

Arizona Board of Regents

	FY 2021 ACTUAL	FY 2022 ESTIMATE	FY 2023 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	25.9	25.9	30.9
Personal Services	1,608,700	1,438,400	1,438,400
Employee Related Expenditures	669,400	560,300	601,300
Professional and Outside Services	58,300	60,500	60,500
Other Operating Expenditures	129,100	360,700	394,900
Equipment	19,800	1,400	1,400
OPERATING SUBTOTAL	2,485,300	2,421,300	2,496,500
SPECIAL LINE ITEMS			
Adaptive Athletics	160,000	160,000	160,000 ^{1/}
Camp Verde Meat Processing Facility	0	0	9,700,000 ^{2/}
Enclosed Feed Facility	0	0	9,500,000 ^{3/}
Food Product and Safety Laboratory	0	0	10,900,000 ^{4/}
Arizona Promise Program	0	7,500,000	20,000,000
Spouses of Military Veterans Tuition Scholarships	0	0	10,000,000
Arizona Teachers Academy	14,485,200	15,000,000	15,000,000
Arizona Teachers Incentive Program	90,000	90,000	90,000
Arizona Teacher Student Loan Program	0	0	426,000
Arizona Transfer Articulation Support System	213,700	213,700	213,700
Leveraging Education Assistance Partnership Program	0	0	1,220,800 ^{5/}
Veterinary Loan Assistance Program	0	0	6,000,000
Washington D.C. Internships	300,000	300,000	300,000 ^{6/}
Western Interstate Commission Office	153,000	153,000	153,000
WICHE Student Subsidies	4,072,000	4,078,000	4,078,000
AGENCY TOTAL	21,959,200	29,916,000	90,238,000 ^{7/8/}
FUND SOURCES			
General Fund	21,959,200	29,916,000	90,238,000
SUBTOTAL - Appropriated Funds	21,959,200	29,916,000	90,238,000
Other Non-Appropriated Funds	10,219,100	44,542,600	44,542,600
Federal Funds	0	0	186,200
TOTAL - ALL SOURCES	32,178,300	74,458,600	134,966,800

AGENCY DESCRIPTION — Article 11 of the Arizona Constitution creates the Arizona Board of Regents (ABOR). ABOR governs the 3 state institutions comprising the Arizona University System: Arizona State University (ASU), Northern Arizona University (NAU), and the University of Arizona (UA). The board is legally, fiscally, and strategically responsible for the state universities.

FOOTNOTES

- ^{1/} The Arizona board of regents shall distribute monies appropriated for the adaptive athletics line item to each university under the jurisdiction of the board to maintain and operate an intercollegiate adaptive athletics program that provides opportunities for competitive wheelchair and adaptive sports to students and community members with disabilities. The monies may be spent only when the university collects matching monies of gifts, grants and donations for the intercollegiate adaptive athletics program from sources other than this state. Universities may spend the monies only on scholarships, equipment, uniforms, travel expenses and tournament fees for participants in the intercollegiate adaptive athletics program. The monies may not be used for administrative costs, personal services or employee related expenditures. (General Appropriation Act footnote)
- ^{2/} The Arizona board of regents shall distribute the monies appropriated in the Camp Verde meat processing facility line item to the university of Arizona for distribution to an entity for construction of a meat processing facility and truck handling facilities in Camp Verde. The entity receiving the monies shall provide an education component as part of its

operations. If the entity receiving the monies sells the meat processing facility, the proceeds from the sale shall be transferred to this state for deposit in the state general fund. These monies may not be used for administrative costs. (General Appropriation Act footnote)

