

We respectfully acknowledge the University of Arizona is on the land and territories of Indigenous peoples. Today, Arizona is home to 22 federally recognized tribes, with Tucson being home to the O’odham and the Yaqui. Committed to diversity and inclusion, the University strives to build sustainable relationships with sovereign Native Nations and Indigenous communities through education offerings, partnerships, and community service.



University Financial Update

JANUARY 29, 2024



PURPOSE

Working together to expand human potential, explore new horizons and enrich life for all.

MISSION

Continuously improve how we educate and innovate so we can lead the way in developing adaptive problem-solvers capable of tackling our greatest challenges.

CORE VALUES

**INTEGRITY • COMPASSION • EXPLORATION
ADAPTATION • INCLUSION • DETERMINATION**

Today's Goals

1

HOW WE GOT HERE

Budgeting, Decentralization, Revenue,
Investing in Excellence + External Factors

2

WHERE WE ARE TODAY

FY23 Review, FY24/25 Forecasts

3

HOW WE WILL MOVE FORWARD

Immediate Actions, Next Steps,
18-36 months



How we got here.





WHAT HAPPENED:

Three Budget Models in the Last 10 Years

1. **Incremental**
 2. **Responsibility Centered Management (RCM)**
 3. **Activity Informed Budgeting (AIB)**
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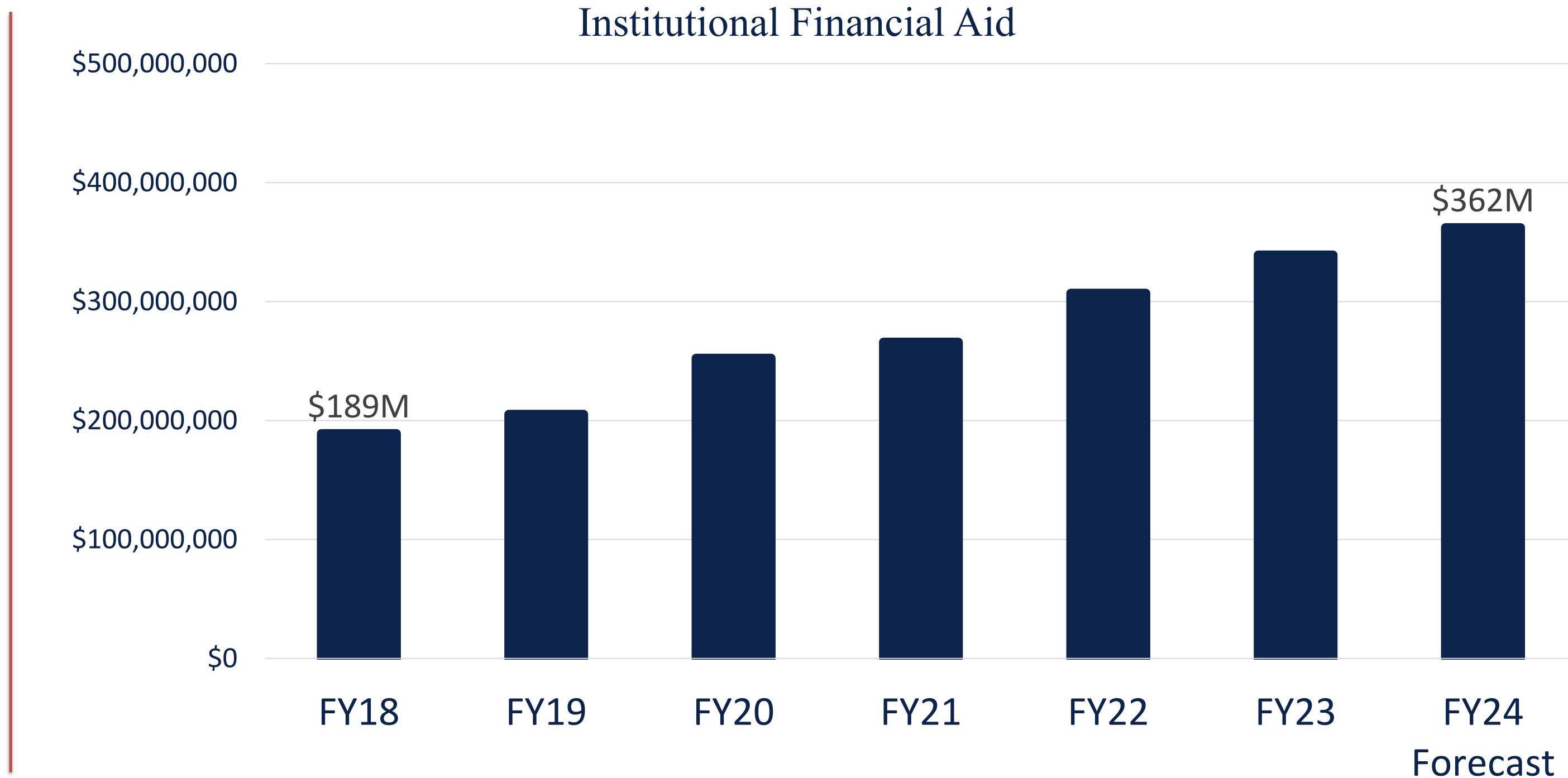
WHAT HAPPENED:

