



Activity Informed Budgeting – Implementation Workgroup

AIB Visual Aid Definitions

Activity Informed Allocations: Budget allocations assigned within AIB based on a revenue or cost metric. Common activity metrics include Student Credit Hours (SCH), Degrees Awarded, and Major Enrollment Headcount (HC). Once a percentage or dollar amount is associated with a metric, the budget of a unit will fluctuate/vary based on changes in measurement of the metric over time, for example the number of Undergraduate SCH with assigned ownership to a particular college would change from fiscal year to fiscal year and therefore the budget associated with that SCH would fluctuate as well. Activity Allocations are designed to capture variable cost components within the larger activity of an operating unit and/or incentivize growth in activity closely aligned with the metric for revenue units. Variable cost metrics for support units could potentially include square footage for Facilities Management or employee HC for Human Resources.

Executive Allocation Decision: Within AIB, Executive leadership will decide on the \$/metric, % of Revenue Share, and the total dollar amounts allocated from Strategic Budget Allocations to Investment/Innovation Funding. These amounts and levels will be decided upon with consultation from the AIB Working Group, the Stakeholder Advisory Group, and campus feedback and consultation from faculty and staff governance.

Facilities and Administrative (F&A) Cost Recovery: Reimbursement for sponsored project indirect costs. These costs are defined by the Office of Management and Budget Uniform Guidance 2 CFR, Part 200.56 to encompass: the maintenance of sophisticated, high-tech laboratories and research facilities; utilities such as lighting and heating; hazardous waste disposal; data-storage; information technology and internet services; and the administrative support required to comply with various federal, state, and local regulations and reporting requirements.¹

Graduate Sources: Net Tuition Revenue (NTR) generated from all Graduate delivery platforms.

Gross Tuition: Tuition collected from enrolled students. Tuition is charged at rates approved by the Arizona Board of Regents on a per Student Credit Hour (SCH) basis.² Details on approved rates can be found at [Tuition Calculator | Bursar | University of Arizona](#). Gross means total charged and collected tuition before the application of any Institutional Financial Aid.

Institutional Financial Aid: Any financial aid awarded or managed by a central administrative unit of the institution, including the Bursar, the Office of Scholarships and Financial Aid (OSFA), and Enrollment Management. Categories of Institutional Financial Aid include Need-Based, Merit, Policy, and Other

¹ [Facilities & Administrative \(F&A\) Costs | UArizona Research, Innovation & Impact](#)

² On Campus tuition is capped at 7 units for units for residents, 9 units for graduate non-residents, and 12 units for undergraduate non-residents.



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Discounts. Institutional Financial Aid does not include pass-through awards received from outside agencies such as Pell Grants or Gift Awards nor awards issued by individual departments or colleges such as Responsibility Centered (RC) Waivers.

Investment / Innovation Funding: Fixed-term budget allocations assigned within AIB based on the goals and objectives of specific projects. Investment or Innovation Funding allocations tend to be provided to time-bound initiatives based on the desire to generate new offerings/activities, generate a return on investment (financial or mission-based), and are often issued based on a competitive bid/proposal process, but not always. Current examples of Investment / Innovation Funding include the Provost Investment Fund, Strategic Initiative [Plan] Funds, and the Research Development Fund. Within AIB Investment / Innovation Funds are created as a “carve out” from Strategic Budget Allocations (SBA) and can fluctuate each fiscal year based the decisions of Executive Leadership.

Local Sources: Revenues that are generated, flow to, and are generally managed by individual departments, colleges, and divisions. Examples of Local Sources within the AIB model include Auxiliary revenues, Departmental Sales and Service revenues, Special Line Item appropriations (SLIs), Program Fees and Differential Tuition (PFDT), and Professional Program Tuitions of the Colleges of Medicine and the College of Veterinary Medicine.

Auxiliary Revenues: Revenues generated within an accounting fund known as the Auxiliary Fund most generally associated with operating units of the university whose primary mission is to provide goods and/or services to students or the community. Example Auxiliary units include Intercollegiate Athletics (ICA), the UArizona Associated Students Bookstores, Housing and Residential Life, and Campus Health among others.