- 3/ The Arizona board of regents shall distribute monies appropriated in the enclosed feeding facility line item to the university of Arizona to construct an enclosed feeding facility at the campus agricultural center. These monies may not be used for administrative costs. (General Appropriation Act footnote)
- 4/ The Arizona board of regents shall distribute monies appropriated in the food product and safety laboratory line item to the university of Arizona for capital improvements to the food product and safety laboratory at the campus agricultural center. These monies may not be used for administrative costs. (General Appropriation Act footnote)
- 5/ In order to be eligible to receive state matching monies under the leveraging educational assistance partnership program for grants to students, each participating institution, public or private, shall provide an amount of institutional matching monies that equals the amount of monies provided by this state to the institution for the leveraging educational assistance partnership program. Administrative expenses incurred by the Arizona board of regents shall be paid from institutional matching monies and may not exceed twelve percent of the monies in fiscal year 2022-2023. (General Appropriation Act footnote)
- 6/ The Arizona board of regents shall distribute monies appropriated for Washington, D.C. internships in equal amounts to each of the three universities under the jurisdiction of the board for the purpose of providing student internships in Washington, D.C. in partnership with a third-party organization. The third-party organization must meet the following requirements:
 1. Have partnerships with Washington, D.C.—based organizations to provide full-time, semester-long student internships.
 2. Have the ability to place as many students in internships as needed by the universities.
 3. Have experience placing students in internships for at least ten consecutive years.
 4. Have dedicated staff to ensure that student interns have access to internships in their areas of interest. (General Appropriation Act footnote)
- 7/ Within ten days after the acceptance of the universities' semiannual all funds budget reports, the Arizona board of regents shall submit a current year expenditure plan to the joint legislative budget committee for review. The expenditure plan shall include the use of all projected tuition and fee revenues by expenditure category, including operating expenses, plant fund, debt service and financial aid. The plan shall include the amount by which each expenditure category is projected to increase over the prior year and shall provide as much detail as the university budget requests. The plan shall include the total revenue and expenditure amounts from all tuition and student fee revenues, including base tuition, differential tuition, program fees, course fees, summer session fees and other miscellaneous and mandatory student fee revenues. (General Appropriation Act footnote)
- 8/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$2,496,500 and 30.9 FTE Positions from the General Fund in FY 2023 for the operating budget. FY 2023 adjustments are as follows:

Agency Transfer

The budget includes an increase of \$34,100 and 5 FTE Positions from the General Fund in FY 2023 for the transfer of agency responsibilities from the Commission for Postsecondary Education (CPSE) to the Arizona Board of Regents (ABOR).

Statewide Adjustments

The budget includes an increase of \$41,100 from the General Fund in FY 2023 for statewide adjustments. (Please see the *Agency Detail and Allocations section.*)

Laws 2021, Chapter 410 transfers the responsibilities of CPSE to ABOR effective January 1, 2022. The amount transferred to the ABOR operating budget reflects CPSE's FY 2022 appropriations for its operating budget, the Arizona College and Career Guide line item, Arizona Minority Educational Policy Analysis Center line item, and the Twelve Plus Partnership line item. (Please see the *Commission for Postsecondary Education section and ABOR – Other Issues section for additional information.*)

Adaptive Athletics

The budget includes \$160,000 from the General Fund in FY 2023 for Adaptive Athletics. This amount is unchanged from FY 2022.

ABOR is required to distribute monies in this line item to the 3 state universities for intercollegiate adaptive athletics programs for students with physical challenges.

These programs may only use this appropriation when matching monies are collected, and may only use monies for scholarships, equipment, uniforms, travel expenses, and tournament fees for program participants. ABOR distributed monies in this line item to the University of Arizona in FY 2021.

Camp Verde Meat Processing Facility

The budget includes \$9,700,000 from the General Fund in FY 2023 for a Camp Verde Meat Processing Facility. FY 2023 adjustments are as follows:

One-Time Funding

The budget includes an increase of \$9,700,000 from the General Fund in FY 2023 for a meat processing facility and truck handling facilities in Camp Verde. ABOR is required to distribute the monies to UA for distribution to an entity to construct and operate the facilities. The entity receiving the monies is required to provide an education component as part of its operations. The budget also stipulates that if the entity sells the facility, the proceeds from the sale shall be transferred to the state for deposit to the General Fund. The monies are appropriated one-time and may not be used for administrative costs.

