



University of Arizona FY 2019 Annual Budget

Budget Overview:

The University of Arizona is pleased to submit its FY 2019 operating 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. It reflects initiatives that are aligned with the university's mission and materials presented in recent months to the Board of Regents during its Operational & Financial Review and tuition setting.

Since November 2017 the UA has been engaged in a new strategic planning process. This broad and inclusive process will result in the development of a comprehensive and measurable plan to be presented to the Regents at the next UA Operational and Financial Review in November 2018. The focus of the plan includes rankings, research, philanthropy, branding, Medicine and Agriculture, internal organizational designs, partnerships and various modalities for delivery of education and research, and the sustainability of operations.

Contained within the FY 2019 budget are the following assumptions (amounts below describe the change from FY 2018 Original budget to FY 2019 Original Budget):

- Fall 2018 Enrollments are projected to increase by approximately 905 FTE; of these, 59 are traditional enrollments and 846 are enrollments in fully online programs.
- Total net revenues are expected to increase by \$28.2 million, significant changes can be attributed to:
 - \$6.0 million decrease in grants and contracts from declines due mostly to Mission Support contracts.
 - \$6.7 million increase in net tuition and fee revenues from enrollment growth and tuition rate increase.
 - \$8.6 million net increase in state general fund appropriations; of which \$10.6 million is for new capital infrastructure funding, (\$1.0 million) net reduction in one-time funding, and (\$1.0 million) net reduction in one-time Health Insurance Trust Fund (HITF) adjustments.
 - \$13.5 million increase in Other Revenues due primarily to departmental sales and service, conferences, and investment income.
 - \$4.0 million increase in Auxiliary revenues primarily due expected increase in the number of home games within Intercollegiate Athletics (ICA) and for recovery of externally billed utility price increases.
- Expenditures reflect investments in major budget initiatives which were prioritized by student leaders, shared governance committees and University administration. These include:



- Address faculty and staff salaries through multi-year, performance-based salary programs.
 - Address the State minimum wage mandate.
 - Increase fund raising and development activities through investment in development officers and support staff.
 - Grow faculty and staff to meet the needs of increasing enrollments.
 - Increase funding to support student financial aid, recruitment, retention, and engagement.
 - Address facilities-related needs, including new facilities, deferred maintenance, and infrastructure.
 - Address IT security and infrastructure needs.
 - Provide new funding for Student Services mental health and financial aid staffing.
 - Continue to identify savings and opportunities to reallocate funding from prior investments to support new initiatives. Examples include: debt refinance savings, elimination of funding for non-recurring activities, and reallocation of savings from reorganization and personnel changes.
- The FY2019 budget is a balanced budget which is expected to add to net position while maintaining a fairly consistent level of operating cash. The estimated days cash on hand for the FY 2019 year-end is 184 days. The estimated increase to net position is \$36.4M (including the GASB adjustments for Other Post-Employment Benefits/OPEB & Pension liabilities).
 - The amount of total investment in institutional financial aid is projected to increase for FY 2019. The budget includes a total increase of \$15.8 million from Regent's Set-aside and other institutional aid. The percentage of institutional tuition discount is expected to increase slightly to address retention and enrollment projections.
 - FY 2019 is the fifth year of the guaranteed tuition program; therefore, nearly 98% of continuing undergraduates will not experience an increase in their tuition and mandatory fees for Fall 2018.

Allocation of Incremental General Purpose Funds/Strategic Investments:

- Financial Aid, \$15.8 million – funding for Regent's Set-aside for Need-based aid is increasing by \$0.9 million and other institutional aid is increasing by \$14.9 million.
- Faculty, Staff, and Graduate Assistant Salary Adjustments, \$5.6 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 resource. In addition, the UA will adjust wages to meet the new State Minimum Wage mandate.



- Strategic Planning Initiatives support of \$4.0 million. This funding will provide an initial investment into the implementation infrastructure, operating plan and key initiatives identified by the strategic planning process which is currently underway.
- Investment in new Online programs and support to increase and diversify university revenue streams and delivery modalities of \$2.8 million.
- Support for expansion of student services \$1.3 million. This funding will allow the UA to accelerate investments in the expansion of student mental health counseling capabilities and also provided increased staffing for Student Financial Aid services. The goal of these expansions is to eventually bring the UA to the industry benchmark 1:1,100 counselors to students and 1:1,800 financial aid staff to students.
- Development Support of \$4.0 million – funding will provide for growth in the number of development officers and support staff. Returns on investments made in development/fund raising activities can be significant and help relieve pressures on overburdened traditional revenue sources such as student tuition and state appropriations.
- Investment in information technology security and infrastructure needs of \$3.0 million.
- Special Line Items \$10.6 million: State Capital Infrastructure Investment increase of \$10.6 million.
- \$1.4 million increase in expenditures paid from student differential tuition and program fee revenues, including College of Medicine MD Programs.
- The UA will continue to seek operational efficiencies and make strategic internal reallocations of nearly \$19 million in order to support its strategic and critical needs.