Lack of Unified Structure

- **Business/Finance**
- **Facilities Management**
- **Human Resources**
- **Information Technology**
- **Marketing and Communications**
- **University Advancement**

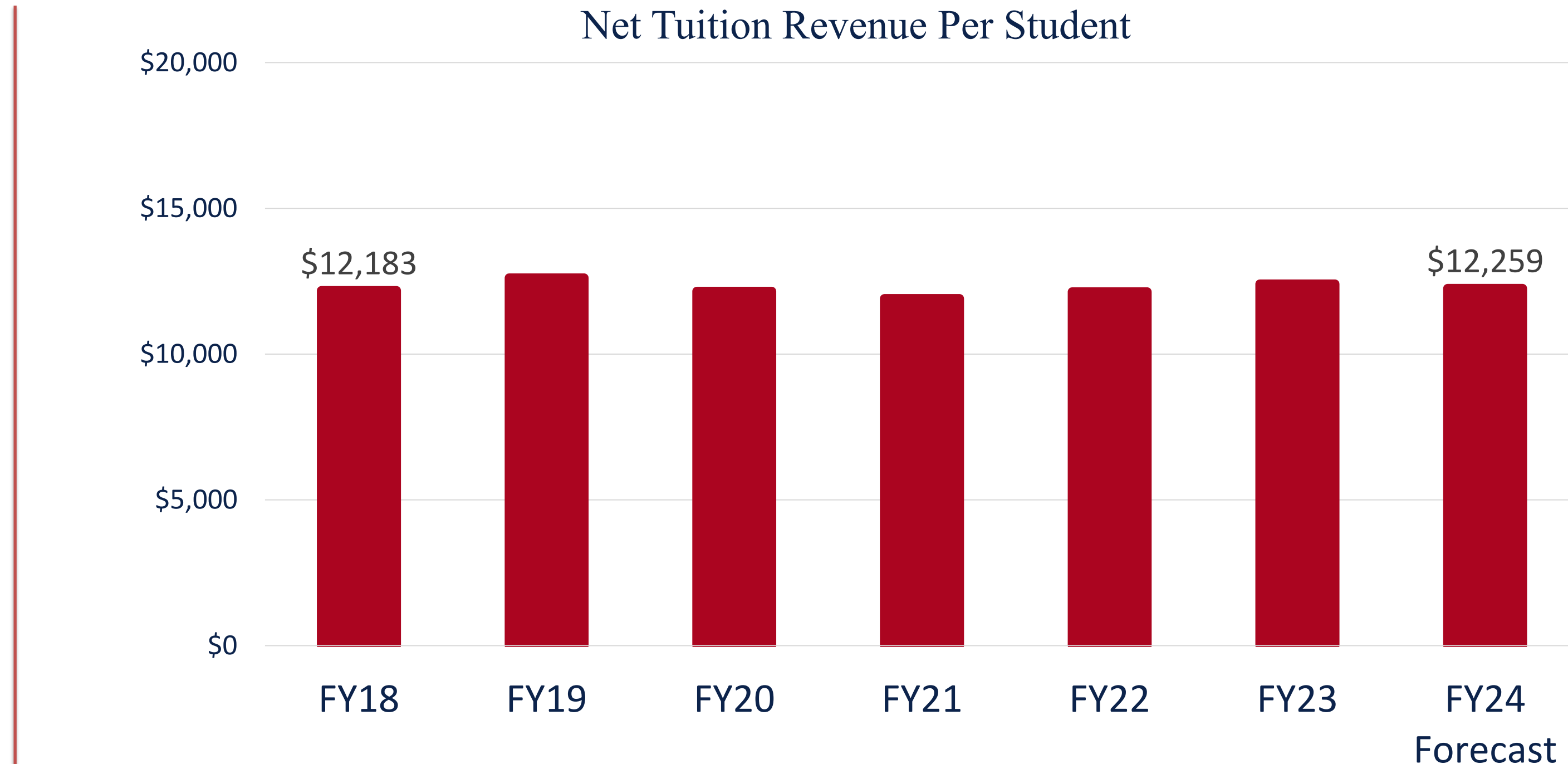
WHAT HAPPENED:

