

# Arizona Board of Regents

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	25.9	30.9	30.9
Personal Services	1,376,500	1,456,700	1,456,700
Employee Related Expenditures	632,000	485,100	461,200
Professional and Outside Services	49,500	51,000	51,000
Other Operating Expenditures	362,500	502,700	1,195,700
Equipment	800	1,000	1,000
<b>OPERATING SUBTOTAL</b>	<b>2,421,300</b>	<b>2,496,500</b>	<b>3,165,600</b>
<b>SPECIAL LINE ITEMS</b>			
Commission for Postsecondary Education	92,800	0	0 <sup>1/</sup>
Adaptive Athletics	160,000	160,000	160,000 <sup>2/</sup>
Camp Verde Meat Processing Facility	0	9,700,000	0
Enclosed Feed Facility	0	9,500,000	0
Food Product and Safety Laboratory	0	10,900,000	0
Leveraging Education Assistance Partnership Program	2,319,500	1,220,800	1,220,800 <sup>1/3/</sup>
Museum of Democracy Presidential Project	0	0	2,000,000 <sup>4/5/</sup>
Primary Care Residency Programs	0	0	5,000,000 <sup>5/</sup>
Arizona Promise Program	7,306,500	20,000,000	40,000,000 <sup>6/</sup>
Spouses and Dependents of Law Enforcement Officers Tuition Scholarship Fund Deposit	0	0	2,000,000
Spouses of Military Veterans Tuition Scholarships	0	10,000,000	10,000,000 <sup>7/</sup>
Arizona Teachers Academy	15,000,000	15,000,000	30,000,000
Arizona Teachers Incentive Program	90,000	90,000	90,000
Arizona Teacher Student Loan Program	426,000	426,000	426,000 <sup>1/</sup>
Arizona Transfer Articulation Support System	213,700	213,700	213,700
Veterinary Loan Assistance Program	0	6,000,000	0
Washington D.C. Internships	300,000	300,000	300,000 <sup>5/8/</sup>
Western Interstate Commission Office	153,000	153,000	153,000
WICHE Student Subsidies	4,078,000	4,078,000	4,078,000
<b>AGENCY TOTAL</b>	<b>32,560,800</b>	<b>90,238,000</b>	<b>98,807,100 <sup>9/10/</sup></b>
<b>FUND SOURCES</b>			
General Fund	31,403,300	90,238,000	98,807,100
<u>Other Appropriated Funds</u>			
Postsecondary Education Fund	1,157,500	0	0
SUBTOTAL - Other Appropriated Funds	1,157,500	0	0
<b>SUBTOTAL - Appropriated Funds</b>	<b>32,560,800</b>	<b>90,238,000</b>	<b>98,807,100</b>
Other Non-Appropriated Funds	12,803,600	54,245,300	54,245,300
Federal Funds	158,900	332,100	332,100
<b>TOTAL - ALL SOURCES</b>	<b>45,523,300</b>	<b>144,815,400</b>	<b>153,384,500</b>

**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

<sup>1/</sup> Laws 2021, Chapter 410 transferred the responsibilities of the Commission for Postsecondary Education to the Arizona Board of Regents (ABOR) effective January 1, 2022. The FY 2022 General Appropriation Act provided a full year's spending to the commission. On the effective date, a portion of this funding became available to ABOR to continue

administering the commission's programs. As a result, the FY 2022 column includes actual expenditures for the commission's programs.

- 2/ 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)
- 3/ 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 appropriated in fiscal year 2023-2024. (General Appropriation Act footnote)
- 4/ The Arizona board of regents shall distribute monies appropriated for the museum of democracy presidential project to universities under the jurisdiction of the board to provide opportunities for undergraduate students, high school students and the broader community to become better informed on American presidencies and presidential elections. Programming may include public speakers, high school leadership academies and undergraduate student workshops. The monies shall also be used to display presidential memorabilia collections, combining visual arts, exhibitions and civic education programs. (General Appropriation Act footnote)
- 5/ This appropriation is a continuing appropriation and is exempt from the provisions of 35-190, Arizona Revised Statutes, related to the lapsing of appropriations.
- 6/ On or before October 1, 2024, the Arizona board of regents shall submit a report to the director of the joint legislative budget committee and the director of the governor's office of strategic planning and budgeting on the Arizona promise program that includes all of the following for fiscal year 2023-2024:

  1. The total number of students receiving promise scholarships by each eligible postsecondary institution.
  2. The total number of students enrolled at each eligible postsecondary institution that are eligible to receive federal pell grants.
  3. A list of the programs of study in which promise scholarship recipients are enrolled, including the number of recipients enrolled in each program.
  4. The average promise scholarship award amount for each eligible postsecondary institution.
  5. A geographic representation of promise scholarship recipients based on the high school attended.
  6. The average grade point average of promise scholarships recipients by each eligible postsecondary institution.

