

## University of Arizona - Main Campus

|  | FY 2021<br>ACTUAL    | FY 2022<br>ESTIMATE        | FY 2023<br>APPROVED                  |
|--|----------------------|----------------------------|--------------------------------------|
| <b>OPERATING BUDGET</b>                                  |                      |                            |                                      |
| <i>Full Time Equivalent Positions</i>                    | 5,767.2              | 5,975.5                    | 5,975.5 <sup>1/</sup>                |
| Personal Services  | 307,463,100          | 303,304,400                | 303,304,400                          |
| Employee Related Expenditures                            | 102,783,100          | 101,288,000                | 122,525,400                          |
| Professional and Outside Services                        | 9,671,600            | 10,089,800                 | 10,089,800                           |
| Travel - In State  | 11,200               | 39,900                     | 39,900                               |
| Travel - Out of State                                    | 39,500               | 438,000                    | 438,000                              |
| Other Operating Expenditures                             | 61,056,800           | 43,331,900                 | 47,932,000                           |
| Equipment  | 2,762,900            | 7,000                      | 7,000                                |
| <b>OPERATING SUBTOTAL</b>                                | <b>483,788,200</b>   | <b>458,499,000</b>         | <b>484,336,500 <sup>2/</sup></b>     |
| <b>SPECIAL LINE ITEMS</b>                                |                      |                            |                                      |
| 2003 Research Infrastructure Lease-Purchase Payment      | 14,251,500           | 14,248,900                 | 14,252,500 <sup>3/</sup>             |
| 2017 Capital Infrastructure Funding                      | 10,953,200           | 11,087,900                 | 11,309,700 <sup>4/</sup>             |
| Agriculture  | 41,325,300           | 37,317,700                 | 41,281,700                           |
| Arizona Cooperative Extension                            | 14,676,400           | 15,077,000                 | 17,119,900                           |
| Arizona Financial Aid Trust                              | 2,729,400            | 2,729,400                  | 2,729,400                            |
| Arizona Geological Survey                                | 948,500              | 1,148,500                  | 1,148,500 <sup>5/</sup>              |
| Center for the Philosophy of Freedom                     | 2,556,800            | 3,763,700                  | 4,840,000 <sup>6/</sup>              |
| College of Veterinary Medicine                           | 0                    | 0                          | 8,000,000 <sup>7/</sup>              |
| Kazakhstan Studies Program                               | 0                    | 250,000                    | 250,000 <sup>8/</sup>                |
| Mining, Mineral and Natural Resources Educational Museum | 428,800              | 428,800                    | 438,700                              |
| Natural Resource Users Law and Policy Center             | 0                    | 500,000                    | 2,009,500 <sup>9/</sup>              |
| School of Mining   | 0                    | 4,000,000                  | 4,476,000                            |
| Sierra Vista Campus                                      | 4,361,500            | 6,277,200                  | 6,638,300                            |
| Veterinary Diagnostic Laboratory                         | 0                    | 0                          | 5,000,000 <sup>10/</sup>             |
| <b>AGENCY TOTAL</b>                                      | <b>576,019,600</b>   | <b>555,328,100</b>         | <b>603,830,700 <sup>11/12/</sup></b> |
| <b>FUND SOURCES</b>                                      |                      |                            |                                      |
| General Fund   | 207,722,200          | 250,739,100                | 299,423,000 <sup>13/14/15/</sup>     |
| <u>Other Appropriated Funds</u>                          |                      |                            |                                      |
| University Collections Fund                              | 368,297,400          | 304,589,000                | 304,407,700 <sup>16/</sup>           |
| SUBTOTAL - Other Appropriated Funds                      | 368,297,400          | 304,589,000 <sup>17/</sup> | 304,407,700                          |
| <b>SUBTOTAL - Appropriated Funds</b>                     | <b>576,019,600</b>   | <b>555,328,100</b>         | <b>603,830,700</b>                   |
| Other Non-Appropriated Funds                             | 1,202,283,400        | 1,431,692,100              | 1,431,692,100                        |
| Federal Funds  | 219,410,400          | 225,133,800                | 225,133,800                          |
| <b>TOTAL - ALL SOURCES</b>                               | <b>1,997,713,400</b> | <b>2,212,154,000</b>       | <b>2,260,656,600</b>                 |

