

Arizona State University - Main Campus

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DESCRIPTION	FY 2005 ACTUAL	FY 2006 ESTIMATE	FY 2007 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	6,383.4	6,672.0	6,757.9
Personal Services	308,765,800	332,064,600	315,051,900
Employee Related Expenditures	68,092,500	80,448,400	76,271,100
Professional and Outside Services	5,776,500	7,233,100	6,776,600
Travel - In State	117,100	159,000	162,800
Travel - Out of State	2,513,700	73,400	115,400
Other Operating Expenditures	42,968,400	53,224,100	57,605,000
Library Acquisitions	8,332,600	8,829,300	8,272,000
Equipment	12,267,000	13,639,900	13,142,800
OPERATING SUBTOTAL	448,833,600	495,671,800	477,397,600
SPECIAL LINE ITEMS			
Biomedical Informatics	0	1,000,000	1,000,000
Downtown Phoenix Campus	465,800	465,800	34,028,100
AGENCY TOTAL	449,299,400	497,137,600	512,425,700
FUND SOURCES			
General Fund	282,510,500	300,964,900	307,682,900
<u>Other Appropriated Funds</u>			
University Collections Fund	166,788,900	196,172,700	204,742,800
SUBTOTAL - Other Appropriated Funds	166,788,900	196,172,700	204,742,800
SUBTOTAL - Appropriated Funds	449,299,400	497,137,600	512,425,700
Other Non-Appropriated Funds	366,263,800	423,700,900	445,154,100
Federal Funds	129,015,500	141,917,100	156,108,900
TOTAL - ALL SOURCES	944,578,700	1,062,755,600	1,113,688,700

CHANGE IN FUNDING SUMMARY

	FY 2006 to FY 2007 JLBC	
	\$ Change	% Change
General Fund	6,718,000	2.2%
Other Appropriated Funds	8,570,100	4.4%
Total Appropriated Funds	15,288,100	3.1%
Non Appropriated Funds	35,645,000	6.3%
Total - All Sources	50,933,100	4.8%

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 more than 240 degree-programs to over 51,000 full- and part-time students in 12 colleges and schools at its Main Campus in Tempe. ASU also has an expanding Downtown Phoenix Campus that is budgeted as a unit of the Main Campus.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005	FY 2007
	Actual	Actual	Actual	JLBC
<ul style="list-style-type: none"> % of graduating seniors who rate their overall university experience as “good”/“excellent” <p>Comments: The percentage of graduating seniors rating their overall university experience as “excellent” was 27% in FY 2003, 30% in FY 2004, and 31% 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>	94	94	94	95
<ul style="list-style-type: none"> % of full-time undergraduate students enrolled per semester in 3 or more primary courses with ranked faculty <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>	73	72	70	72
<ul style="list-style-type: none"> % of full-time undergraduate students enrolled per semester in 3 or more primary courses with professors of any rank (NEW) <p>Comments: The JLBC recommends 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"> Average number of years taken to graduate for students who began as freshmen <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>	4.7	4.7	4.7	4.6
<ul style="list-style-type: none"> External dollars for research and creative activity (\$ in millions) <p>Comments: ASU attracted almost 10% more external research and creative funding in FY 2005 than FY 2004.</p>	122	142	156	180

RECOMMENDED CHANGES FROM FY 2006

Operating Budget

The JLBC recommends \$477,397,600 for the operating budget in FY 2007. This amount consists of:

	<u>FY 2007</u>
General Fund	\$286,066,700
University Collections Fund	191,330,900

These amounts include the following adjustments:

Enrollment Growth	GF	9,128,200
	OF	7,539,600

The JLBC recommends an increase of \$16,667,800 and 116.7 FTE Positions in FY 2007 for enrollment growth. These amounts consist of:

General Fund	9,128,200
University Collections Fund	7,539,600

These amounts would finance projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. Projected formula enrollment at the Main Campus is

growing by 1,712 full-time equivalent (FTE) students, to 47,583 FTE students (including Downtown Phoenix Campus 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, adds or subtracts 1 faculty and 0.5 support FTE Positions, and their associated General Fund costs, for every 22-FTE-student change.

the Downtown Phoenix Campus. These amounts consist of:

General Fund	18,902,800
University Collections Fund	12,381,400

This transfer accounts for the College of Public Programs and departments from the College of Nursing, University College, and the School of Global Health, which will move downtown in FY 2007.

ASU first offered classes in downtown Phoenix in 1986, at the site of the former Phoenix Union High School. (*That facility is now under renovation to house the Phoenix Medical Campus.*) In 1990, ASU relocated those classes across the street to a 160,000 square-foot, 4.5 acre facility known as the Mercado. At that location, ASU currently offers courses in business, public administration, nursing, and education.

Meanwhile, ASU and the City of Phoenix plan a larger Downtown Phoenix Campus, encompassing 2 million square feet on 15 acres, roughly bordered by Fillmore, Van Buren, and 3rd Streets, as well as 1st Avenue, in downtown Phoenix. This location will place the facility 2 city blocks from the Phoenix Medical Campus. A City of Phoenix bond election in March 2006 seeks voter approval for \$188 million to acquire (through purchase or condemnation) the necessary land, renovate 300,000 square feet of existing facilities, and construct up to 400,000 square feet of new facilities.