Enclosed Feeding Facility

The budget includes \$9,500,000 from the General Fund in FY 2023 for an Enclosed Feeding Facility. FY 2023 adjustments are as follows:

One-Time Funding

The budget includes an increase of \$9,500,000 from the General Fund in FY 2023 for an Enclosed Feeding Facility. ABOR is required to distribute the monies to UA to construct the facility at the campus agricultural center. The monies are appropriated one-time and may not be used for administrative costs.

Food Product and Safety Laboratory

The budget includes \$10,900,000 from the General Fund in FY 2023 for a Food Product and Safety Laboratory. FY 2023 adjustments are as follows:

One-Time Funding

The budget includes an increase of \$10,900,000 from the General Fund in FY 2023 for the Food Product and Safety Lab located on the UA campus agricultural center. ABOR is required to distribute the monies to UA for capital improvements. The monies are appropriated one-time and may not be used for administrative costs.

Arizona Promise Program

The budget includes \$20,000,000 from the General Fund in FY 2023 for the Arizona Promise Program. FY 2023 adjustments are as follows:

Program Increase

The budget includes an increase of \$12,500,000 from the General Fund in FY 2023 to increase funding for the Arizona Promise Program.

The Arizona Promise Program provides financial assistance to full-time university students who qualify for in-state tuition, graduated from an Arizona high school with a minimum 2.5 cumulative grade point average, and meet the eligibility requirements for federal Pell Grants. Monies for the program are deposited to the Arizona Promise Program Fund and up to 3% of the monies can be used to pay for marketing and administration expenses.

The FY 2022 appropriation of \$7,500,000 funded approximately 1,677 students, for an average award of \$4,471 per student. The FY 2023 appropriation of \$20,000,000 is expected to fund an additional 2,796 students, or 4,473 total students. The universities are required to guarantee the award for any additional students who meet the program's eligibility requirements.

Spouses of Military Veterans Tuition Scholarships

The budget includes \$10,000,000 from the General Fund in FY 2023 for Spouses of Military Veterans Tuition Scholarships. FY 2023 adjustments are as follows:

New Program

The budget includes an increase of \$10,000,000 from the General Fund in FY 2023 for deposit in the newly-created Spouses of Military Veterans Tuition Scholarship Fund. The FY 2023 Higher Education BRB requires ABOR to distribute monies in the fund to university and community college students who are spouses of an honorably discharged veteran, qualify for in-state tuition, and currently an Arizona resident. The scholarships are provided as last dollar aid on a first-come, first-served basis for up to 4 years.

Arizona Teachers Academy

The budget includes \$15,000,000 from the General Fund in FY 2023 for the Arizona Teachers Academy. This amount is unchanged from FY 2022.

The Arizona Teachers Academy provides tuition and fee awards to university students enrolled in education and

non-education majors, community college students enrolled in post-baccalaureate teacher certification programs, and teachers seeking national board certification. For every year of receipt, students agree to teach 1 year in an Arizona public school.

The academy also receives monies from the Student Support Safety Fund established by Proposition 208. After monies in the fund are used by state agencies for administrative costs of the initiative, ABOR receives a distribution of 3% from the fund.

Monies for the academy are deposited to the Arizona Teachers Academy Fund and up to 3% of the monies may be used for marketing and administration expenses. ABOR provides centralized administrative processes for the academy, including distributing appropriated monies to eligible postsecondary institutions.

Proposition 208 allows awards up to the actual cost of tuition and fees after all other aid is received for both resident and non-resident students.

ABOR is required to submit a report to JLBC by March 1 of each year, which includes current academy enrollment and estimated monies committed from the appropriation. In FY 2021, 3,051 students were enrolled in the academy, of which 1,934 are undergraduate students, 545 are graduate students, 407 are community college post-baccalaureate students, 165 are teachers seeking a national board certification.

Arizona Teachers Incentive Program

The budget includes \$90,000 from the General Fund in FY 2023 for the Arizona Teachers Incentive Program (ATIP). This amount is unchanged from FY 2022.