Growth: Investments in Students



WHAT HAPPENED:

Lack of Growth: Net Tuition Revenue





WHAT HAPPENED:

Investing in Excellence

- **Strategic Plan Initiatives**
- **Unit-level Investment in Scholarship and Students**
- **Institutional Funded Research**



WHAT HAPPENED:

External Factors

- **Inflation**
- **COVID**
- **Athletics**

Nation-wide issue

*“Several Colleges Face Cuts.”
-Inside Higher Education; Oct 2, 2023*

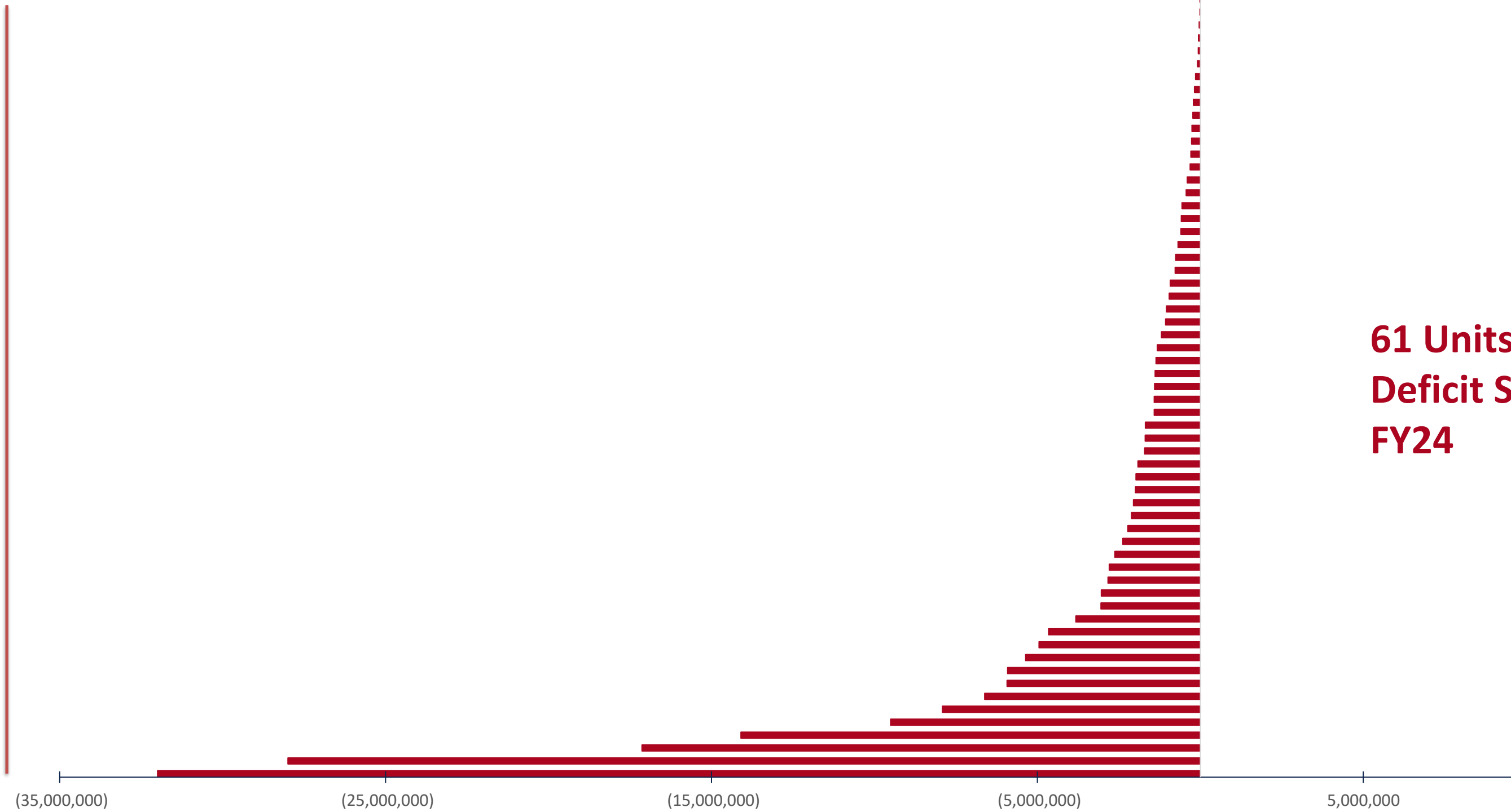
WHAT HAPPENED:

