					
<i>DESIGNATED</i>					
Admissions Recruiting	\$ 3,555,500	-	\$ 3,555,500	\$ 3,794,000	\$ (238,500)
Advising Resource Center	479,200	-	479,200	237,000	242,200
Applied Biosciences Program	145,000	-	145,000	150,000	(5,000)
ASUA	161,600	-	161,600	199,500	(37,900)
ASUA-Cart Service	149,300	-	149,300	161,600	(12,300)
AZ Assurance Program	-	-	-	20,000	(20,000)
Bursar Billing Support	3,000,000	-	3,000,000	3,600,000	(600,000)
Campus Health and Wellness	196,300	-	196,300	-	196,300
Dean of Students	701,000	-	701,000	559,500	141,500
Digital Innovation/Stewardship	4,900	-	4,900	4,900	-
Distributed Education Program	10,744,700	-	10,744,700	9,809,700	935,000
Diversity & Inclusion	728,500	-	728,500	-	728,500
Early Alert Programs	-	-	-	5,000	(5,000)
Early Outreach	315,000	-	315,000	388,000	(73,000)
Enrollment Management	1,092,500	-	1,092,500	2,061,800	(969,300)
Enrollment Marketing	1,895,400	-	1,895,400	-	1,895,400
FM Student Recreation O&M	259,300	-	259,300	259,300	-
Graduate & Professional Student Council	240,300	-	240,300	240,300	-
Graduate College	1,211,900	-	1,211,900	856,900	355,000
Graduate Scholarships	3,559,200	-	3,559,200	3,698,400	(139,200)
Hispanic Serving Institution	417,900	-	417,900	-	417,900
Interpreting/Disabilities	-	-	-	139,700	(139,700)
Learning Disabilities Mandated Services	296,000	-	296,000	131,800	164,200
Library Acquisitions	461,200	-	461,200	461,200	-
Merchant Credit Card Banking Fees	468,200	-	468,200	468,200	-



ANNUAL BUDGET

LOCAL COLLECTIONS (Cont.)

	FY22 BUDGET			FY21 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
Military/ROTC Programs	219,000	-	219,000	255,800	(36,800)
Minority Student Recruitment	185,200	-	185,200	185,200	-
New Start Program	311,700	-	311,700	311,700	-
Office of the Registrar	1,543,900	-	1,543,900	1,103,200	440,700
Online Program Support	91,044,300	-	91,044,300	70,078,000	20,966,300
Student Activities	94,800	-	94,800	12,800	82,000
Student Affairs Systems Group	820,300	-	820,300	997,400	(177,100)
Student Child Care Voucher Program	283,100	-	283,100	283,100	-
Student Engagement	1,160,700	-	1,160,700	1,160,700	-
Student Financial Aid Office	1,816,000	-	1,816,000	2,073,300	(257,300)
Student Learning Services	-	-	-	1,595,300	(1,595,300)
Student Programs	116,700	-	116,700	165,700	(49,000)
Student Services	1,093,700	-	1,093,700	853,000	240,700
Student Services Support - Student Union O&M	1,143,100	-	1,143,100	1,143,100	-
Student Transitions/Retention	755,900	-	755,900	1,381,200	(625,300)
Student Travel Support	50,300	-	50,300	50,300	-
Summer Session Operations	-	-	-	385,000	(385,000)
Sustainability Projects	796,000	-	796,000	834,400	(38,400)
Think Tank	946,300	-	946,300	-	946,300
UA Commencement	559,700	-	559,700	656,300	(96,600)
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	\$ 133,390,300	\$ -	\$ 133,390,300	\$ 111,139,000	\$ 22,251,300



ANNUAL BUDGET

LOCAL COLLECTIONS (Cont.)