**AGENCY DESCRIPTION** — Established in 1885, The University of Arizona (UA) is one of 3 public universities governed by the Arizona Board of Regents (ABOR). Upon its establishment, UA received the federal land grant for Arizona, allowing the creation of agricultural and mining programs that continue today.

### FOOTNOTES

- <sup>1/</sup> Includes 1,297.8 GF and 302.9 OF FTE Positions funded from Special Line Items in FY 2023.
- <sup>2/</sup> Of the amount appropriated to the university of Arizona operating budget, \$14,700,000 is onetime funding. On or before September 1, 2022, the university of Arizona shall provide a detailed expenditure plan to the joint legislative budget committee that includes a description of the intended purposes and the estimated costs of each expenditure. (General Appropriation Act footnote)
- <sup>3/</sup> A.R.S. § 15-1670 appropriates \$14,252,500 to UA-Main from the General Fund in FY 2023 to finance lease-purchase payments for research infrastructure projects.

- 4/ A.R.S. § 15-1671 appropriates \$11,309,700 to UA-Main from the General Fund in FY 2023 for capital infrastructure projects.
- 5/ The university of Arizona may not use monies appropriated for the Arizona geological survey line item for any other purpose and may not transfer the monies appropriated for the Arizona geological survey to the operating budget or any other line item. (General Appropriation Act footnote)
- 6/ The appropriated amount for the center for the philosophy of freedom line item may not supplant any existing state funding or private or external donations to the center or the philosophy department of the university of Arizona. The appropriated monies and all private and external donations to the center, including any remaining balances from prior fiscal years, shall be deposited in a separate account, shall be used only for the direct operation of the center and may not be used for indirect costs of the university. On or before October 1, 2022, the center shall submit a report to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate education committee and the house of representatives education committee and the director of the joint legislative budget committee that includes at least the following information for the center:
1. The total amount of funding received from all sources.
  2. A description of faculty positions and courses offered.
  3. The total undergraduate and graduate student participation.
  4. Significant community events, initiatives or publications.
- The chairpersons of the senate education committee and the house of representatives education committee may request the director of the center to appear before the committees to report on the center's annual achievements. (General Appropriation Act footnote)
- 7/ The amount appropriated to the college of veterinary medicine line item shall be distributed to the college of veterinary medicine to increase the number of students that are residents of this state. Before spending these monies, the university of Arizona shall report to the joint legislative budget committee all of the following information for the college of veterinary medicine:
1. The current number of students who are residents of this state.
  2. The current number of students who are not residents of this state.
  3. With these monies, the proposed number of students who are residents of this state.
  4. With these monies, the proposed number of students who are not residents of this state. (General Appropriation Act footnote)
- 8/ The university of Arizona shall use monies appropriated for the Kazakhstan studies program to facilitate academic exchanges between university students and academic institutions in Kazakhstan. (General Appropriation Act footnote)
- 9/ The amount appropriated for the natural resource users law and policy center line item shall be used by the natural resource users law and policy center within the Arizona cooperative extension, with \$500,000 to assist claimants in the general stream adjudication of water rights pursuant to section 15-1647, Arizona Revised Statutes, \$1,000,000 for operational costs of the natural resource users law and policy center and \$450,000 to conduct a statewide survey of species in this state. (General Appropriation Act footnote)
- 10/ The amount appropriated to the veterinary diagnostic laboratory line item shall be used for operating expenditures or capital improvements for the veterinary diagnostic laboratory. Before spending these monies, the university of Arizona shall report to the joint legislative budget committee the intended use of the monies for operating expenditures and to the joint committee on capital review the scope, purpose and estimated cost of the capital improvements. (General Appropriation Act footnote)
- 11/ Other than scholarships awarded through the Arizona financial aid trust, the appropriated monies may not be used for scholarships or any student newspaper. (General Appropriation Act footnote)
- 12/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 13/ The state general fund appropriation may not be used for alumni association funding. (General Appropriation Act footnote)
- 14/ The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research. (General Appropriation Act footnote)
- 15/ The FY 2023 General Fund budget is \$299,423,000. This amount includes \$245,033,200 in UA - Main's individual section of the FY 2023 General Appropriation Act, \$14,252,500 in A.R.S. § 15-1670 lease-purchase appropriations, \$11,309,700 in A.R.S. § 15-1671 capital infrastructure appropriations, and \$28,827,600 is for statewide adjustments.
- 16/ Any unencumbered balances remaining in the university collections fund on June 30, 2022 and all collections received by the university during the fiscal year are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with