Laws 1990, Chapter 340 mandates that ABOR establish and administer a loan program for students of deaf and blind education at the UA College of Education. Students may earn forgiveness for their loans by teaching in an Arizona deaf and blind program for a time equal to their period of loan support.

Arizona Teacher Student Loan Program

The budget includes \$426,000 from the General Fund in FY 2023 for the Arizona Teacher Student Loan Program (ATSLP). FY 2023 adjustments are as follows:

Agency Transfer

The budget includes an increase of \$426,000 from the General Fund in FY 2023 for the transfer of agency responsibilities from CPSE to ABOR. *(Please see the*

Commission for Postsecondary Education section and ABOR – Other Issues section for additional information.)

ATSLP offers forgivable loans to resident students pursuing a teaching degree at a private postsecondary institution and who agree to teach math, science, or special education at an Arizona public school upon graduation. Students in the program are required to teach for 1 year for each year that they receive the loan, plus 1 additional year. Teachers must practice in rural, low-income, or tribal schools.

Arizona Transfer Articulation Support System

The budget includes \$213,700 from the General Fund in FY 2023 for the Arizona Transfer Articulation Support System (ATASS). This amount is unchanged from FY 2022.

A.R.S. § 15-1824 establishes ATASS as a joint initiative, among the public community colleges and universities, to facilitate efficient transfer of course curricula and credits. The tribal colleges and community college districts overall contribute \$277,200 to the system each year. The 3 state universities also contribute a combined \$277,200 to the system each year.

Leveraging Education Assistance Partnership Program

The budget includes an increase of \$1,220,800 from the General Fund in FY 2023 for the Leveraging Education Assistance Partnership (LEAP) Program. FY 2023 adjustments are as follows:

Agency Transfer

The budget includes an increase of \$1,220,800 from the General Fund in FY 2023 for the transfer of agency responsibilities from CPSE to ABOR. *(Please see the Commission for Postsecondary Education section and ABOR – Other Issues section for additional information.)*

LEAP is a state and institutional partnership that provides financial assistance to students demonstrating substantial financial need. To be eligible, students must attend, on at least a half-time basis, an approved program at a properly accredited Arizona postsecondary educational institution (including public universities, public community colleges, private collegiate institutions, and proprietary schools).

Veterinary Loan Assistance Program

The budget includes \$6,000,000 from the General Fund in FY 2023 for the Veterinary Loan Assistance Program. FY 2023 adjustments are as follows:

One-Time Funding

The budget includes \$6,000,000 from the General Fund in FY 2023 for a one-time deposit to the newly-created Arizona Veterinary Loan Assistance Program Fund. The Higher Education BRB requires ABOR to distribute monies in the fund to applicants who graduated with a veterinary medicine degree after January 1, 2023 for loan repayment assistance. To qualify for an award, recipients agree to work as a full-time veterinarian in Arizona for at least 4 years. For at least 2 of the 4 years, recipients must work in an agricultural practice in an area designated by the U.S. Department of Agriculture as having a shortage or in a nonprofit, county or municipal shelter. Once the service commitment is complete, ABOR distributes an amount equal to the veterinarian's outstanding loan balance or \$100,000, whichever is less. Monies are distributed on a first-come, first-served basis.

Washington, D.C. Internships

The budget includes \$300,000 from the General Fund in FY 2023 for Washington, D.C. Internships. This amount is unchanged from FY 2022.

ABOR distributes monies in this line item in equal amounts to each of the 3 state universities to provide internships in partnership with a third-party organization. These monies fund approximately 40 student internships each year.

Western Interstate Commission Office

The budget includes \$153,000 from the General Fund in FY 2023 for the Western Interstate Commission Office. This amount is unchanged from FY 2022.

Monies in this line item pay the state's share of administrative expenditures for the Western Interstate Commission on Higher Education (WICHE), in accordance with A.R.S. § 15-1742. The WICHE central office sets the administrative fee.

