

President: Michael Crow, Ph.D.

JLBC Analyst: Lorenzo Martinez/Shelli Carol

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Approved
OPERATING BUDGET			
Full Time Equivalent Positions	6,044.7	6,382.9 ^{1/}	6,314.5
Personal Services	277,375,800	311,369,900	322,467,000
Employee Related Expenditures	60,310,500	73,171,900	78,956,300
Professional and Outside Services	5,523,300	5,557,500	5,557,500
Travel - In State	125,500	138,400	159,000
Travel - Out of State	2,314,700	197,100	73,400
Other Operating Expenditures	39,600,200	40,554,700	44,755,100
Library Acquisitions	7,709,200	8,409,100	8,409,100
Equipment	10,820,500	10,675,000	11,210,000
OPERATING SUBTOTAL	403,779,700	450,073,600	471,587,400
SPECIAL LINE ITEMS			
Ch. 330 Biomedical Informatics	0	0	1,000,000 ^{2/}
AGENCY TOTAL	403,779,700	450,073,600	472,587,400^{3/4/5/6/}
FUND SOURCES			
General Fund	263,943,900	282,510,500	300,964,900 ^{7/}
<u>Other Appropriated Funds</u>			
University Collections Fund	139,835,800	167,563,100 ^{1/}	171,622,500 ^{8/}
SUBTOTAL - Other Appropriated Funds	139,835,800	167,563,100	171,622,500
SUBTOTAL - Appropriated Funds	403,779,700	450,073,600	472,587,400
Other Non-Appropriated Funds	274,142,400	326,074,000	342,927,200
Federal Funds	116,289,700	127,918,700	140,710,600
TOTAL - ALL SOURCES	794,211,800	904,066,300	956,225,200

AGENCY DESCRIPTION — Established in 1885, Arizona State University (ASU) is one of 3 public universities governed by the Arizona Board of Regents (ABOR). As a primary research institution, ASU offers 235 degree-programs to over 47,000 students in 12 colleges and schools at its Main Campus in Tempe. The university is improving its international recognition and recently celebrated its first Nobel scholar. ASU has an expanding satellite campus in Downtown Phoenix.

- ^{1/} The amounts include 338.2 FTE Positions and \$27,363,100 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 #8)
- ^{2/} Of the amount, the Higher Education Budget Reconciliation Bill (Laws 2005, Chapter 330) provides only \$500,000 on July 1, 2005. An additional \$500,000 will become available by October 5, 2005, contingent on ABOR submitting for Joint Legislative Budget Committee review, by September 1, 2005, detailed operational and capital plans for the University of Arizona Phoenix Medical Campus. (For more information on this campus, please see the University of Arizona – Health Sciences Center section.)
- ^{3/} The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote)
- ^{4/} The appropriated monies are not to be used to support any student newspaper. (General Appropriation Act footnote)
- ^{5/} The appropriated monies shall not be used by the Arizona State University College of Law Legal Clinic for any lawsuits involving inmates of the State Department of Corrections in which the state is the adverse party. (General Appropriation Act footnote)
- ^{6/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.
- ^{7/} The state General Fund appropriations shall not be used for alumni association funding. (General Appropriation Act footnote)
- ^{8/} 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”	94	94	95
• % of full-time undergraduate students enrolled per semester in 3 or more primary courses with ranked faculty	73	70	72
• Average number of years taken to graduate for students who began as freshmen	4.7	4.7	4.6
• External dollars for research and creative activity (\$ in millions)	122	158	180

Comments: The percentage of graduating seniors rating their overall university experience as “excellent” was 27% in FY 2003 and 30% 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. ASU attracted almost 30% more external research and creative funding in FY 2004 than FY 2003, including a collaborative bioengineering program with Mayo Clinic in Scottsdale and a \$44 million grant to develop flexible flat panel displays for the United States Defense Department.

Operating Budget

The budget provides \$471,587,400 for the operating budget in FY 2006. This amount consists of \$299,964,900 from the General Fund and \$171,622,500 from the University Collections Fund.

The approved amount includes an increase of \$10,585,800 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 \$(662,800) and (171.3) 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 \$(377,200) from the General Fund in FY 2006 for a 25% reduction in the agency’s FY 2004 out-of-state travel funding. Since ASU-Main receives its appropriation as a lump sum, the campus has authority to move monies between line items. ASU-Main shifted monies from the Travel - Out of State line in FY 2005. Therefore, the above reduction consists of \$(192,300) from the Travel - Out of State line and \$(184,900) from the Other Operating Expenditures line.

Enrollment Growth

The approved amount includes an increase of \$11,968,000 and 102.9 FTE Positions in FY 2006 for enrollment growth. The former amount consists of \$7,908,600 from the General Fund and \$4,059,400 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 1,509 full-time equivalent (FTE) students, to 45,637 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:

Academic Level	Credit Hours/FTE
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

Ch. 330 Biomedical Informatics

The Higher Education Budget Reconciliation Bill (Laws 2005, Chapter 330) provides \$1,000,000 for the Department of Biomedical Informatics in FY 2006. This new multidisciplinary department will incorporate the studies of computer science, biology, and engineering, to organize and analyze medical data. This department will closely integrate with the University of Arizona Phoenix Medical Campus.

Of the approved amount, Chapter 330 provides only \$500,000 on July 1, 2005. An additional \$500,000 will become available by October 5, 2005, contingent on ABOR submitting for Joint Legislative Budget Committee review, by September 1, 2005, detailed operational and capital plans for the Phoenix Medical Campus. For more information on this campus, please see the *University of Arizona – Health Sciences Center* section.

Chapter 330 also includes several provisions affecting the state universities beyond the changes discussed in the policy issues above. For further explanation of this act, please see *Additional Legislation* in the *Arizona Board of Regents* section.