



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, grad rates, etc. | e.g. Bachelors degrees awarded, grad degrees, E&G, certifications and cre- | e.g. Research and development, li-censes & options, inventions | e.g. Public ser-vice, 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).

FY 2021



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.

FY 2021



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 | - | |

FY 2021



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 |

FY 2021



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) |

FY 2021



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



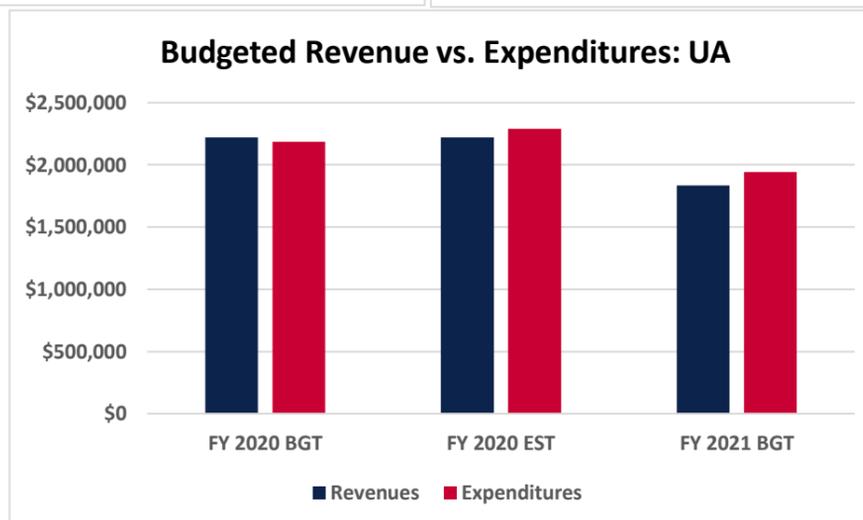
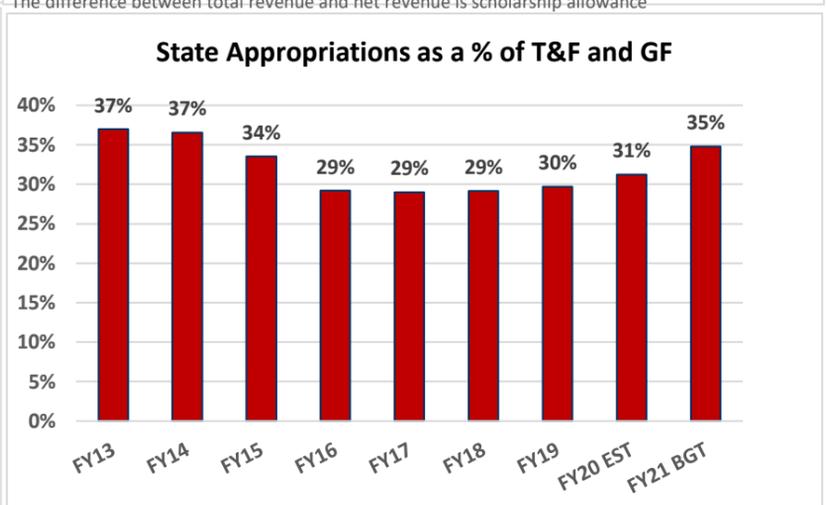
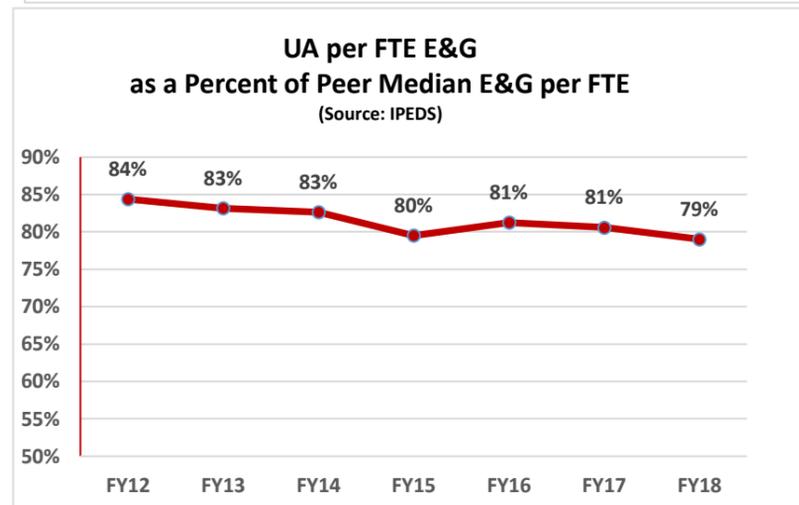
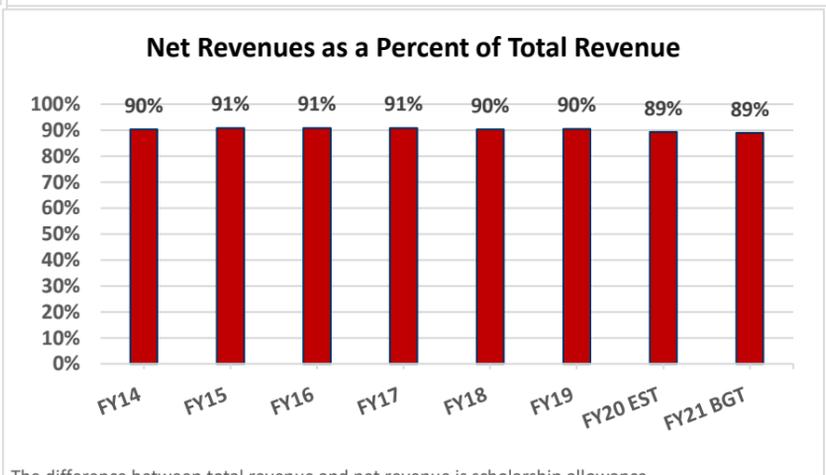
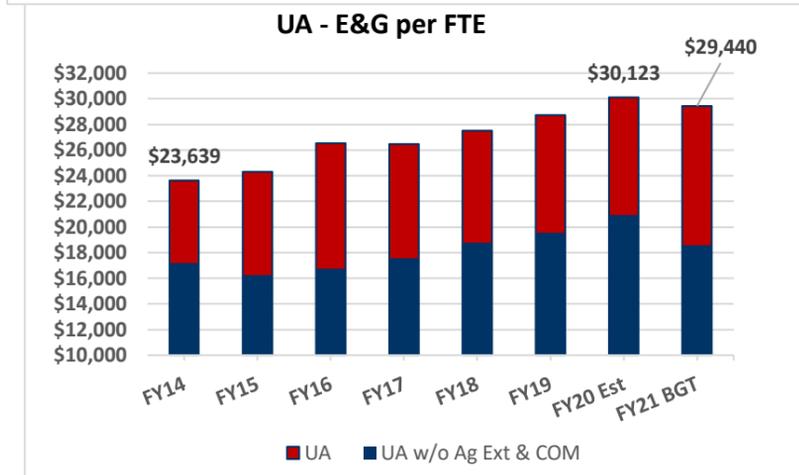
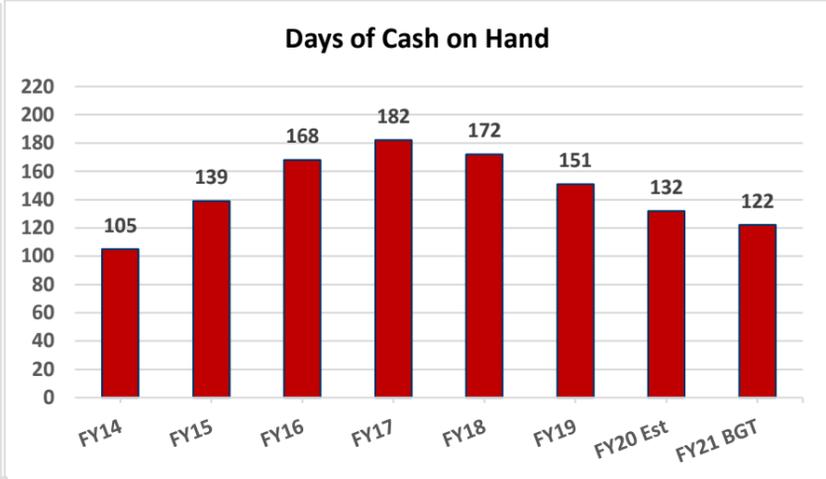
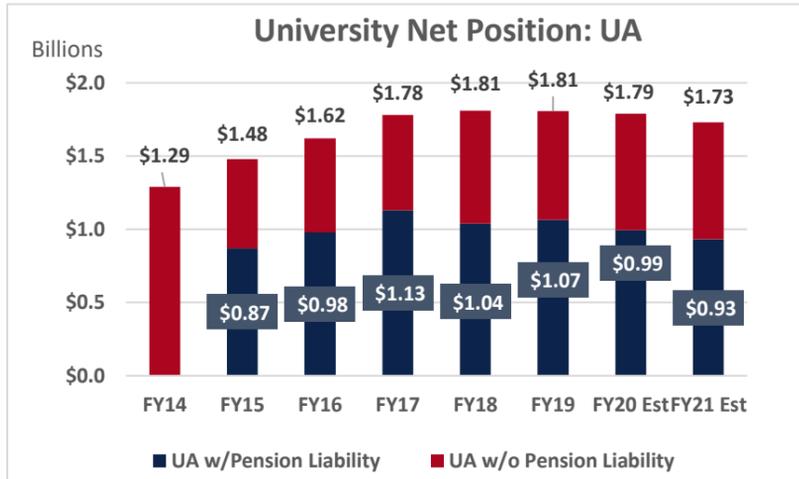
ANNUAL BUDGET

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.