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	FY 2000 Actual	FY 2001 Estimate	FY 2002 Approved	FY 2003 Approved
OPERATING BUDGET				
Full Time Equivalent Positions	2,255.1	2,346.9	2,269.3 ^{1/}	2,269.3 ^{1/}
Personal Services	87,705,200	94,442,600	95,183,500	99,982,500
Employee Related Expenditures	17,686,600	19,331,800	24,936,200	21,689,000
Professional and Outside Services	2,417,200	2,117,800	2,117,800	2,117,800
Travel - In State	568,700	810,400	802,100	802,100
Travel - Out of State	681,900	210,000	182,100	182,100
Library Acquisitions	2,401,500	2,687,100	2,687,100	2,687,100
Other Operating Expenditures	18,005,200	17,187,000	15,418,300	19,697,100
Equipment	3,152,000	3,683,100	2,806,800	2,806,800
<i>Operating Subtotal</i>	132,618,300	140,469,800	144,133,900	149,964,500
NAU - Yuma	2,259,200	2,307,700	2,414,000	2,424,200
End of Fiscal Year Transfer to ASU Collections Fund	1,317,700	0	0	0
TOTAL APPROPRIATIONS	136,195,200	142,777,500	146,547,900 ^{2/3/4/5/}	152,388,700 ^{2/3/4/5/}
FUND SOURCES				
General Fund	108,429,800	113,169,800	118,783,800	124,620,400
<u>Other Appropriated Funds</u>				
University Collections Fund	27,765,400	29,107,700	27,264,100	27,268,300
Federal Temporary Assistance for Needy Families Block Grant	0	500,000	500,000	500,000
<i>Subtotal - Other Appropriated Funds</i>	27,765,400	29,607,700	27,764,100	27,768,300
TOTAL APPROPRIATIONS	136,195,200	142,777,500	146,547,900	152,388,700

AGENCY DESCRIPTION — Established in 1899, Northern Arizona University (NAU) is one of 3 state universities governed by the Arizona Board of Regents. The university offers 137 degree programs to approximately 20,000 students in 9 colleges, schools and 1 center, and provides academic programs at many instructional sites throughout the state and at the Yuma Campus that operates in conjunction with Arizona Western College.

1/ Includes 35.5 FTE Positions funded from Special Line Items.

2/ The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote)

3/ Any unencumbered balances remaining in the collections account on June 30, 2001 and June 30, 2002, respectively, and all collections received by the university during the fiscal year, when paid into the State Treasury, 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. No part of this appropriation may be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are hereby appropriated for the purpose of conducting summer sessions but are excluded from the amounts enumerated above. Within 10 days of the acceptance of the universities' semiannual all funds budget reports, the Arizona Board of Regents shall inform the Joint Legislative Budget Committee of any tuition revenue amounts that are different from the amounts appropriated by the Legislature. (General Appropriation Act footnote)

4/ This amount does not include a triggered appropriation made by Laws 2001, Chapter 235 for debt service and to offset lower Collections Fund revenue. Triggered appropriations in FY 2002 and FY 2003 depend on the availability of excess revenues. (For more information, refer to the "Triggered Appropriations" write-up and the "Summary of Appropriations Triggered by Revenues" table at the front of this report.)

5/ General Appropriation Act funds are appropriated as a Lump Sum by Agency with Special Line Items.

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Estimate	Estimate
• % of graduating seniors who rate their overall university experience as “good”/“excellent”	NA/97	NA/96	97	97
• % of full-time undergraduate students enrolled per semester in 3 or more primary courses with ranked faculty	NA/94	NA/95	95	95
• Number of degrees granted:	NA/4,778	NA/4,892	4,900	4,900
Bachelors	NA/3,041	NA/2,969	3,000	3,000
Masters	NA/1,692	NA/1,871	1,840	1,840
First Professional	--	--	--	35/40
Doctorate	NA/45	NA/52	60	60
• Average number of years taken to graduate for student who began as freshmen	NA/5.2	NA/5.2	5	5
• Degrees granted to statewide students	NA/618	NA/641	650	660/675
• % of agency staff turnover	NA	NA/21.2	21.2	21.2
• Administration as a % of total cost	NA/2.1	NA/2.4	1.8	1.9/1.8

Enrollment Growth — The approved amount includes a decrease of \$(2,513,300) and (42.1) FTE Positions from the General Fund in both FY 2002 and FY 2003 below FY 2001 for decreasing student enrollment. The Legislature did not make any adjustments for enrollment in FY 2003. It is the intent of the Legislature to make any necessary adjustments for FY 2003 during the 2002 Legislative Session.

Student enrollment is based on a comparison of 3-year rolling weighted averages from year to year. The recommended amounts reflect a FY 2002 and FY 2003 student enrollment of 17,154, or a (615) student increase of (3.5)% from funded FY 2001 enrollment (*see Table 1*). The funding formula of 22:1:0.5 increases or decreases funding for 1 faculty and 0.5 support FTE Positions for every 22 student increase or decrease.

Character Education Training — The approved amount includes continued funding of \$500,000 in both FY 2002 and FY 2003 from the Temporary Assistance for Needy Families (TANF) Block Grant for the Arizona K-12 Center to contract for character training education for persons who are less than 19 years of age and who are eligible for or who are receiving TANF or Arizona Works assistance. The original FY 2001 appropriation of \$500,000 was made by Laws 2000, Chapter 393.

One-Time Equipment — The approved amount includes a General Fund decrease of \$(750,000) in both FY 2002 and FY 2003 from FY 2001 to eliminate one-time funding appropriated by Laws 2000, Chapter 228 to furnish and equip the John F. Wettaw Biology/Biochemistry Building.