(General Appropriation Act footnote)
- 7/ On or before October 1, 2024, the Arizona board of regents shall submit a report to the director of the joint legislative budget committee and the director of the governor's office of strategic planning and budgeting on spouses of military veterans tuition scholarships that includes all of the following for fiscal year 2023-2024:

  1. The amount distributed to each eligible postsecondary institution.
  2. The total number of award recipients by each eligible postsecondary institution.
  3. The average award amount for each eligible postsecondary institution. (General Appropriation Act footnote)
- 8/ The Arizona board of regents shall distribute monies appropriated for Washington, D.C. internships for program fees and housing costs in equal amounts to each of the three universities under the jurisdiction of the board for the purpose of providing student internships and short-term programs in Washington, D.C. in partnership with a third-party organization. Short-term programs include one-week seminars and learning opportunities shorter than one academic semester. 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 and short-term programs.
  2. Have the ability to place as many students in internships and short-term programs 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)
- 9/ 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)

10/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

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### **Operating Budget**

The budget includes \$3,165,600 and 30.9 FTE Positions from the General Fund in FY 2024 for the operating budget. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$669,100 from the General Fund in FY 2024 for statewide adjustments. *(Please see the Agency Details 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 2024 for Adaptive Athletics. This amount is unchanged from FY 2023.

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 distributes monies in this line item to the University of Arizona.

### **Camp Verde Meat Processing Facility**

The budget includes no funding in FY 2024 for a Camp Verde Meat Processing Facility. Adjustments are as follows:

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

The budget includes a decrease of \$(9,700,000) from the General Fund in FY 2024 to remove one-time funding for a meat processing facility and truck handling facilities in Camp Verde. The FY 2023 budget required ABOR 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 FY 2023 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 were appropriated one-time and may not be used for administrative costs.

### **Enclosed Feeding Facility**

The budget includes no funding in FY 2024 for an Enclosed Feeding Facility. Adjustments are as follows:

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

The budget includes a decrease of \$(9,500,000) from the General Fund in FY 2024 for an Enclosed Feeding Facility. The FY 2023 budget required ABOR to distribute the monies to UA to construct the facility at the campus agricultural center. The monies were appropriated one-time and may not be used for administrative costs.

### **Food Product and Safety Laboratory**

The budget includes no funding in FY 2024 for a Food Product and Safety Laboratory. Adjustments are as follows:

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

The budget includes a decrease of \$(10,900,000) from the General Fund in FY 2024 for the Food Product and Safety Lab located on the UA campus agricultural center. The FY 2023 budget required ABOR to distribute the monies to UA for capital improvements. The monies were appropriated one-time and may not be used for administrative costs.

### **Leveraging Education Assistance Partnership Program**

The budget includes \$1,220,800 from the General Fund in FY 2024 for the Leveraging Education Assistance Partnership (LEAP) Program. This amount is unchanged from FY 2023.

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).

### **Museum of Democracy Presidential Project**

The budget includes \$2,000,000 from the General Fund in FY 2024 for the Museum of Democracy Presidential Project. Adjustments are as follows:

#### **One-Time Project Funding**

The budget includes a one-time increase of \$2,000,000 from the General Fund in FY 2024 for the Museum of Democracy Presidential Project. The budget requires ABOR to distribute monies to the universities to provide opportunities to become better informed on American presidencies and presidential elections, including public speakers, high school leadership academies, undergraduate student workshops, and displays of presidential memorabilia collections. The monies are appropriated as non-lapsing.

### **Primary Care Residency Programs**

The budget includes \$5,000,000 from the General Fund in FY 2024 for Primary Care Residency Programs. Adjustments are as follows:

#### **One-Time Program Funding**

The budget includes a one-time increase of \$5,000,000 from the General Fund in FY 2024 for Primary Care Residency Programs. The FY 2024 Higher Education Budget Reconciliation Bill (BRB) requires ABOR to distribute the monies to the Arizona Area Health Education System (AHES), which consists of six regional centers providing programs in healthcare workforce education and increasing access to care in rural and underserved communities. AHES will use the monies to establish a program for qualifying community health centers, rural health clinics and tribal health facilities that expands the number of primary care residency positions, provides technical assistance for residency programs in rural and health professional shortage areas, and

facilitates information and resource sharing. Of the \$5,000,000, AHES may use up to \$500,000 to support a collaborative of qualifying community health centers', rural health clinics', and tribal health facilities' primary care residency programs. The monies are appropriated as non-lapsing.