WICHE Student Subsidies

The budget includes \$4,078,000 from the General Fund in FY 2023 for WICHE student subsidies. This amount is unchanged from FY 2022.

Monies in this line item provide subsidies to Arizona students participating in the WICHE Professional Student Exchange Program (PSEP). Since the Arizona University System does not currently offer programs in dentistry, optometry, osteopathy, or podiatry, PSEP allows

interested students to enroll in these programs at private in-state institutions or other public western universities.

Participating students receive admissions preference and subsidized tuition. A.R.S. § 15-1745 requires graduates to practice 1 year in Arizona, or 6 months in an under-served Arizona community, for each year of WICHE support. Participants who fail to meet their service requirements must repay 100% of their subsidies, plus interest. The WICHE central office determines subsidy amounts for each program through negotiations with participating institutions. As rough guidance, WICHE subsidies are intended to cover the difference between resident and non-resident tuition at a public university or approximately half the private university tuition rate.

Other Issues

This section includes information on the following topics:

- Statutory Changes
- Long-Term Budget Impacts
- Commission for Postsecondary Education Transfer
- Arizona Financial Aid Trust
- 2003 Research Infrastructure Refinancing
- 2017 University Capital Infrastructure Funding
- Tuition Distribution
- American Rescue Plan Act - Maintenance of Effort
- American Rescue Plan Act Allocation
- Auditor General Report
- University System Summary Tables

Statutory Changes

The FY 2023 Higher Education BRB makes the following statutory changes:

- As session law, continues to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees deposited into the Arizona Financial Aid Trust (AFAT).
- As permanent law, establish the Spouses for Military Veterans Tuition Scholarship Fund administered by the Arizona Board of Regents to provide scholarships to resident students who are spouses of honorably discharged veterans on a first-come first-serve basis for up to 4 academic years/8 semesters.
- As permanent law, establishes the non-appropriated Veterinary Loan Assistance Program Fund for costs associated with a Veterinary Loan Assistance Program. Allows up to 3% of monies in the fund to be used for administrative expenses.
- As session law, re-directs ADOA to convey the Mining, Mineral and Natural Resources Museum to the

University of Arizona. As directed by Laws 2017, Chapter 221, ADOA previously conveyed the museum to UA. However, the deed stipulated that the museum revert back to ADOA if the museum did not open to the public by June 15, 2022. The museum did not open to the public by this date. Following the conveyance and reversion of the museum, the FY 2023 Higher Education BRB re-directs ADOA to convey the museum to UA.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, universitywide General Fund costs are projected to decrease by \$(121,960,900) in FY 2024 below FY 2023, and increase by \$156,100 in FY 2025 above FY 2024. These estimates are based on:

- A \$(6,000,000) decrease in FY 2024 to remove one-time funding for the Arizona Veterinary Loan Assistance Program.
- A \$(9,700,000) decrease in FY 2024 to remove one-time funding for a Camp Verde Meat Processing Facility.
- A \$(9,500,000) decrease in FY 2024 to remove one-time funding for an Enclosed Feeding Facility.
- A \$(10,900,000) decrease in FY 2024 to remove one-time funding for a Food Product and Safety Lab.
- A \$(80,000,000) decrease in FY 2024 to remove one-time operating and capital funding for ASU and NAU.
- A \$(3,000,000) decrease in FY 2024 to remove one-time funding for wind tunnel upgrades.
- A \$(450,000) decrease in FY 2024 to remove one-time funding for the endangered species study.
- A \$(2,500,000) decrease in FY 2024 to remove one-time funding for the Veterinary Diagnostic Lab.
- A \$(500,000) decrease in FY 2024 to remove one-time funding for the UA Agriculture Workforce Development Program.
- Increases of \$10,300 in FY 2024 and decreases of \$(434,300) in FY 2025 to adjust for university debt service costs. *(Please see the 2003 Research Infrastructure Refinancing narrative for more information.)*
- Increases of \$578,800 and \$590,400 in FY 2024 and FY 2025, respectively, to increase the universities' annual Capital Infrastructure Funding appropriation. *(Please see the 2017 University Infrastructure Funding section for more information.)*