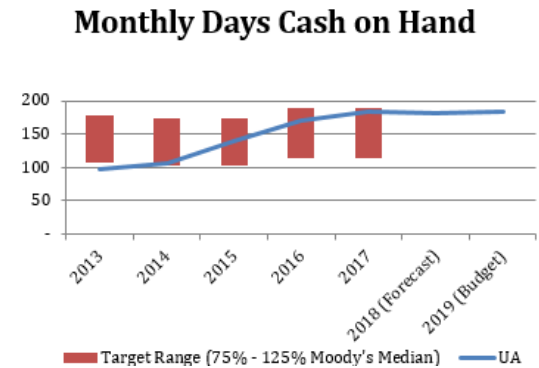


ANNUAL BUDGET

FY 2019 ANNUAL BUDGET (\$ millions)

	FY19 BUDGET	FY18 BUDGET	\$ VARIANCE BETWEEN FY18 AND FY19 BUDGET	
Revenues				
State General Fund Appropriation	\$ 263.3	\$ 254.7	\$ 8.6	3.4%
State Appropriation - Research Infrastructure	14.3	14.3	-	0.0%
Tuition and Fees	899.7	886.9	12.8	1.4%
<i>less Scholarship Allowance</i>	(229.4)	(223.3)	(6.1)	2.7%
Net Tuition and Fees	670.3	663.6	6.7	1.0%
Grants & Contracts -- Research	\$ 655.4	\$ 661.4	\$ (6.0)	-0.9%
Financial Aid Grants (Primarily Federal Pell Grants)	54.4	55.1	(0.7)	-1.3%
Private Gifts	82.2	80.5	1.7	2.1%
Technology & Research Initiative Fund (TRIF)	29.0	28.9	0.1	0.4%
Auxiliary Revenues, Net	219.9	215.6	4.3	2.0%
Other Revenues	147.0	133.5	13.5	10.1%
Total Revenues	\$ 2,135.8	\$ 2,107.6	\$ 28.2	1.3%
Expenses				
Salaries and Wages	\$ 972.5	\$ 944.1	\$ 28.4	3.0%
Benefits	326.4	321.3	5.1	1.6%
All Other Operating	518.8	517.0	1.8	0.3%
Scholarships & Fellowships, Net of Scholarship Allowance	70.2	60.5	9.7	16.0%
Depreciation	136.3	126.9	9.4	7.4%
OPEB/Pension Liability	7.8	43.0	(35.2)	-81.9%
Interest on Indebtedness	67.4	59.7	7.7	12.9%
Total Expenditures	\$ 2,099.4	\$ 2,072.5	\$ 26.9	1.3%
Net Increase	\$ 36.4	\$ 35.1	\$ 1.3	3.6%

MONTHLY DAYS CASH ON HAND
 Monthly days cash on hand is projected to be 184 days at June 30, 2019.





ANNUAL BUDGET

INCREMENTAL ALLOCATION OF GENERAL PURPOSE¹ FUNDS (\$ millions)

FY18 Base Budget

\$ 1,159.9

Changes in Incremental Funding

State General Fund Appropriations	8.6
Other Revenues	9.0
Revenues from Tuition and Fees FY19	12.1

Net Change in Resources

29.7

Allocation of Incremental Resources

Student Financial Aid	15.8
Employee & Staff Performance Salary Adjustments & Retention	5.6
Strategic Planning Initiatives	4.0
Online Programs Development & Support	2.8
Student Services - Mental Health Counselors & Financial Aid Staffing	1.3
Development Support Initiative	4.0
IT Infrastructure & Security	3.0
Programs Supported by Fees	0.5
College of Medicine MD programs	0.9
State Capital Infrastructure Investment	10.6
Strategic Reallocations	(18.8)

Net Change in College and Administrative Budget Allocations

\$ 29.7

FY19 Base Budget

\$ 1,189.6

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, 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
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)