### **Arizona Promise Program**

The budget includes \$40,000,000 from the General Fund in FY 2024 for the Arizona Promise Program. Adjustments are as follows:

#### **One-Time Scholarship Funding**

The budget includes a one-time increase of \$20,000,000 from the General Fund in FY 2024 to offset university costs of Promise scholarships.

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. Pell awards are determined based on the expected family contribution and the cost of attendance. The maximum Pell award for the 2023-2024 academic year is \$7,395.

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. If the appropriation is insufficient to cover the costs of students who qualify for Promise scholarships, the universities are required to guarantee the award.

In FY 2022, this program served 1,677 students.

### **Spouses and Dependents of Law Enforcements Officers Tuition Scholarship Fund Deposit**

The budget includes \$2,000,000 from the General Fund in FY 2024 for a Spouses of Law Enforcements Officers Tuition Scholarship Fund Deposit. Adjustments are as follows:

#### **One-Time Scholarship Funding**

The budget includes a one-time increase of \$2,000,000 from the General Fund in FY 2024 to provide scholarships to spouses of law enforcement officers and dependents under the age of 27 years old. The FY 2024 Higher Education BRB requires ABOR to distribute the monies to public and private universities, community colleges, and career technical education programs to provide last dollar financial aid. If the student is enrolled in a private institution, the scholarship may not exceed the remainder of the average tuition and fees charged by the public

universities. ABOR may spend monies in the fund through FY 2027.

ABOR is required to submit a report to JLBC and OSPB by March 1, 2024 and each year of the program that includes the total number of students who received a scholarship, the total amount awarded, average amount awarded, and the total number of students who completed program a study.

#### **Spouses of Military Veterans Tuition Scholarships**

The budget includes \$10,000,000 from the General Fund in FY 2024 for Spouses of Military Veterans Tuition Scholarships. This amount is unchanged from FY 2023.

ABOR deposits monies in this item to the Spouses of Military Veterans Tuition Scholarship Fund and distributes awards to university and community college resident students who are spouses of an honorably discharged veteran and qualify for in-state tuition. 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 \$30,000,000 from the General Fund in FY 2024 for the Arizona Teachers Academy. Adjustments are as follows:

##### **One-Time Scholarship Funding**

The budget includes a one-time increase of \$15,000,000 from the General Fund in FY 2024 to offset university costs of Arizona Teachers Academy scholarships. This amount is intended to backfill costs associated with one-time federal funding distributed to ABOR in FY 2023 for scholarships.

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.

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.

In FY 2022, 3,494 students were enrolled in the academy, of which 1,515 attended ASU, 1,014 attended NAU, 368

attend UA, 413 were community college post-baccalaureate students, 184 were teachers seeking a national board certification. *(Please see the Arizona Teachers Academy program summary on the JLBC website for additional information.)*

#### **Arizona Teachers Incentive Program**

The budget includes \$90,000 from the General Fund in FY 2024 for the Arizona Teachers Incentive Program (ATIP). This amount is unchanged from FY 2023.

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 2024 for the Arizona Teacher Student Loan Program (ATSLP). This amount is unchanged from FY 2023.

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 2024 for the Arizona Transfer Articulation Support System (ATASS). This amount is unchanged from FY 2023.

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.

#### **Veterinary Loan Assistance Program**

The budget includes no funding in FY 2024 for the Veterinary Loan Assistance Program. Adjustments are as follows:

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

The budget includes a decrease of \$(6,000,000) from the General Fund in FY 2024 to remove a one-time deposit to the newly-created Arizona Veterinary Loan Assistance Program Fund. ABOR is required 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 2024 for Washington, D.C. internships and short-term programs. This amount is unchanged from FY 2023.

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. The monies are appropriated as non-lapsing.

### **Western Interstate Commission Office**

The budget includes \$153,000 from the General Fund in FY 2024 for the Western Interstate Commission Office. This amount is unchanged from FY 2023.

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 2024 for WICHE student subsidies. This amount is unchanged from FY 2023.

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.