Commission for Postsecondary Education Transfer

Laws 2021, Chapter 410 repeals CPSE and transfers its responsibilities to ABOR beginning January 1, 2022. While

the FY 2022 General Appropriation Act appropriated monies to CPSE separately, Chapter 410 transfers all duties and unexpended monies to ABOR on the effective date. To simplify the budget display, the FY 2022 column of this budget does not reflect the transfer. *(Please see the Commission for Postsecondary Education section for more information.)*

Arizona Financial Aid Trust

Pursuant to A.R.S. § 15-1642, General Fund monies match financial aid tuition surcharges collected from university students for the Arizona Financial Aid Trust (AFAT). The AFAT fee is 1% of the full-time resident undergraduate base tuition rate, or \$84-\$112 in FY 2023 on the main campuses, depending on the university. All students pay roughly the same fee, except part-time students, who pay half the regular fee.

The FY 2023 Higher Education BRB continues to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees in FY 2023. The budget also maintains each university's FY 2023 allocation of General Fund AFAT appropriations at their FY 2022 level, which appears in the individual university budgets.

Based on student fees contributed to AFAT in FY 2021, the state's match would be \$45,316,000, or an increase of \$35,274,800 over the \$10,041,200 appropriation in FY 2023.

Each university retains 25% of its annual AFAT student fees and state contributions in an AFAT endowment account. The remaining 75% of the student fees and state contributions, as well as 75% of the endowment's annual interest earnings, are used to provide immediate assistance for needy in-state students.

In addition to student fee revenue, pursuant to A.R.S. § 15-1670, universities deposit 20% of cumulative net income from the sale or transfer of intellectual property exceeding \$1,000,000 to AFAT.

In FY 2021, AFAT disbursed \$28,285,400. *(Please see Table 3 for additional information on financial aid.)*

2003 Research Infrastructure Refinancing

Laws 2003, Chapter 267, which established A.R.S. § 15-1670, appropriated for FY 2008 to FY 2031 monies to the universities each year for lease-purchase capital financing of research infrastructure projects such as installations and facilities for the continuance and growth of scientific and technological research activities. In total, the

Table 1**University Research Infrastructure Appropriations ^{1/}**

Fiscal Year	ASU	NAU	UA	Total
2023	13,462,100	5,301,500	14,252,500	33,016,100
2024	13,468,200	5,302,900	14,255,300	33,026,400
2025	13,459,300	4,885,500	14,247,300	32,592,100
2026	13,453,900	4,884,500	14,248,400	32,586,800
2027	13,450,100	4,884,300	14,251,300	32,585,700
2028	13,436,200	4,894,000	14,254,100	32,584,300
2029	13,430,800	4,888,400	14,251,500	32,570,700
2030	13,423,500	4,892,000	14,252,500	32,568,000
2031	13,428,800	4,889,300	14,255,800	32,573,900

^{1/} Research infrastructure General Fund appropriations as specified in A.R.S. § 15-1670, as amended by the FY 2017 Higher Education BRB.

universities have issued \$482,500,000 in COPs for research infrastructure projects.

Due to subsequent refinancing, the FY 2017 Higher Education BRB amended A.R.S. § 15-1670 to revise the FY 2018 to FY 2031 research infrastructure appropriations to correspond to the universities' current debt service schedules. The appropriations are displayed in each individual university section. *(Please see Table 1 for more information.)*

2017 University Capital Infrastructure Funding

Laws 2017, Chapter 328 established A.R.S. § 15-1671, which provides General Fund appropriations from FY 2019 - FY 2043 for new university research facilities, building renewal, or other capital construction projects. The law appropriated \$27,000,000 to the universities in FY 2019 and increases the appropriation each year thereafter by the lesser of 2.0% or inflation. The appropriations are displayed in each individual university section.

The allocation of the original FY 2019 \$27,000,000 statutory amount was based on each university's share of the systemwide transaction privilege tax (TPT) collections in FY 2016.