Departmental Sales and Service Revenue: Revenue generated within an accounting fund known as the Designated Fund most generally associated with operating units of the university whose primary mission is teaching, research, and/or public service. Examples revenues within this category would include research core facilities sales and service, conference fees, course fees, and non-degree certification fees among others.³

Program Fees and Differential Tuition (PFDT): Additional amounts charged to students in select degree programs within colleges, departments, or programs that demonstrate one or more of the following: higher costs of delivering instruction; the need for or use of special equipment, technology, or key personnel expenses; market conditions.⁴

³ Includes the UAccess Financials Fund DR, and all sub-funds in the DE Fund except AISS, ALCASC, ALCSRF, AUDES, FIXEDP, INSTSC, SSCOLD, and SSINST.

⁴ [Program Fees | Academic Administration \(arizona.edu\)](#)



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Special Line Item Appropriations (SLIs): State general fund appropriations received by the university to support specific activities or programs of the university. Common examples include appropriations for Cooperative Extension, the Freedom Center, and Telemedicine among others.

Merit Aid: Financial aid awarded based on the academic, research, or service accomplishments of the student.⁵ The largest category of Merit Aid is currently the Wildcat Excellence Tuition Scholarship.

Need-Based Aid: Financial aid awarded based on the financial needs of the student. The largest category of Institutional Need-Based Aid being Regents Set-Aside awards (RSA).

Net Tuition Revenue: Gross/total tuition collected less applied Institutional Financial Aid.

Other Financial Aid Discounts: Financial aid awarded based on an affiliation agreement such as those awarded to Arizona Online students in specified affiliate organizations like the United States Navy.

Other Unrestricted Sources: Revenues included within AIB that do not fall within any of the above outlined classifications, the largest categories include State General Fund Lump Sum Appropriations (not SLI), Administrative Service Charge (ASC), and Investment Income.⁶

Lump Sum Appropriations: Revenue allocated to the university for general operating needs from the State's General Fund (tax revenues). The university receives two lump sum appropriations, one for Main Campus and one for Arizona Health Sciences.

Administrative Service Charge (ASC) / Institutional Contributions: Revenue sharing specifically associated and calculated on Auxiliary and Departmental Sales and Services activities. ASC/Institutional Contributions are currently applied in one of five ways: 1) a % share of revenues, 2) a % share of expenditures, 3) a fixed dollar annual transfer amount, 4) fees associated with managing endowments and 5) internal loan interest.

Investment Income: Revenue generated from the investment of overall cash balances of the operating funds of the institution.

Policy Aid: Financial aid awarded based on the demographic profile of the student. The largest category of Institutional Policy Aid being Qualified Tuition Reduction (QTR) awarded to faculty, staff, spouses, domestic partners, and dependents of faculty and staff. Staff and Faculty QTR is considered an eligible benefit for our pooled recovery mechanism known as Employee Related Expenditures (ERE) and as such is not included in any AIB NTR calculations, whereas spouse, domestic partner, and dependent QTR is, along with QTR awarded to faculty, staff, spouses, domestic partners, and dependents of Northern Arizona University (NAU) and Arizona State University (ASU) affiliates.

⁵ [financial-aid-report_fy-2020.pdf \(azregents.edu\)](#)

⁶ In UAccess Financials these are State sub-fund MC and AHS and DE sub-funds ALCASC and ALCINV.



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Revenue Sharing: One of many allocation tools with the AIB Model that allows for redistribution of resources between units based on the needs, strategies, and goals of university leaders. Examples of revenue sharing include the Administrative Service Charge (ASC), fixed dollar annual contributions, % of Undergraduate and Graduate Sources, or % of F&A distributions assigned to Activity Informed Allocations or Strategic Budget Allocations (SBA). Revenue sharing on Undergraduate Sources, Graduate Sources, and F&A in AIB is taken “off the top,” meaning it is calculated on total university revenues and not after they have been assigned through formula to a college. These amounts and levels will be decided upon with consultation from the AIB Working Group, the Stakeholder Advisory Group, and campus feedback and consultation from faculty and staff governance.

Strategic Budget Allocations (SBA): Ongoing budget allocations assigned within AIB based on the strategies and goals of university leaders. SBA can be assigned based on Key Performance Indicators (KPIs), Objectives and Key Results (OKRs), in recognition of cost differentials in instruction, in support of non-sponsored research, in an effort to strategically grow particular programs, or for any other goal or objective of leadership. SBA is intended to give university leaders flexibility to address the needs and operations of a varied and complex organization such as UArizona. Most support units of the university will be supported largely or entirely by SBA funds. SBA is created through Revenue Sharing applications as described above.

Undergraduate Sources: Net Tuition Revenue (NTR) generated from all Undergraduate delivery platforms.