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### **Other Issues**

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This section includes information on the following topics:

- Statutory Changes
- Long-Term Budget Impacts
- Arizona Financial Aid Trust
- 2003 Research Infrastructure Refinancing
- 2017 University Capital Infrastructure Funding
- Tuition Distribution
- University System Summary Tables

### **Statutory Changes**

The 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 session law, establishes the Spouses and Dependents of Law Enforcement Officer Tuition Scholarship Fund. From FY 2024-FY 2027, requires ABOR to award first-come first-served, last-dollar scholarships to students enrolled in a public or private university, community college, or career and technical education district and are either a spouse of a law enforcement officer or a dependent under 27 years old. Limits private university awards to the remainder of the average in-state tuition and fee costs charged by the public universities. Requires ABOR to submit a report to JLBC and OSPB on March 1 of each year with information on the number of recipients, average award, and the law enforcement agency employing the officer.
- As session law, requires ABOR to distribute monies appropriated for primary care residency programs in

FY 2024 to the Arizona Area Health Education System (AHES) to establish a program for qualifying community health centers, rural health clinics, and tribal health clinics that expands primary care residency positions, provide technical assistance for programs in rural areas and health professional shortage areas, and facilitates information and resource sharing. Allows AHES to use up to \$500,000 of the total \$5,000,000 appropriated to support a collaborative of qualifying community health center, rural health clinic and tribal health facility residency programs.

- As session law, allows the State Treasurer to invest and divest monies in the Arizona Veterinary Loan Assistance Fund in FY 2024 and require monies earned from investment to be credited to the fund. Includes a delayed repeal date of December 31, 2024.
- As session law, allows the State Treasurer to invest and divest monies in the Spouses of Military Veterans Tuition Scholarship Fund in FY 2024 and require monies earned from investment to be credited to the fund. Includes a delayed repeal date of December 31, 2024.

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

As part of the budget's 3-year spending plan, universitywide General Fund costs are projected to decrease by \$(74,543,900) in FY 2025 below FY 2024, and decrease by \$(45,403,200) in FY 2026 below FY 2025. These estimates are based on:

- Decreases of \$(434,300) and \$(5,300) in FY 2025 and FY 2026, respectively, to adjust for university debt service costs. *(Please see the 2003 Research Infrastructure Refinancing narrative for more information.)*
- Increases of \$590,400 and \$602,100 in FY 2025 and FY 2026, respectively, to increase the universities' annual Capital Infrastructure Funding appropriation. *(Please see the 2017 University Infrastructure Funding section for more information.)*
- A \$(2,000,000) decrease in FY 2025 to remove one-time funding for the Museum of Democracy Presidential Project.
- A \$(5,000,000) decrease in FY 2025 to remove one-time funding for Primary Care Residency Programs.
- A \$(20,000,000) decrease in FY 2025 to remove one-time funding for the Arizona Promise Program.
- A \$(2,000,000) decrease in FY 2025 to remove one-time funding for law enforcement spouse and dependent scholarships.
- A \$(15,000,000) decrease in FY 2025 to remove one-time funding for the Arizona Teachers Academy.

- Decreases of \$(5,000,000) in FY 2025 and \$(46,000,000) in FY 2026 to remove one-time operating funding in the 3-year spending plan.
- A \$(4,500,000) decrease in FY 2025 to remove one-time ASU funding for the ASU Center for American Institutions and Collegiate Women's Wrestling Program.
- A \$(17,700,000) decrease to remove one-time UA-Main Campus funding for the Space Analog Program, Agricultural Workforce Program, and On-Farm Irrigation Efficiency Grants.
- A \$(3,500,000) decrease in FY 2025 to remove one-time UA-Health Sciences Campus funding for fall prevention studies, Arizona REACH Program, and the Board of Medical Student Loans.

Please see the individual university campus sections for additional 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 budget continues to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees in FY 2024. The budget also maintains each university's FY 2024 allocation of General Fund AFAT appropriations at their FY 2023 level, which appears in the individual university budgets.

Based on student fees contributed to AFAT in FY 2022, the state's match would be \$46,758,100, or an increase of \$36,716,900 over the \$10,041,200 appropriation in FY 2024.

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.

**Table 1****University Research Infrastructure Appropriations <sup>1/</sup>**

<b>Fiscal Year</b>	<b>ASU</b>	<b>NAU</b>	<b>UA</b>	<b>Total</b>
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

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

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 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 2022 tuition revenue report projected FY 2023 gross tuition and fees to be \$3.91 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 June 2022, the universities projected \$1.04 billion in tuition waivers and awards in FY 2023, for a total net tuition of \$2.87 billion. Please see the July 14, 2022 Joint Legislative Budget Committee meeting agenda for additional information on university tuition revenue projections.

**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 2024 is \$8.3 billion, including \$1.0 billion from the General Fund and \$2.9 billion of net tuition/fee



collections. *Table 2* summarizes the FY 2024 expenditure authority amounts for the Arizona University System.