	FY22 BUDGET			FY21 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
<u>FINANCIAL AID</u>					
Main Campus Financial Aid - ABOR Policy	50,052,100	-	50,052,100	49,911,400	140,700
Student Aid Awards (formerly tuition waivers)	196,040,400	1,978,200	198,018,600	141,481,900	56,536,700
College of Medicine Financial Aid - ABOR Policy	-	1,293,300	1,293,300	1,278,800	14,500
College of Medicine-Phx Financial Aid - ABOR Policy	-	1,064,200	1,064,200	1,044,200	20,000
SUBTOTAL	\$ 246,092,500	\$ 4,335,700	\$ 250,428,200	\$ 193,716,300	\$ 56,711,900
<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	\$ 412,411,700	\$ 4,335,700	\$ 416,747,400	\$ 337,784,200	\$ 78,963,200
LOCAL COLLECTIONS FROM PROGRAM FEES					
College of Architecture & Landscape Architecture	751,300	-	751,300	627,900	123,400
College of Agriculture and Life Sciences	701,900	-	701,900	586,600	115,300
College of Engineering	3,039,800	-	3,039,800	2,540,300	499,500
College of Fine Arts	431,900	-	431,900	360,900	71,000
College of Medicine-Tucson	97,000	-	97,000	81,100	15,900
College of Nursing	2,642,700	-	2,642,700	2,208,500	434,200
College of Pharmacy	5,819,600	-	5,819,600	4,863,400	956,200
College of Public Health	450,800	-	450,800	376,800	74,000
College of Science	867,500	-	867,500	725,000	142,500



ANNUAL BUDGET

LOCAL COLLECTIONS (Cont.)

	FY22 BUDGET			FY21 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
College of Social and Behavioral Science	1,862,300	-	1,862,300	1,556,300	306,000
Eller College of Management	8,404,800	-	8,404,800	7,023,600	1,381,200
Honor's College	1,732,900	-	1,732,900	1,448,200	284,700
James E Rogers College of Law	2,012,600	-	2,012,600	1,681,900	330,700
SUBTOTAL	\$ 28,815,100	\$ -	\$ 28,815,100	\$ 24,080,500	\$ 4,734,600
<i>FINANCIAL AID</i>					
College of Architecture & Landscape Architecture Financial Aid	122,300	-	122,300	102,200	20,100
College of Agriculture and Life Sciences Financial Aid	114,300	-	114,300	95,500	18,800
College of Engineering Financial Aid	494,800	-	494,800	413,500	81,300
College of Fine Arts Financial Aid	70,300	-	70,300	58,800	11,500
College of Medicine-Tucson Financial Aid	15,800	-	15,800	13,200	2,600
College of Nursing Financial Aid	430,200	-	430,200	359,500	70,700
College of Pharmacy Financial Aid	947,400	-	947,400	791,700	155,700
College of Public Health Financial Aid	73,400	-	73,400	61,300	12,100
College of Science Financial Aid	141,200	-	141,200	118,000	23,200
College of Social and Behavioral Science Financial Aid	303,200	-	303,200	253,400	49,800
Eller College of Management Financial Aid	1,368,200	-	1,368,200	1,143,500	224,700
Honor's College Financial Aid	282,100	-	282,100	235,700	46,400
James E Rogers College of Law Financial Aid	327,600	-	327,600	273,800	53,800
SUBTOTAL	\$ 4,690,800	\$ -	\$ 4,690,800	\$ 3,920,100	\$ 770,700
TOTAL LOCAL RETENTION FROM PROGRAM FEES	\$ 33,505,900	\$ -	\$ 33,505,900	\$ 28,000,600	\$ 5,505,300
TOTAL LOCAL COLLECTIONS	\$ 445,917,600	\$ 4,335,700	\$ 450,253,300	\$ 365,784,800	\$ 84,468,500



ANNUAL BUDGET

FY 2022 LOCAL BUDGETS WITH DEFICITS OF \$100,000 OR MORE

UNIT	FY21 ENDING BALANCE	FY22 ESTIMATED REVENUES AND TRANSFERS IN	FY22 ESTIMATED EXPENDITURES TRANSFERS OUT	FY22 ENDING BALANCE
ICA	(45,836,500)	91,893,300	91,827,100	(45,770,300)
Student Union	363,100	28,041,200	30,568,000	(2,163,700)

DETAILED BACKGROUND AND DEFICIT RESOLUTION PLANS

COVID-19 pandemic resulted in declines in on-campus activity and sporting events. Multi-year plans in place to recover.



FY 2022 ANNUAL BUDGET