the enabling act and the Constitution of Arizona. No part of this appropriation may be spent for supplemental life insurance or supplemental retirement. (General Appropriation Act footnote)

17/ In addition to the appropriated amounts reported in the table, the FY 2021 General Appropriation Act included \$16,483,100 in FY 2022 for the occurrence of a 27<sup>th</sup> pay period. Of this amount, \$5,540,800 is from the General Fund and \$10,942,300 is from the University Collections Fund.

### **Operating Budget**

The budget includes \$484,336,500 and 4,374.8 FTE Positions in FY 2023 for the operating budget. These amounts consist of:

|                             | <b>FY 2023</b> |
|-----------------------------|----------------|
| General Fund                | \$192,110,400  |
| University Collections Fund | 292,226,100    |

FY 2023 adjustments are as follows:

#### **Remove FY 2022 One-Time Operating Funding**

The budget includes a decrease of \$(9,600,000) from the General Fund in FY 2023 to remove one-time operating funding.

#### **FY 2023 One-Time Operating Funding**

The budget includes an increase of \$14,700,000 from the General Fund in FY 2023 for one-time operating funding. The budget requires UA to submit a detailed expenditure plan to JLBC by September 1, 2022 that includes a description of the intended purposes and the estimated costs of each expenditure. The 3-year budget plan also includes \$14,700,000 in one-time funding in FY 2024 and FY 2025.

#### **Remove FY 2022 One-Time Wind Tunnel Funding**

The budget includes a decrease of \$(3,500,000) from the General Fund in FY 2023 to remove one-time funding for materials, labor and installation costs related to the research, development and infrastructure upgrades of a hypersonic wind tunnel.

#### **FY 2023 One-Time Wind Tunnel Funding**

The budget includes a one-time increase of \$3,000,000 from the General Fund in FY 2023 for materials related to the infrastructure upgrades of a hypersonic wind tunnel.

#### **Statewide Adjustments**

The budget includes an increase of \$21,237,500 in FY 2023 for statewide adjustments. This amount consists of:

|                             |            |
|-----------------------------|------------|
| General Fund                | 21,411,100 |
| University Collections Fund | (173,600)  |

*(Please see the Agency Detail and Allocations section.)*

Student enrollment counts and tuition and fee levels for students will determine the amount of university tuition and fee collections. The University Collections Fund amount will ultimately be adjusted to reflect these revenue amounts. *(Please see the UA-Main Other Issues Section and ABOR for more information.)*

### **2003 Research Infrastructure Lease-Purchase Payment**

The budget includes \$14,252,500 from the General Fund in FY 2023 for the 2003 Research Infrastructure Lease-Purchase Payment line item. FY 2023 adjustments are as follows:

#### **Refinance Adjustment**

The budget includes an increase of \$3,600 from the General Fund in FY 2023 to adjust the Certificates of Participation (COPs) payment.

A.R.S. § 15-1670 appropriates an annual amount from the General Fund to the state university system from FY 2008 through FY 2031 to finance lease-purchase payments for research infrastructure project agreements entered into before July 1, 2006.