An estimate of ASU fiscal responsibilities for the downtown campus totals roughly \$50 million annually. These obligations will include lease-purchase payments for the facility; all operations, utilities, maintenance, facilities security, building renewal, and non-capital equipment costs; a portion of interest charges for projects already underway; the construction and operation of student housing and parking facilities; and a Civic Center usage fee. Additionally, ASU will transfer without cost its ownership of the Mercado to the City of Phoenix.

The first phase of the Downtown Phoenix Campus will begin in fall 2006. The College of Public Programs will move to the campus and the College of Nursing, University College, and the School of Global Health will offer classes there. By the end of the first phase, ASU expects to serve 2,500 students downtown, with housing for 250 of them, in 300,000 square feet.

The ASU plan envisions the second phase, beginning in fall 2008, when the Walter Cronkite School of Journalism and Mass Communication and KAET-TV/Channel 8, the Phoenix Public Broadcasting Station, would move to the campus. By 2011, ASU expects to serve 7,500 students downtown, with housing for 1,800 of them, in around 800,000 square feet.

ASU hopes to complete the development of the downtown campus by 2020, at which time the program would accommodate 15,000 students and 1,800 faculty and staff, with housing for 4,000 students.

Considering the significant development planned for this campus, the JLBC recommends requiring from ABOR and ASU detailed operational and capital plans for JCCR review by October 1, 2006. The JLBC also recommends a new footnote to require detailed Downtown Phoenix Campus budgets in the future and to distinguish downtown campus expenditures from the ASU-Main operating budget.

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JLBC RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Agency (*The JLBC recommends a format change to accommodate the creation of the Biomedical Informatics and Downtown Phoenix Campus Special Line Items.*)

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

The appropriated monies are not to be used for scholarships.

The appropriated monies are not to be used to support any student newspaper.

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.

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

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.

New Footnotes

University budget requests shall provide as much detail for the Downtown Phoenix Campus as for any other budget program. Notwithstanding A.R.S. § 35-173.C, any

proposed transfer to or from the amounts appropriated for the Downtown Phoenix Campus line item shall require prior JLBC review. *(The JLBC recommends increased scrutiny for the downtown campus, considering the significant development planned there.)*

JLBC RECOMMENDED STATUTORY CHANGES

Local Retention Review

The JLBC recommends amending A.R.S. § 15-1626 to require an annual submission from every university with detailed line-item information for each program supported by the local retention of tuition and fee revenues. The report, due October 1, would include budgets, by fund, for the past, current, and upcoming fiscal years. The JLBC also recommends amending A.R.S. § 15-1626 to subject the universities' locally-retained tuition expenditure plan for the upcoming fiscal year to Committee review.

Alumni Association Funding

The JLBC recommends amending A.R.S. § 15-1626 to prevent the use of any tuition collections for alumni association funding.

Downtown Phoenix Campus Plan Review

The JLBC recommends a session law requiring ABOR and ASU, by October 1, 2006, to submit for Committee review their operational and capital plans for the Downtown Phoenix Campus. These plans should include at least the following:

1. Detail on expenditures to date by ABOR, its institutions, and its partners.
2. Detailed 5-year operational and capital budgets, including information on the expected sources of all funds.
3. A 5-year description of enrollment, capacity growth, and graduation expectations by subject area.
4. A 20-year financing plan detailing each funding source, including options to maximize resources and to partner with private entities. Funding sources may include federal grant monies, private donations, and contributions from other public entities.
5. All partners involved in the project, their roles, and an organizational chart.
6. The contributions and financing arrangements of all partners contributing to the capital plant, as well as the legal and financial relationships of ABOR and its institutions to these partners.

SUMMARY OF FUNDS	FY 2005 Actual	FY 2006 Estimate
Auxiliary Fund (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, and intercollegiate athletics.		
Funds Expended	91,330,000	96,809,800
Year-End Fund Balance	13,325,300	13,644,000
Designated Fund (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	206,119,200	251,228,400
Year-End Fund Balance	113,835,400	113,943,700
Endowment and Life Income Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest income on invested endowment and life income gifts, a portion of financial aid trust fees assessed to students, and a portion of university trust land earnings.		
Purpose of Fund: To support endowment operations and compensate designated beneficiaries.		
Funds Expended	0	0
Year-End Fund Balance	74,775,800	81,794,400

SUMMARY OF FUNDS	FY 2005 Actual	FY 2006 Estimate
Federal Grant Fund (No Fund Number/A.R.S. § 15-1666)		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	128,803,800	141,684,200
Year-End Fund Balance	0	0
Federal Indirect Cost Recovery Fund (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	211,700	232,900
Year-End Fund Balance	0	0
Indirect Cost Recovery Fund (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	22,600	24,900
Year-End Fund Balance	6,085,100	6,166,900
Loan Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest on federal student loans and reimbursements from federal loan forgiveness programs.		
Purpose of Fund: To provide one-third the amount of federal student loans. The federal government provides the other two-thirds. The amounts displayed do not include an administrative allowance, which is reflected in the Designated Fund.		
Funds Expended	557,000	579,300
Year-End Fund Balance	12,504,300	12,435,300
Restricted Fund (Excluding Federal Funds) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Private and non-federal grants, including non-appropriated Technology and Research Initiative Fund grants (<i>please see the Arizona Board of Regents Summary of Funds,</i>) 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	68,235,000	75,058,500
Year-End Fund Balance	23,221,900	24,145,300
University Collections Fund (ASA1411/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees, as well as a portion of university trust land earnings.		
Purpose of Fund: To operate the university.		
Funds Expended	166,788,900	196,172,700
Year-End Fund Balance	0	0