Eminent Scholars — The approved amount includes a FY 2003 General Fund increase of \$247,800 above FY 2001 to restore university operating funding that was lost when Laws 1998, Chapter 173 converted the Universities Land Fund to the Eminent Scholars Matching Grant Fund. The approved amount is in addition to continued General Fund funding of \$39,500 in both FY 2002 and FY 2003 that was appropriated by Laws 1999, Chapter 326 to partially restore lost operating funding. The Eminent Scholars Program is intended to attract and retain eminent faculty at Arizona universities. Earnings from the Eminent Scholars Matching Grant Fund are intended to be used to match earnings on nonpublic endowments dedicated to the Eminent Scholars Program.

Decision Packages Funding — The Legislature appropriated a total of \$16,000,000 from the General Fund for the universities to distribute among themselves for decision packages. *Table 2* lists the allocation of the \$16,000,000 among the universities. NAU has allocated \$4,000,000 in FY 2003 above FY 2001 to use as debt service on a bond issuance to finance infrastructure improvements on campus.

<u>FY 2002 and FY 2003 Weighted Enrollment</u>				<u>FY 2001 Funded Enrollment</u>	<u>Increase/ (Decrease)</u>
Fall 1999 (Actual)	17,294	@ 25%	4,324		
Fall 2000 (Estimate)	17,107	@ 50%	8,554		
Fall 2001 (Projection)	17,107	@ 25%	<u>4,276</u>		
Weighted Average			17,154	17,769	(615)

Decision Packages Funding			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>Use of Funds</u>
ASU-Main		800,000	Graduate student health insurance.
ASU-East	2,000,000	3,000,000	Program funding.
ASU-West		200,000	Program funding.
NAU		4,000,000	Bond debt service.
UofA-Main	1,510,000	2,450,000	Graduate student pay; NW campus development.
UofA-Sierra Vista SLI	250,000	800,000	Program funding.
UofA-Health Sciences Center		990,000	Program funding.
Total	\$3,760,000	\$12,240,000	

NAU currently has \$23,900,000 in unused bonding capacity. Laws 2001, Chapter 233 increased the NAU bonding capacity by \$39,100,000. The \$4,000,000 allocated by NAU would provide the debt service payments for the \$63,000,000 bond issuance. (*See Additional Legislation for more information.*)

The Capital Outlay Bill (Chapter 237) would have allowed NAU to use its portion of building renewal funding in FY 2002 for debt service on this bond issuance; however, the Governor vetoed FY 2002 and FY 2003 building renewal funding for the Arizona Board of Regents (ABOR) Building System.

NAU-Yuma — NAU operates a Yuma Campus in conjunction with Arizona Western College. The approved amounts for FY 2002 and FY 2003 were based on the General Fund allocations shown in *Table 3*.

	<u>FY 2002</u>	<u>FY 2003</u>
<i>FTE Positions</i>	<u>35.5</u>	<u>35.5</u>
Personal Services	\$1,487,300	\$1,560,500
ERE	406,100	343,100
Prof. & Outside Svcs.	12,000	12,000
Travel – In State	24,200	24,200
Travel – Out of State	11,400	11,400
Other Operating Exp.	359,100	359,100
Equipment	<u>113,900</u>	<u>113,900</u>
Total	\$2,414,000	\$2,424,200

Triggered Appropriations: Conditional Appropriations; Taxation; Revenue Forecasts (Chapter 235) – This act appropriates from the General Fund \$1,843,600 in FY 2002 and \$1,839,400 in FY 2003 to offset lower tuition and fee collections from decreasing student enrollment, and also appropriates \$220,000 in FY 2003 for debt service on a bond issuance for a Yuma science complex if FY 2001 General Fund revenues exceed the forecast by \$104,131,000. Prior to September 1, 2001, JLBC and OSPB will calculate total FY 2001 revenues and determine if sufficient monies are available to trigger the appropriations.

If FY 2001 revenues do not exceed the forecast by the required amount, but FY 2002 General Fund revenues

exceed the forecast by \$91,386,800, the act appropriates from the General Fund \$1,839,400 in FY 2003 to offset lower collections and also appropriates \$220,000 in FY 2003 for bonding debt service. Prior to September 1, 2002, JLBC and OSPB will calculate total FY 2002 revenues and determine if sufficient monies are available to trigger the appropriation. (*For more information on this and other triggered appropriations see the “Summary of Appropriations Triggered by Revenues” table at the front of this report.*)

In addition to providing the triggered debt service funding, Chapter 235 also authorizes the Arizona Board of Regents to issue up to \$6,000,000 in revenue bonds to finance a Yuma higher education and science complex on behalf of NAU.

As Collections Fund revenues increase or decrease, General Fund appropriations are typically decreased or increased by a like amount to offset any gains or losses in collections revenue and maintain the base budget.

Additional Legislation: Omnibus Budget Reconciliation; Education (Chapter 233) — Authorizes the ABOR to issue on behalf of NAU up to \$39,100,000 in revenue bonds. The act also requires ABOR to incorporate the additional bonding capacity into the existing NAU multiyear bonding plan. The plan is to be submitted to the Joint Committee on Capital Review (JCCR) and the Governor. Individual projects will require JCCR review prior to issuance of any bonds.

Combined with existing unused NAU bonding capacity of \$23,900,000, the additional capacity will provide NAU a total of \$63,000,000 in bonding authority. NAU has allocated \$4,000,000 in FY 2003 from \$16,000,000 in decision package funding for all universities for debt service on a \$63,000,000 bond issuance. The bond issuance will finance infrastructure improvements on the NAU campus.

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