Since this funding appears in A.R.S. § 15-1670, this funding would not appear in the FY 2023 General Appropriation Act. In total, the universities have issued \$482,500,000 in COPs for research infrastructure projects. Of this amount, UA has issued \$201,300,000 in COPs.

*(Please see the ABOR section for more information.)*

### **2017 Capital Infrastructure Funding**

The budget includes \$11,309,700 from the General Fund in FY 2023 for the 2017 Capital Infrastructure Funding line item. FY 2023 adjustments are as follows:

#### **Inflation Adjustment**

The budget includes an increase of \$221,800 from the General Fund in FY 2023 for a 2.0% increase in Capital Infrastructure Funding.

A.R.S. § 15-1671 provides General Fund appropriations from FY 2019 - FY 2043 for new university research facilities, building renewal, or other capital construction

projects. Since this funding appears in A.R.S. § 15-1671, this funding would not appear in the FY 2023 General Appropriation Act.

A.R.S. § 15-1670 increases the appropriation annually by the lesser of 2% or inflation, as measured by the change in the GDP deflator from the second quarter of the second preceding calendar year to the second quarter of the calendar year immediately preceding the fiscal year (in the example of FY 2023, from the second quarter of CY 2020 to the second quarter of CY 2021). *(Please see the Lottery Bonds and Capital Infrastructure Funding Program Summary on the JLBC website.)*

### **Agriculture**

The budget includes \$41,281,700 and 1,100.6 FTE Positions in FY 2023 for the Agriculture Programs. These amounts consist of:

|                             |            |
|-----------------------------|------------|
| General Fund                | 32,611,900 |
| University Collections Fund | 8,669,800  |

FY 2023 adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$3,964,000 in FY 2023 for statewide adjustments. This amount consists of:

|                             |           |
|-----------------------------|-----------|
| General Fund                | 3,969,600 |
| University Collections Fund | (5,600)   |

This line item supports agricultural academic programs in Animal Systems; Environment and Natural Resources; Family, Youth, and Community; Human Nutrition, Food Safety and Health; Marketing, Trade, and Economics; and Plant Systems.

### **Arizona Cooperative Extension**

The budget includes \$17,119,900 and 350.4 FTE Positions from the General Fund in FY 2023 for the Arizona Cooperative Extension. FY 2023 adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$2,042,900 from the General Fund in FY 2023 for statewide adjustments.

The FY 2022 budget included a one-time increase of \$500,000 from the General Fund in FY 2022 to provide funding for the Agriculture Workforce Development Program. The 3-year budget plan also included \$500,000 in one-time funding in FY 2023. This funding will be removed in FY 2024.

Laws 2021, Chapter 410 established the program to provide reimbursement to food-producing organizations for the costs of hiring apprentices. UA is required to submit a report to the Governor, Speaker of the House of Representatives, and the Senate President on December 1 of each year regarding the effectiveness of the program.

This line item supports Agriculture Experiment Stations and Cooperative Extension services that provide non-credit community outreach seminars and youth programs throughout the state.

### **Arizona Financial Aid Trust**

The budget includes \$2,729,400 from the General Fund in FY 2023 for the Arizona Financial Aid Trust (AFAT). This amount is unchanged from FY 2022. *(Please see the ABOR section for more information).*

### **Arizona Geological Survey**

The budget includes \$1,148,500 from the General Fund in FY 2023 for the Arizona Geological Survey. These amounts are unchanged from FY 2022.

The Geological Survey investigates Arizona's geology and provides technical advice and assistance to state and local government agencies, industry and other members of the public concerning the geologic environment and the development and use of mineral resources in Arizona.

### **Center for the Philosophy of Freedom**

The budget includes \$4,840,000 and 41.2 FTE Positions from the General Fund in FY 2023 for the Center for the Philosophy of Freedom (CPF). FY 2023 adjustments are as follows:

#### **Ongoing Funding**

The budget includes an increase of \$1,830,900 from the General Fund in FY 2023 for ongoing funding for the CPF.