Tuition Distribution

A.R.S. § 15-1626 allows the universities to retain a portion of tuition collections for expenditures, as approved by ABOR. These "locally" retained tuition monies are considered non-appropriated and are deposited into accounts labeled as "Designated" funds. Any remaining tuition revenues are deposited to university "Collections" funds as part of the appropriated budget. While Financial Aid and Debt Service are primarily non-appropriated,

general operating expenses are paid from both appropriated and non-appropriated tuition accounts. ABOR's June 2021 tuition revenue report projected FY 2022 gross tuition and fees to be \$3.58 billion systemwide.

The reported gross tuition revenues reflect the amounts the universities would receive if all students paid full published tuition and fee rates. The actual amounts paid by students after accounting for tuition waivers and other gift aid awarded by the universities would constitute net tuition. In July 2021, the universities projected \$981.2 million in tuition waivers and awards in FY 2022, for a total net tuition of \$2.59 billion. Please see the July 15, 2021 Joint Legislative Budget Committee agenda for additional information on university tuition revenue projections.

American Rescue Plan Act – Maintenance of Effort

The American Rescue Plan (ARP) Act distributed \$341,098,371 from the Higher Education Emergency Relief Fund to the state's public universities and requires that 50% of the monies received be distributed to students as emergency financial aid grants. ARP also sets FY 2023 maintenance of effort (MOE) requirements for the state's receipt of Federal Funds from the Elementary and Secondary School Emergency Relief Fund (ESSER). Specifically, ARP requires states to maintain a proportional level of higher education support relative to the state's average overall spending for FY 2017, FY 2018, and FY 2019. If the MOE requirement is not met, the U.S. Department of Education states that it may recover the distributed funds or withhold additional distributions. The Executive is ultimately responsible for submitting the calculation to the federal government.

American Rescue Plan Act Allocation

Laws 2022, Chapter 332 establishes the On-Farm Irrigation Efficiency Fund in the UA Cooperative Extension to provide grants for systems intended to reduce on-farm use of groundwater, surface water, mainstream Colorado River water, or water delivered through the Central Arizona Project. The 3-year budget plan includes a \$30,000,000 deposit to the fund in FY 2023 from monies received by the state through the American Rescue Plan Act. These monies were not appropriated in the FY 2023 General Appropriation Act, as the Executive is responsible for distributing these funds.

Auditor General Report

In June 2021, the Auditor General published an ABOR performance audit that included recommendations to improve oversight of agreements between the universities and university-affiliated organizations such as their foundations.

Based on findings that the universities lacked current agreements with affiliated organizations and did not consistently document transactions, the audit recommended ABOR revise its policies to require written agreements and documented exchanges between the universities and affiliated organizations, and that the board implement a process for ensuring the universities comply with transparency requirements.

In addition, the audit recommended that ABOR revise its policies to set expectations for information the universities should receive from affiliated organizations and implement a process to regularly obtain information from the universities on the activities of affiliated organizations and associated risks and liabilities.

University System Summary Tables

The University Summary Tables address the following:

- Total Spending Authority
- Financial Aid
- Enrollment

Total Spending Authority

In total, the universities' total projected spending authority in FY 2023 is \$8.0 billion, including \$1.1 billion from the General Fund and \$3.58 billion of tuition/fee collections. *Table 2* summarizes the FY 2023 expenditure authority amounts for the Arizona University System.

Financial Aid

The Arizona University System distributed \$3.1 billion in financial aid in FY 2021. Of the total financial aid distributions, the federal government financed \$1.2 billion and university institutional sources provided \$1.3 billion. The latter includes \$1.0 billion of foregone tuition collections in the form of waivers and awards. (*Please see Table 3 for details.*)

Enrollment

Between fall 2020 and fall 2021, university enrollment increased from 192,079 FTE to 197,120, or 2.6%, as displayed in *Table 4*. ASU and UA enrollment increased 3.9% and 3.1%, respectively. This growth was largely due to increased enrollment in online programs. NAU enrollment decreased (3.5)%, which included declines across nearly all geographic sites.