	FY19 BUDGET			FY18 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
University Revenues					
Resident Tuition	\$ 259,088.1	\$ 21,320.4	\$ 280,408.5	\$ 275,396.4	\$ 5,012.1
Non Resident Tuition	405,688.6	7,060.4	412,749.0	423,007.5	(10,258.5)
Online Tuition Revenue	49,045.2	-	49,045.2	34,422.0	14,623.2
Program Fees	39,929.1	-	39,929.1	37,178.5	2,750.6
Miscellaneous Revenues ¹	(19,853.5)	29,682.9	9,829.4	9,829.4	-
Total University Revenues	\$ 733,897.5	\$ 58,063.7	\$ 791,961.2	\$ 779,833.8	\$ 12,127.4
University Revenues Retained for Local Uses					
Support for Local Operating Budgets	\$ 75,015.6	\$ -	\$ 75,015.6	\$ 57,243.9	\$ 17,771.7
Program Fees/Differential Tuition	30,343.1	-	30,343.1	30,628.9	(285.8)
Regents Financial Aid Set Aside	47,601.7	2,198.3	49,800.0	48,863.9	936.1
Other Financial Aid	162,906.5	2,241.6	165,148.1	150,324.5	14,823.6
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	\$ 348,795.8	\$ 4,439.9	\$ 353,235.7	\$ 319,990.1	\$ 33,245.6
Appropriated Tuition	\$ 385,101.7	\$ 53,623.8	\$ 438,725.5	\$ 459,843.7	\$ (21,118.2)
Plus: State General Fund Appropriation	208,901.1	68,667.2	277,568.3	269,038.6	8,529.7
Total State Expenditure Authority	\$ 594,002.8	\$ 122,291.0	\$ 716,293.8	\$ 728,882.3	\$ (12,588.5)

¹ Miscellaneous Revenues include Federal Agriculture Payments, 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.



ANNUAL BUDGET

LOCAL COLLECTIONS

	FY19 BUDGET			FY18 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
OPERATING FUNDS					
<i>DESIGNATED</i>					
Academic Initiatives & Student Success	\$ 23,000	\$ -	\$ 23,000	\$ 23,000	\$ -
Admissions Recruiting	3,664,700	-	3,664,700	3,639,700	25,000
ASUA	256,200	-	256,200	243,200	13,000
ASUA-Cart Service	12,300	-	12,300	12,300	-
AZ Assurance Program	20,000	-	20,000	20,000	-
Dean of Students	932,600	-	932,600	932,600	-
Digital Innovation/Stewardship	4,900	-	4,900	4,900	-
Distributed Education Program	4,948,500	-	4,948,500	1,800,000	3,148,500
Early Alert Programs	5,000	-	5,000	5,000	-
Early Outreach	394,200	-	394,200	418,200	(24,000)
Enrollment Management	1,330,100	-	1,330,100	1,512,200	(182,100)
FM Student Recreation O&M	259,300	-	259,300	259,300	-
Graduate & Professional Student Council	239,000	-	239,000	239,000	-
Graduate College	396,700	-	396,700	396,700	-
Graduate Scholarships	669,400	-	669,400	669,400	-
Interpreting/Disabilities	164,200	-	164,200	164,200	-
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	433,200	35,000
Military/ROTC Programs	194,800	-	194,800	196,600	(1,800)



ANNUAL BUDGET

LOCAL COLLECTIONS (Cont.)

	FY19 BUDGET			FY18 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
Minority Student Recruitment	185,200	-	185,200	185,200	-
Minority Summer Institute for Writing	13,500	-	13,500	13,500	-
Office of the Registrar	1,118,700	-	1,118,700	1,091,000	27,700
Online Program Support	49,045,200	-	49,045,200	34,422,000	14,623,200
Student Activities	12,800	-	12,800	9,000	3,800
Student Affairs Systems Group	1,229,500	-	1,229,500	1,237,800	(8,300)
Student Child Care Voucher Program	83,100	-	83,100	83,100	-
Student Engagement	64,800	-	64,800	44,600	20,200
Student Financial Aid Office	1,789,400	-	1,789,400	1,756,100	33,300
Student Learning Services	1,318,500	-	1,318,500	1,318,500	-
Student Programs	807,000	-	807,000	807,000	-
Student Services	1,702,700	-	1,702,700	1,687,400	15,300
Student Services Support - Student Union O&M	1,143,100	-	1,143,100	1,139,200	3,900
Student Transitions/Retention	524,000	-	524,000	485,000	39,000
Student Travel Support	50,300	-	50,300	50,300	-
Summer Session Operations	385,000	-	385,000	385,000	-
Sustainability Projects	600,000	-	600,000	600,000	-
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	\$ 75,015,600	\$ -	\$ 75,015,600	\$ 57,243,900	\$ 17,771,700



ANNUAL BUDGET

LOCAL COLLECTIONS (Cont.)

