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	FY 2005 Actual	FY 2006 Estimate	FY 2007 Approved
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	342.0	390.0 <sup>1/</sup>	423.0
Personal Services	15,847,900	18,857,300	21,639,800
Employee Related Expenditures	3,606,000	4,660,300	5,587,400
Professional and Outside Services	330,900	215,500	215,500
Travel - In State	27,100	25,000	31,600
Travel - Out of State	174,500	5,800	27,900
Other Operating Expenditures	2,388,100	2,873,600	4,618,200
Library Acquisitions	259,400	268,000	268,000
Equipment	778,300	1,867,600	2,036,700
<b>OPERATING SUBTOTAL</b>	<b>23,412,200</b>	<b>28,773,100</b>	<b>34,425,100</b>
<b>SPECIAL LINE ITEMS</b>			
Lease-Purchase Payment	2,000,000	2,000,000	2,000,000
<b>AGENCY TOTAL</b>	<b>25,412,200</b>	<b>30,773,100</b>	<b>36,425,100<sup>2/3/4/</sup></b>
<b>FUND SOURCES</b>			
General Fund	13,040,200	15,811,700	19,804,700 <sup>5/</sup>
<u>Other Appropriated Funds</u>			
Technology and Research Initiative Fund	2,000,000	2,000,000	2,000,000
University Collections Fund	10,372,000	12,961,400	14,620,400 <sup>6/</sup>
SUBTOTAL - Other Appropriated Funds	12,372,000	14,961,400	16,620,400
<b>SUBTOTAL - Appropriated Funds</b>	<b>25,412,200</b>	<b>30,773,100</b>	<b>36,425,100</b>
Other Non-Appropriated Funds	6,141,000	7,816,600	8,226,300
Federal Funds	2,911,700	3,202,900	3,523,200
<b>TOTAL - ALL SOURCES</b>	<b>34,464,900</b>	<b>41,792,600</b>	<b>48,174,600</b>

**AGENCY DESCRIPTION** — Established as a separate budget unit in 1994, Arizona State University - East Campus (ASU-East), also known as the Polytechnic Campus, currently offers 30 professional and technical baccalaureate, masters, and non-degree programs to over 4,500 full- and part-time students. It is located at the 600-acre site of the former Williams Air Force Base in southeast Mesa.

1/ The amounts include 40.7 FTE Positions and their associated funding above the appropriated FY 2006 amounts. A footnote in the FY 2006 General Appropriation Act appropriates any tuition 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, 2006 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 2005	FY 2007
	Actual	Actual	Actual	Approved
<ul style="list-style-type: none"> <li>% of graduating seniors who rate their overall university experience as “good”/“excellent”</li> </ul> <p>Comments: The percentage of graduating seniors rating their overall university experience as “excellent” was 33% in FY 2003, 33% in FY 2004, and 39% in FY 2005. By gathering the impressions of only graduating seniors, this measure overlooks the potentially negative opinions of students who chose to transfer or who otherwise left the university.</p>	93	95	95	96
<ul style="list-style-type: none"> <li>% of full-time undergraduate students enrolled per semester in 3 or more primary courses with ranked faculty</li> </ul> <p>Comments: Ranked faculty includes all instructors with the exception of unpaid volunteers and graduate students. Therefore, this measure does not address undergraduate student contact with professors.</p>	71	65	67	68
<ul style="list-style-type: none"> <li>% of full-time undergraduate students enrolled per semester in 3 or more primary courses with professors of any rank</li> </ul> <p>Comments: The budget provides a new performance measure to specifically ascertain undergraduate student contact with professors. Professors of some rank taught 46% of all undergraduate primary class sections at ASU in FY 2005, compared to 47% nationally in FY 2004.</p>	--	--	--	60
<ul style="list-style-type: none"> <li>Average number of years taken to graduate for students who began as freshmen</li> </ul> <p>Comments: To reduce freshmen’s average number of years to graduation, ASU is adding class sections and reducing section sizes, especially for first-year English and mathematics classes, as well as increasing student advising, library, and financial aid resources.</p>	5.2	5.4	4.9	4.8

### **Operating Budget**

The budget provides \$34,425,100 for the operating budget in FY 2007. This amount consists of:

	<b>FY 2007</b>
General Fund	\$19,804,700
University Collections Fund	14,620,400

These amounts include an increase of \$1,299,100 from the General Fund for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

The budget also includes the following adjustments:

#### **Enrollment Growth**

The budget provides an increase of \$4,402,600 and 33.5 FTE Positions in FY 2007 for enrollment growth. These amounts consist of:

General Fund	2,743,600
University Collections Fund	1,659,000

These amounts finance projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. Projected formula enrollment is growing by 382 full-time

equivalent (FTE) students, to 2,975 FTE students in FY 2007.

A.R.S. § 15-1661 codifies, 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 next, current, and prior academic years, with the current academic year receiving double the weight of each of the other 2 years.

The third calculation, which also does not appear in statute, historically has added or subtracted 1 faculty and 0.5 support FTE Positions, and their associated General Fund costs, for every 22-FTE-student change. In FY 2007 however, the budget provides approximate increases of 1 faculty and 0.75 support FTE Positions, and their associated General Fund costs, for every 22-FTE-student change.

Since enrollment growth also contributes to an increase in university tuition and fee collections, the University Collections Fund amount reflects these additional revenues.

please see *Additional Legislation* in the *Arizona Board of Regents* section.

### **Over 155 Credit Hour Reduction**

The budget provides a decrease of \$(49,700) and (0.5) FTE Positions from the General Fund in FY 2007 to eliminate funding for ASU-East students with over 155 credit hours.

A.R.S. § 15-1661, as amended by the Higher Education Budget Reconciliation Bill (Laws 2006, Chapter 352), prohibits funding state university students who have earned credit hours in excess of a credit hour threshold, with certain exceptions. Meanwhile A.R.S. § 15-1626 allows the Arizona Board of Regents to raise tuition rates for those students.

In FY 2007, the credit hour threshold is 155 credit hours. This threshold declines to 150 hours in FY 2008 and 145 hours thereafter. Within the new guidelines of Chapter 352, ASU reports 3 FTE students over the credit hour threshold at the East Campus.

### ***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 2007. This amount is unchanged from FY 2006.

Laws 2000, 5<sup>th</sup> 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. ASU-East expended all monies from this lease-purchase by June 2005 and completed the project, with non-appropriated monies, by fall 2005.

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. ABOR administers the fund.

### ***Additional Legislation***

#### ***Higher Education Budget Reconciliation Bill***

The Higher Education Budget Reconciliation Bill (Laws 2006, Chapter 352) includes several provisions affecting the state universities. For further explanation of this act,