	Appropriated Funds		Non-Appropriated Funds		Total ^{2/}
	General Fund	Collections Fund ^{1/}	Federal Funds	Other Funds ^{1/}	
ABOR	\$ 90,238,000	\$ 0	\$ 186,200	\$ 44,542,600	\$ 134,966,800
ASU	465,044,700	597,483,500	534,638,800	2,543,695,900	4,140,862,900
NAU	164,151,500	134,964,500	136,247,600	353,401,000	788,764,600
UA-Main	299,423,000	304,407,700	225,133,800	1,431,692,100	2,260,656,600
UA-Health Sciences	<u>76,897,700</u>	<u>56,863,400</u>	<u>191,643,000</u>	<u>373,452,800</u>	<u>698,356,800</u>
Total	\$1,095,754,900	\$1,093,219,000	\$1,087,849,400	\$4,746,784,400	\$8,023,607,700

^{1/} Expenditures of non-appropriated funds include transfers of funds to non-operating accounts for capital and debt service expenses. The total expenditures of gross non-appropriated tuition are estimated to be \$2,486,230,900 based on FY 2022 amounts. This amount excludes FY 2023 enrollment growth and tuition rate changes.

^{2/} Total universitywide funding includes gross tuition revenues.

Table 3

FY 2021 Financial Aid Distribution by Source
 (\$ in Thousands) ^{1/}

	Federal	State ^{2/}	Institutional ^{3/}	Private/Other ^{4/}	Total
Grants	\$369,431.2	15,060.0	\$1,037,767.1	\$265,287.3	\$1,687,545.6
Loans	856,085.9	166.9	0.0	339,589.4	1,195,842.2
Employment	<u>13,940.2</u>	<u>0.0</u>	<u>210,311.2</u>	<u>0.0</u>	<u>224,251.4</u>
Total	\$1,239,457.3	\$15,226.9	\$1,248,078.3	\$604,876.7	\$3,107,639.2

^{1/} Information from ABOR FY 2021 Financial Aid Report.

^{2/} State sources of aid include revenues from the Commission for Postsecondary Education.

^{3/} Institutional sources of aid include revenues from: Local Retention, the Collegiate License Plate Fund, Foundation funds, and Financial Aid Carry Forward from previous years.

^{4/} Private/Other sources of aid include AFAT, which is a combination of both state and institutional sources of aid.

Table 4

Arizona University System 45th Day Enrollment ^{1/}

	Fall 2020	Fall 2021	Fall 2020 to Fall 2021
ASU-Tempe	55,804	57,835	3.6%
ASU-DPC	12,414	12,765	2.8%
ASU-East	5,227	5,497	5.2%
ASU-West	5,716	5,477	(4.2)%
ASU-Online ^{2/}	37,796	39,929	5.6%
ASU-Other	<u>535</u>	<u>575</u>	<u>7.5%</u>
<i>Subtotal</i>	<i>117,492</i>	<i>122,078</i>	<i>3.9%</i>
NAU-Flagstaff	21,610	21,028	(2.7)%
NAU-Online ^{2/}	3,213	2,973	(7.5)%
NAU-Other	<u>3,162</u>	<u>2,995</u>	<u>(5.3)%</u>
<i>Subtotal</i>	<i>27,985</i>	<i>26,996</i>	<i>(3.5)%</i>
UA-Tucson	40,034	40,579	1.4%
UA-PHX Biomedical	1,239	1,418	14.4%
UA-Online ^{2/}	4,176	4,847	16.1%
UA-Other	<u>1,153</u>	<u>1,202</u>	<u>4.2%</u>
<i>Subtotal</i>	<i>46,602</i>	<i>48,046</i>	<i>3.1%</i>
Total	192,079	197,120	2.6%

^{1/} FTE counts as reported by ABOR and the universities include both graduate and undergraduate students.

^{2/} Online enrollment represents students enrolled in online-only programs.