#### **Remove One-Time Funding**

The budget includes a decrease of \$(1,250,000) from the General Fund in FY 2023 to remove one-time CPF funding.

#### **Statewide Adjustments**

The budget includes an increase of \$495,400 from the General Fund in FY 2023 for statewide adjustments.

This line item supports the CPF, which is within the UA Department of Political Economy and Moral Science. The CPF's functions include publishing research, undergraduate education, graduate education, and community outreach.

### **College of Veterinary Medicine**

The budget includes \$8,000,000 from the General Fund in FY 2023 for the College of Veterinary Medicine. FY 2023 adjustments are as follows:

#### **Ongoing Funding**

The budget includes an increase of \$8,000,000 from the General Fund in FY 2023 for the College of Veterinary Medicine. The funding is intended to increase the number of students that are Arizona residents enrolled in the college. The budget requires UA to submit a report to JLBC before spending the monies that includes the current split between resident and non-resident students and the proposed split using this appropriation.

### **Kazakhstan Studies Program**

The budget includes \$250,000 from the General Fund in FY 2023 for the Kazakhstan Studies Program. FY 2023 adjustments are as follows:

#### **Ongoing Funding**

The budget includes an increase of \$250,000 from the General Fund in FY 2023 to provide ongoing support for the Kazakhstan Studies Program.

#### **Remove One-Time Funding**

The budget includes a decrease of \$(250,000) from the General Fund in FY 2023 to remove one-time funding for the Kazakhstan Studies Program.

The budget requires monies in this line item to be used to facilitate academic exchanges between university students and academic institutions in Kazakhstan.

### **Mining, Mineral and Natural Resources Educational Museum**

The budget includes \$438,700 and 1 FTE Position from the General Fund in FY 2023 for the Mining, Mineral, and Natural Resources Educational Museum. FY 2023 adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$9,900 from the General Fund in FY 2023 for statewide adjustments.

This line item funds a curator and monies that will be used by the University to pay for repairs to the building.

As session law, the FY 2023 Higher Education BRB 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.

In addition to monies in this line item, the FY 2023 Capital Outlay Bill appropriates \$12,000,000 from the General Fund in FY 2023 to ABOR for one-time capital improvements to the museum. The bill requires ABOR to distribute these monies to UA. *(Please see the Capital Outlay – ABOR section additional information.)*

### **Natural Resource Users Law and Policy Center**

The budget includes \$2,009,500 and 5.4 FTE Positions from the General Fund in FY 2023 for the Natural Resource Users Law and Policy Center. FY 2023 adjustments are as follows:

#### **Ongoing Funding**

The budget includes an increase of \$1,000,000 from the General Fund in FY 2023 for operational costs of the natural resource users law and policy center.

#### **One-Time Endangered Species Study Funding**

The budget includes an increase of \$450,000 from the General Fund in FY 2023 to conduct a statewide survey of species.

#### **Statewide Adjustments**

The budget includes an increase of \$59,500 from the General Fund in FY 2023 for statewide adjustments.

This line item funds pro bono assistance to claimants who are small landowners in the general stream adjudication of water rights. The university is required to submit a report on assistance activities to the Governor, Speaker of the House of Representatives, and Senate President on November 15 of each year.

### **School of Mining**

The budget includes \$4,476,000 and 18.2 FTE Positions from the General Fund in FY 2023 for the School of Mining. FY 2023 adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$476,000 from the General Fund in FY 2023 for statewide adjustments.

This line item provides operating funding for the UA School of Mining.