**Financial Aid**

The Arizona University System distributed \$3.5 billion in financial aid in FY 2022. Of the total financial aid distributions, the federal government financed \$1.2 billion and university institutional sources provided \$1.6 billion. The latter includes \$1.3 billion of foregone tuition collections in the form of waivers and awards. *(Please see Table 3 for details.)*

**Enrollment**

Between fall 2021 and fall 2022, university enrollment increased from 197,120 FTE to 203,640, or 3.3%, as displayed in *Table 4*. ASU and UA enrollment increased 4.5% and 2.5%, respectively. This growth was largely due to increased enrollment in online programs. NAU enrollment decreased (0.7)%, which included declines across nearly all geographic sites.

	Appropriated Funds		Non-Appropriated Funds		Total <sup>2/</sup>
	General Fund	Collections Fund <sup>1/</sup>	Federal Funds	Other Funds <sup>1/</sup>	
ABOR	\$ 98,807,100	\$ 0	\$ 332,100	\$ 54,245,300	\$ 153,384,500
ASU	411,201,900	706,031,800	578,074,500	2,540,209,700	4,235,517,900
NAU	138,925,500	130,397,300	149,469,900	385,410,400	804,203,100
UA-Main	302,897,200	382,811,300	247,619,500	1,457,122,800	2,390,450,800
UA-Health Sciences	<u>80,397,700</u>	<u>66,675,300</u>	<u>186,125,700</u>	<u>355,261,500</u>	<u>688,460,200</u>
<b>Total</b>	<b>\$1,032,229,400</b>	<b>\$1,285,915,700</b>	<b>\$1,161,621,700</b>	<b>\$4,792,249,700</b>	<b>\$8,272,016,500</b>

<sup>1/</sup> 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 \$2,628,626,600 based on FY 2023 amounts. This amount excludes FY 2024 enrollment growth and tuition rate changes.

<sup>2/</sup> Total universitywide funding includes gross tuition revenues.

	Federal	State <sup>2/</sup>	Institutional <sup>3/</sup>	Private/Other	Total
Grants	\$391,864.7	\$10,669.7	\$1,343,627.4	\$291,845.8	\$2,038,007.6
Loans	817,702.5	58.5	0.0	350,057.2	1,167,818.2
Employment	<u>14,369.2</u>	<u>0.0</u>	<u>234,618.4</u>	<u>0.0</u>	<u>248,987.6</u>
<b>Total</b>	<b>\$1,223,936.4</b>	<b>\$10,728.2</b>	<b>\$1,578,245.8</b>	<b>\$641,903.0</b>	<b>\$3,454,813.4</b>

<sup>1/</sup> Information from *ABOR FY 2022 Financial Aid Report*.

<sup>2/</sup> State sources of aid include revenues from the Commission for Postsecondary Education.

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

**Table 4**

**Arizona University System 45th Day Enrollment <sup>1/</sup>**

	<u>Fall 2021</u>	<u>Fall 2022</u>	<u>Fall 2021 to Fall 2022</u>
ASU-Tempe	57,835	60,551	4.7%
ASU-DPC	12,765	12,167	(4.7)%
ASU-East	5,497	5,725	4.1%
ASU-West	5,477	5,244	(4.3)%
ASU-Online <sup>2/</sup>	39,929	43,304	8.5%
ASU-Other	<u>575</u>	<u>612</u>	<u>6.4%</u>
<i>Subtotal</i>	<i>122,078</i>	<i>127,603</i>	<i>4.5%</i>
NAU-Flagstaff	21,028	21,250	1.1%
NAU-Online <sup>2/</sup>	2,973	2,629	(11.6)%
NAU-Other	<u>2,995</u>	<u>2,916</u>	<u>(2.6)%</u>
<i>Subtotal</i>	<i>26,996</i>	<i>26,795</i>	<i>(0.7)%</i>
UA-Tucson	40,579	41,310	1.8%
UA-PHX Biomedical	1,418	1,485	4.7%
UA-Online <sup>2/</sup>	4,847	5,349	10.4%
UA-Other	<u>1,202</u>	<u>1,098</u>	<u>(8.7)%</u>
<i>Subtotal</i>	<i>48,046</i>	<i>49,242</i>	<i>2.5%</i>
<b>Total</b>	<b>197,120</b>	<b>203,640</b>	<b>3.3%</b>

<sup>1/</sup> FTE counts as reported by ABOR and the universities include both graduate and undergraduate students.

<sup>2/</sup> Online enrollment represents students enrolled in online-only programs.