	FY19 BUDGET			FY18 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
<i>FINANCIAL AID</i>					
Main Campus Financial Aid - ABOR Policy	47,601,700	-	47,601,700	46,760,700	841,000
Student Aid Awards (formerly tuition waivers)	154,627,700	2,241,600	156,869,300	141,955,600	14,913,700
College of Medicine Financial Aid - ABOR Policy	-	1,264,200	1,264,200	1,208,200	56,000
College of Medicine-Phx Financial Aid - ABOR Policy	-	934,100	934,100	895,000	39,100
Merit Based Financial Aid	3,641,400	-	3,641,400	3,619,300	22,100
SUBTOTAL	\$ 205,870,800	\$ 4,439,900	\$ 210,310,700	\$ 194,438,800	\$ 15,871,900
 <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	\$ 313,815,300	\$ 4,439,900	\$ 318,255,200	\$ 284,611,600	\$ 33,643,600
 LOCAL COLLECTIONS FROM PROGRAM FEES					
College of Architecture & Landscape Architecture	703,500	-	703,500	656,800	46,700
College of Agriculture and Life Sciences	877,700	-	877,700	1,167,900	(290,200)
College of Engineering	3,053,000	-	3,053,000	3,040,100	12,900
College of Fine Arts	478,400	-	478,400	430,300	48,100
College of Medicine-Tucson	69,400	-	69,400	42,100	27,300
College of Nursing	1,917,500	-	1,917,500	2,829,600	(912,100)
College of Pharmacy	5,251,200	-	5,251,200	4,973,800	277,400
College of Public Health	869,700	-	869,700	780,200	89,500
College of Science	898,300	-	898,300	691,400	206,900



ANNUAL BUDGET

LOCAL COLLECTIONS (Cont.)

	FY19 BUDGET			FY18 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
College of Social and Behavioral Science	1,743,400	-	1,743,400	1,660,300	83,100
Eller College of Management	10,447,400	-	10,447,400	10,240,200	207,200
Honor's College	1,933,400	-	1,933,400	1,867,900	65,500
James E Rogers College of Law	2,100,100	-	2,100,100	2,248,300	(148,200)
SUBTOTAL	\$ 30,343,000	\$ -	\$ 30,343,000	\$ 30,628,900	\$ (285,900)
<i><u>FINANCIAL AID</u></i>					
College of Architecture & Landscape Architecture Financial Aid	114,600	-	114,600	106,900	7,700
College of Agriculture and Life Sciences Financial Aid	160,100	-	160,100	190,100	(30,000)
College of Engineering Financial Aid	497,000	-	497,000	494,900	2,100
College of Fine Arts Financial Aid	77,900	-	77,900	70,100	7,800
College of Medicine-Tucson Financial Aid	11,300	-	11,300	6,900	4,400
College of Nursing Financial Aid	312,100	-	312,100	460,600	(148,500)
College of Pharmacy Financial Aid	854,800	-	854,800	809,700	45,100
College of Public Health Financial Aid	141,600	-	141,600	127,000	14,600
College of Science Financial Aid	146,200	-	146,200	112,500	33,700
College of Social and Behavioral Science Financial Aid	283,800	-	283,800	270,300	13,500
Eller College of Management Financial Aid	1,381,500	-	1,381,500	1,430,500	(49,000)
Honor's College Financial Aid	314,700	-	314,700	304,100	10,600
James E Rogers College of Law Financial Aid	341,900	-	341,900	366,000	(24,100)
SUBTOTAL	\$ 4,637,500	\$ -	\$ 4,637,500	\$ 4,749,600	\$ (112,100)
TOTAL LOCAL RETENTION FROM PROGRAM FEES	\$ 34,980,500	\$ -	\$ 34,980,500	\$ 35,378,500	\$ (398,000)
TOTAL LOCAL COLLECTIONS	\$ 348,795,800	\$ 4,439,900	\$ 353,235,700	\$ 319,990,100	\$ 33,245,600