### **Sierra Vista Campus**

The budget includes \$6,638,300 and 83.9 FTE Positions in FY 2023 for the Sierra Vista Campus. These amounts consist of:

|                             |           |
|-----------------------------|-----------|
| General Fund                | 3,126,500 |
| University Collections Fund | 3,511,800 |

FY 2023 adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$361,100 in FY 2023 for statewide adjustments. This amount consists of:

|                             |         |
|-----------------------------|---------|
| General Fund                | 363,200 |
| University Collections Fund | (2,100) |

UA - Sierra Vista offers upper-division undergraduate programs for community college transfer students. While ABOR authorized this UA branch campus for Sierra Vista in 1995, the Legislature has not formally established the campus in statute.

### **Veterinary Diagnostic Laboratory**

The budget includes \$5,000,000 from the General Fund in FY 2023 for the Veterinary Diagnostic Laboratory. FY 2023 adjustments are as follows:

#### **Veterinary Diagnostic Laboratory Funding**

The budget includes an increase of \$5,000,000 from the General Fund in FY 2023 for operating expenditures or capital improvements for the Veterinary Diagnostic Laboratory. Of this amount, \$2,500,000 is ongoing and \$2,500,000 is one-time funding. The budget requires UA to submit a report to JLBC before spending the monies on the intended use of the monies for operating expenditures. Before spending any monies on capital improvements, UA is required to submit the scope, purpose and estimated cost to JCCR for review.

### **Other Issues**

This section includes information on the following topics:

- Summary
- Long-Term Budget Impacts
- University Collections and FTE Positions Adjustments

### **Summary**

UA - Main's FY 2023 General Fund budget is \$299,423,000. Of this amount:

- \$245,033,200 would be included in UA - Main's individual section of the FY 2023 General Appropriation Act.
- \$14,252,500 is appropriated in A.R.S. § 15-1670 for a research infrastructure lease-purchase payment.
- \$11,309,700 is appropriated in A.R.S. § 15-1671 for new university research facilities, building renewal, or other capital construction projects.
- \$28,827,600 is for statewide adjustments.

### **Long-Term Budget Impacts**

As part of the budget's 3-year spending plan, UA - Main's General Fund costs are projected to decrease by \$(6,221,000) in FY 2024 below FY 2023, and increase by \$222,700 in FY 2025 above FY 2024.

These estimates are based on:

- A \$(500,000) decrease in FY 2024 to remove one-time funding for the Agriculture Workforce Development Program.
- 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 Laboratory.
- A \$2,800 increase in FY 2024 and a \$(8,000) decrease in FY 2025 to adjust for university debt service costs.
- Increases of \$226,200 in FY 2024 and \$230,700 in FY 2025 to increase the university's annual Capital Infrastructure Funding.

### **University Collections and FTE Positions Adjustments**

Including statewide adjustments, the FY 2022 General Appropriation Act appropriated \$317,757,200 from the University Collections Fund to UA - Main. The Collections Fund for UA - Main represents a portion of tuition, fees and a portion of land earnings. *(Please see ABOR Other Issues for more information.)* If collections differ from the appropriated amount, the annual General Appropriation Act includes a footnote permitting the universities to expend those amounts as well as a separate footnote requiring the submission of a report detailing any adjustments to the appropriated amounts.

ABOR sets tuition in the spring (independent of the legislative process). Any revised tuition rates as well as changes in enrollment can result in collections exceeding (or being below) the appropriated amount. The Universities reported the adjustments to the University Collections Fund for FY 2022 to the Joint Legislative Budget Committee in June 2021, and UA incorporated the adjusted FY 2022 amounts as part of their FY 2023 budget

submission. Accordingly, the estimated FY 2022 amount has been adjusted downward by \$(13,168,200) to \$304,589,000.

The FY 2022 FTE Position count has also been adjusted. The FY 2022 General Appropriation Act originally appropriated 5,769.2 FTE Positions in FY 2022 for UA - Main. The General Fund accounted for 2,619.8 FTE Positions and the University Collections Fund accounted for the remaining 3,149.4 FTE Positions. The estimated number of FY 2022 FTE Positions has been adjusted by 206.3 to 5,975.5. The General Fund accounts for 2,884.4 FTE Positions and the University Collections Fund accounts for the remaining 3,091.1 FTE Positions.