

Arizona State University - Main Campus

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DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	6,044.7	6,382.9	6,485.8
Personal Services	277,375,800	311,369,900	317,076,700
Employee Related Expenditures	60,310,500	73,171,900	74,231,700
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	265,700
Other Operating Expenditures	39,600,200	40,554,700	40,880,600
Library Acquisitions	7,709,200	8,409,100	8,409,100
Equipment	10,820,500	10,675,000	11,210,000
AGENCY TOTAL	403,779,700	450,073,600	457,790,300

FUND SOURCES

General Fund	263,943,900	282,510,500	286,167,800
<u>Other Appropriated Funds</u>			
University Collections Fund	139,835,800	167,563,100	171,622,500
SUBTOTAL - Other Appropriated Funds	139,835,800	167,563,100	171,622,500
SUBTOTAL - Appropriated Funds	403,779,700	450,073,600	457,790,300
Other Non-Appropriated Funds			
Federal Funds	274,142,400	326,074,000	342,927,200
TOTAL - ALL SOURCES	794,211,800	904,066,300	941,428,100

CHANGE IN FUNDING SUMMARY

	FY 2005 to FY 2006 JLBC	
	\$ Change	% Change
General Fund	3,657,300	1.3%
Other Appropriated Funds	4,059,400	2.4%
Total Appropriated Funds	7,716,700	1.7%
Non Appropriated Funds	29,645,100	6.5%
Total - All Sources	37,361,800	4.1%

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.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005	FY 2006
	Actual	Actual	Estimate	JLBC
• % of graduating seniors who rate their overall university experience as “good”/“excellent”	94	94	95	95
• % of full-time undergraduate students enrolled per semester in 3 or more primary courses with ranked faculty	73	70	74	72
• Average number of years taken to graduate for students who began as freshmen	4.7	4.7	4.7	4.6
• External dollars for research and creative activity (\$ in millions)	122	158	150	180
• % of agency staff turnover	13.9	12.6	13.9	--
• Administration as a % of total cost	1.3	1.3	1.3	--

Comments: The percentage of graduating seniors rating their overall university experience as “excellent” was 27% in FY 2003 and 30% in FY 2004. The percentage of undergraduate students taught by ranked faculty declined between FY 2003 and 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.

RECOMMENDED CHANGES FROM FY 2005

Operating Budget

The JLBC recommends \$457,790,300 for the operating budget in FY 2006. This amount consists of \$286,167,800 from the General Fund and \$171,622,500 from the University Collections Fund. These amounts would fund the following adjustments:

	FY 2006
Standard Changes	GF \$(191,900)

The JLBC recommends a decrease of \$(191,900) from the General Fund in FY 2006 for standard changes.

	GF	3,849,200
Enrollment Growth	OF	4,059,400

The JLBC recommends an increase of \$7,908,600 and 102.9 FTE Positions in FY 2006 for enrollment growth. This amount consists of \$3,849,200 from the General Fund and \$4,059,400 from the University Collections Fund. These amounts are based on the current enrollment funding formula.

The universities calculate student enrollment, in units of full-time equivalent (FTE) students, by weighing credit hours according to different academic levels. The current enrollment formula applies to all state universities and calculates FTE students based on 3 levels. This formula is summarized below:

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

However, ABOR has approved formula changes for each university to account for new and distinct missions and to provide additional support for high-cost specialty programs. ASU is requesting a revised formula for determining enrollment, as summarized below:

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

ABOR has stated that the new formula would be used to seek funding only for future enrollment changes and would not be used to request additional money for current enrollment levels. Therefore, ASU has recalculated its FY 2005 total enrollment base according to the new formula, has assumed that base to be fully funded, and is seeking additional appropriations only for the increase in projected FY 2006 total enrollment.

Both funding formulas use student enrollment projections 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 JLBC determines funding changes to add or subtract 1 faculty and 0.5 support FTE Positions, and their associated costs, for every 22-FTE-student change. Since enrollment growth also contributes to an increase in university tuition and fee collections, the JLBC divides these funding changes between the General Fund and the University Collections Fund.

The chart below summarizes enrollment growth and funding as calculated by the current and new methods:

	<u>Current</u>	<u>New</u>
Funded Formula FY 05 Enrollment	44,128	45,170
Projected Formula FY 06 Enrollment	45,637	46,683
Student FTE Enrollment Growth	1,509	1,513
Percentage Enrollment Growth	3.4	3.3
New Faculty FTE Positions	68.6	68.8
Total New FTE Positions	102.9	103.2
GF Increase (in thousands)	\$3,849.2	\$3,859.4
OF Increase (in thousands)	4,059.4	4,070.1

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JLBC RECOMMENDED FORMAT — Lump Sum by Agency

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

The state General Fund appropriations shall not be used for alumni association funding.

The appropriated monies are not to be used for scholarships.

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.

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. 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 and shall submit an expenditure plan for any tuition revenue amounts that are greater than the appropriated amounts to the Joint Legislative Budget Committee for its review. The expenditure plan shall also include as an informational item, any additional local retention amounts above the amounts estimated in the original FY 2006 budget request.

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
Auxiliary (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Sales revenues of substantially self-supporting university services.		
Purpose of Fund: To provide university-related non-academic services for students, faculty, staff, and the public. Auxiliary enterprises include student housing, bookstores, student unions, intercollegiate athletics, and internal operations.		
Funds Expended	86,837,900	90,311,300
Year-End Fund Balance	10,904,500	10,418,100
Designated (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Retained tuition and fees, summer session fees, student aid administrative allowances, and unrestricted gifts and grants.		
Purpose of Fund: To provide and administer student financial aid, to pay debt service on university bonds, and to run summer and winter session programs. The university designates monies in the fund into sub-accounts for specific purposes. Indirect Cost Recovery, a Designated sub-account, is presented separately.		
Funds Expended	129,050,300	171,714,500
Year-End Fund Balance	87,343,400	85,291,600
Endowment and Life Income (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest income on invested endowment and life income gifts, as well as a portion of financial aid trust fees assessed to students.		
Purpose of Fund: To support endowment operations and compensate designated beneficiaries.		
Funds Expended	0	0
Year-End Fund Balance	68,027,200	75,860,400

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
Federal Grants (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Federal grants and contracts.		
Purpose of Fund: To support specific operating and research purposes as identified by the federal government.		
Funds Expended	113,636,100	124,999,700
Year-End Fund Balance	0	0
Federal Indirect Cost Recovery (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Federally sponsored research programs.		
Purpose of Fund: To assist and promote federally sponsored research.		
Funds Expended	2,653,600	2,919,000
Year-End Fund Balance	0	0
Indirect Cost Recovery - Non-Federal (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Non-federally sponsored research programs.		
Purpose of Fund: To assist and promote non-federally sponsored research.		
Funds Expended	299,000	328,900
Year-End Fund Balance	3,446,000	3,966,300
Loan (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Federal student loan programs.		
Purpose of Fund: To provide federal student loans. The amounts displayed do not include an administrative allowance, which is reflected in the Designated Fund.		
Funds Expended	525,500	546,500
Year-End Fund Balance	12,570,700	12,528,800
Restricted (Excluding Federal Funds) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Private and non-federal grants, as well as a portion of financial aid trust fees assessed to students.		
Purpose of Fund: To support specific operating and research purposes as identified by the private or non-federal donating entities.		
Funds Expended	57,429,700	63,172,800
Year-End Fund Balance	22,382,400	27,595,600
University Collections (ASA1411/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees.		
Purpose of Fund: To operate the university.		
Funds Expended	139,835,800	167,563,100
Year-End Fund Balance	0	0

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