Widespread Overspending

**20 Units Report
Spending w/in Budget
for FY24**

**61 Units Report
Deficit Spending for
FY24**

University Financial Update | THE UNIVERSITY OF ARIZONA



WHAT HAPPENED:

FY 2023 “Where did the money go?”

Cash (in millions)

FY 2023 Beginning Balance			\$845
	Colleges and Divisions	(\$61)	
	Athletics Loan	(\$32)	
	Strategic Plan	(\$15)	
	Unallocated Leases/Utilities/Institutional Costs	(\$26)	
	27th Payroll	(\$35)	
	Deferred Payroll Tax (CARES Act)	(\$18)	
	UAGC (Positive)	\$47	
Net Change			(\$140)
FY 2023 Ending Balance			\$705



Where we are today.



TODAY:

FY24 Forecast (Before Interventions)

Cash (in millions)

FY 2024 Beginning Balance			\$705
	College and Divisions	(\$116)	
	Athletics	(\$32)	
	Unallocated Leases/Utilities/Institutional Costs	(\$24)	
	Strategic Plan	(\$3)	
	UAGC	(\$2)	
	TOTAL		(\$177)
	10% Contingency	(\$18)	
Net Change*			(\$195)

FY 2024 Ending Balance (projected) **\$510**

Projected Days Cash on Hand *June 2024 Snapshot* **70**

*based on information to date



TODAY:

Actions Already Taken to Slow Spending

- **Hiring Freeze**
 - **Compensation Freeze**
 - **Procurement Freeze**
 - **Travel Restriction**
-



How we will move forward.

Protect Our Core Mission: Teaching and Research

WHAT WE ARE **NOT** DOING

- Reducing need-based aid for Arizona resident students
- Reducing need and merit-based aid for any current or accepted students throughout their time at the University of Arizona
- Eliminating tuition guarantees for any current or accepted students
- Instituting furloughs
- Reducing retirement benefits



Modernize Athletic Operations

From the Ground Up

- **Centralize Administrative Functions**
- **Reset the Budget, Starting From Zero**
- **Install Hard Caps On Spending**
- **Enhance Revenue Outcomes**
- **Set Long-Term Goals**

** engaging a global professional services firm to review Athletics finances and operations*



Improve UAGC Efficiency

Immediately

FY23 Cash Impact: \$47M

FY24 Cash Impact (projected)

Rev: \$229.8

Op Exp: \$232.2

Net Loss: (\$2.4M)

FY25 Cash Impact (projected): \$3.1M

** engaging a global professional services firm to review UAGC finances and operations*

Reduce Administration

Guiding Principle: cost savings, less bureaucracy and improved outcomes

1

Reduce Administrative Costs

Rightsize
Vice President/Vice Provost
(+Associate/Assistant VP)
and other positions

** Working with Huron Consulting
to review administrative structure*

2

Centralize Certain Functions

Business/finance,
facilities management,
human resources,
information technology,
marketing/communications,
university advancement

3

Improve Transparency, Budget Management and Communication

Rightsize College and Division Budgets

Then Create a new Budget Model

1

5% Budget Reduction Planning Assumption for FY25

Specific rightsizing targets to be set via All Funds budgeting process

2

Reduction Scenario Planning

5/10/15% reduction modeling over the next 18-36 months

3

Budget Model Reset & Rebuild

Go-live target January 1, 2025

4

Faculty Workload Review

+ Explore early retirement incentives (staff & faculty)

** Working with Huron Consulting on budget restructure*



Enhance Revenue

New Financial Aid Model

Summer/Winter Revenue

Auxiliary Revenue Opportunities



IMMEDIATE: Next Steps

Centralize Facilities: Immediately

Centralize HR operations: March 4

Centralize IT operations: March 4

FY25 Budget process: Feb. 1 – April 15

New budget model in place: January 1

Metrics / Transparency / Accountability



Thank you