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	FY 2004 Actual	FY 2005 Estimate	FY 2006 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	315.0	342.0 ^{1/}	349.3
Personal Services	13,740,900	16,370,500	18,010,400
Employee Related Expenditures	3,093,900	3,906,500	4,498,300
Professional and Outside Services	(55,300)	215,500	215,500
Travel - In State	24,000	20,200	25,000
Travel - Out of State	167,600	13,100	5,800
Other Operating Expenditures	2,569,100	1,981,200	2,933,300
Library Acquisitions	234,200	158,000	158,000
Equipment	1,103,400	728,000	853,500
OPERATING SUBTOTAL	20,877,800	23,393,000	26,699,800
SPECIAL LINE ITEMS			
Lease-Purchase Payment	1,870,000	2,000,000	2,000,000
AGENCY TOTAL	22,747,800	25,393,000	28,699,800^{2/3/4/}
FUND SOURCES			
General Fund	12,460,000	13,040,200	15,394,700 ^{5/}
<u>Other Appropriated Funds</u>			
Technology and Research Initiative Fund	1,870,000	2,000,000	2,000,000
University Collections Fund	8,417,800	10,352,800 ^{1/}	11,305,100 ^{6/}
SUBTOTAL - Other Appropriated Funds	10,287,800	12,352,800	13,305,100
SUBTOTAL - Appropriated Funds	22,747,800	25,393,000	28,699,800
Other Non-Appropriated Funds	4,487,900	4,746,700	5,024,200
Federal Funds	2,795,400	3,074,900	3,382,300
TOTAL - ALL SOURCES	30,031,100	33,214,600	37,106,300

AGENCY DESCRIPTION — Established as a separate budget unit in 1994, Arizona State University - East Campus (ASU-East) currently offers baccalaureate, master's, and non-degree programs in 18 professional and technical fields to approximately 2,700 students. It is located at the 600-acre site of the former Williams Air Force Base in southeast Mesa.

^{1/} The amounts include 27 FTE Positions and \$1,480,200 from the University Collections Fund above the appropriated FY 2005 amounts. A footnote in the FY 2005 General Appropriation Act appropriates any collections receipts above the original amount to the university. (See footnote #6)

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

^{3/} The appropriated monies are not to be used to support any student newspaper. (General Appropriation Act footnote)

^{4/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

^{5/} The state General Fund appropriations shall not be used for alumni association funding. (General Appropriation Act footnote)

^{6/} Any unencumbered balances remaining in the collections account on June 30, 2005 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 of Arizona. 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. (General Appropriation Act footnote)

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2006
	Actual	Actual	Approved
• % of graduating seniors who rate their overall university experience as “good”/“excellent”	93	95	96
• % of full-time undergraduate students enrolled per semester in 3 or more primary courses with ranked faculty	71	64	66
• Average number of years taken to graduate for students who began as freshmen	5.2	5.4	5.2

Comments: The percentage of graduating seniors rating their overall university experience as “excellent” was 33% in FY 2003 and 33% in FY 2004. To reduce freshmen’s average number of years to graduation, ASU is limiting entry-level English and mathematics classes to under 20 students and expanding its academic advising services.

Operating Budget

The budget provides \$26,699,800 for the operating budget in FY 2006. This amount consists of \$15,394,700 from the General Fund and \$11,305,100 from the University Collections Fund.

The approved amount includes an increase of \$581,100 from the General Fund in FY 2006 for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

Vacant FTE Savings

The approved amount includes a decrease of \$(66,000) and (16.8) FTE Positions from the General Fund in FY 2006 for the elimination of vacant FTE Positions. By reducing the number of vacant FTE Positions, the budget reduced the amount of money appropriated for health, dental, and life insurance. These monies are passed through directly to the Arizona Department of Administration for statewide insurance costs and will not affect the amount of monies the agency has for other purposes. All other funding for these vacant positions had been previously eliminated.

Out-of-State Travel Reduction

The approved amount includes a decrease of \$(25,000) from the General Fund in FY 2006 for a 25% reduction in the agency’s FY 2004 out-of-state travel funding. Since ASU-East receives its operating budget as a lump sum, the campus has authority to move monies between line items. ASU-East shifted monies from the Travel - Out of State line in FY 2005. Therefore, the above reduction consists of \$(23,400) from the Travel - Out of State line and \$(1,600) from the Other Operating Expenditures line.

Enrollment Growth

The approved amount includes an increase of \$2,816,700 and 24.1 FTE Positions in FY 2006 for enrollment growth. The former amount consists of \$1,864,400 from the General Fund and \$952,300 from the University Collections Fund.

The General Fund amount finances projected growth in student enrollment, as calculated by the conventional student enrollment funding formula. Since enrollment growth also contributes to an increase in university tuition and fee collections, the University Collections Fund amount reflects these additional revenues. Projected formula enrollment is growing by 354 full-time equivalent (FTE) students, to 2,593 FTE students in FY 2006.

The Higher Education Budget Reconciliation Bill (Laws 2005, Chapter 330) amended A.R.S. § 15-1661 to codify, for all state universities, the first calculation of the enrollment funding formula. This first step derives student enrollment, in units of FTE students, by weighing total earned credit hours according to 3 different academic levels. These weights are summarized below:

<u>Academic Level</u>	<u>Credit Hours/FTE</u>
Lower-Division Undergraduate	15
Upper-Division Undergraduate	12
Graduate and Professional	10

The second calculation of the enrollment funding formula, which does not appear in statute, projects student enrollment for the next academic year based on a weighted rolling average of the current and past 2 academic years, with the past academic year receiving double the weight of each of the other 2 years. The third calculation, which also does not appear in statute, adds or subtracts 1 faculty and 0.5 support FTE Positions, and their associated costs, for every 22-FTE-student change.

Special Line Items

Lease-Purchase Payment

The budget provides \$2,000,000 from the Technology and Research Initiative Fund (TRIF) for Lease-Purchase Payment requirements in FY 2006. This amount is unchanged from FY 2005.

Laws 2000, 5th Special Session, Chapter 1 appropriated \$1.4 million from TRIF to make the initial lease-purchase payment in FY 2002 on \$27.5 million in infrastructure

development at ASU-East. This session law also included the legislative intention to appropriate future lease-purchase payments from TRIF. The payment schedule runs through FY 2021.

ASU-East renovated or newly constructed 6 buildings. Additionally, the campus made roadway, pedestrian, and landscape improvements, and installed lighting and emergency telephones. While ASU-East expended all monies from this lease-purchase by June 2005, of the planned capital improvement projects, certain utility lines and lighting around the new student union are unfinished. Non-appropriated monies will fund their completion.

The TRIF revenue source is an automatic appropriation of a portion of a 0.6% sales tax increase, authorized by voters through Proposition 301 in the November 2000 General Election. The Arizona Board of Regents administers the fund.

Additional Legislation

Higher Education Budget Reconciliation Bill

The Higher Education Budget Reconciliation Bill (Laws 2005, Chapter 330) includes several provisions affecting the state universities beyond the changes discussed in the *Enrollment Growth* policy issue above. For further explanation of this act, please see *Additional Legislation* in the *Arizona Board of Regents* section.