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	FY 2006 Actual	FY 2007 Estimate	FY 2008 Approved
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	390.0	491.0 <sup>1/</sup>	532.5
Personal Services	17,823,100	24,288,100	27,919,300
Employee Related Expenditures	4,436,400	5,849,200	6,872,400
Professional and Outside Services	704,300	909,500	909,500
Travel - In State	28,200	31,600	38,700
Travel - Out of State	197,100	27,800	51,600
Other Operating Expenditures	4,665,700	4,284,800	6,809,400
Library Acquisitions	264,400	308,100	308,100
Equipment	664,300	857,800	1,074,700
<b>OPERATING SUBTOTAL</b>	<b>28,783,500</b>	<b>36,556,900</b>	<b>43,983,700</b>
<b>SPECIAL LINE ITEMS</b>			
Research Infrastructure Lease-Purchase Payment	0	0	917,000 <sup>2/</sup>
TRIF Lease-Purchase Payment	2,000,000	2,000,000	2,000,000
<b>AGENCY TOTAL</b>	<b>30,783,500</b>	<b>38,556,900</b>	<b>46,900,700<sup>3/4/5/</sup></b>
<b>FUND SOURCES</b>			
General Fund	15,811,700	19,980,900	25,915,900 <sup>6/</sup>
<u>Other Appropriated Funds</u>			
Technology and Research Initiative Fund	2,000,000	2,000,000	2,000,000
University Collections Fund	12,971,800	16,576,000	18,984,800 <sup>7/</sup>
SUBTOTAL - Other Appropriated Funds	14,971,800	18,576,000	20,984,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>30,783,500</b>	<b>38,556,900</b>	<b>46,900,700</b>
Other Non-Appropriated Funds	6,265,900	8,167,900	8,571,100
Federal Funds	2,962,000	3,258,200	3,584,100
<b>TOTAL - ALL SOURCES</b>	<b>40,011,400</b>	<b>49,983,000</b>	<b>59,055,900</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 5,000 full- and part-time students. It is located at the 600-acre site of the former Williams Air Force Base in southeast Mesa.

<sup>1/</sup> The amounts include 68 FTE Positions and their associated funding above the appropriated FY 2007 amounts. A footnote in the FY 2007 General Appropriation Act appropriates any tuition collections receipts above the original amount to the university. (See footnote #7)

<sup>2/</sup> Includes \$917,000 from the General Fund appropriated by Laws 2003, Chapter 267 to finance lease-purchase payments for research infrastructure projects.

<sup>3/</sup> The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote)

<sup>4/</sup> The appropriated monies are not to be used to support any student newspaper. (General Appropriation Act footnote)

<sup>5/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

<sup>6/</sup> The state General Fund appropriations shall not be used for alumni association funding. (General Appropriation Act footnote)

<sup>7/</sup> Any unencumbered balances remaining in the collections account on June 30, 2007 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 appropriated for the purpose of conducting summer sessions but are excluded from the amounts enumerated above. (General Appropriation Act footnote)

<b>PERFORMANCE MEASURES</b>	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2008 Approved
<ul style="list-style-type: none"> <li>• % of graduating seniors who rate their overall university experience as “good”/“excellent”</li> </ul>	95	95	97	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 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.</li> </ul>	65	67	63	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 Comments: Professors of some rank taught 46% of all undergraduate primary class sections at ASU in FY 2005, compared to 47% nationally in FY 2004.</li> </ul>	--	--	37	40
<ul style="list-style-type: none"> <li>• Average number of years taken to graduate for students who began as freshmen 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.</li> </ul>	5.4	4.9	4.7	4.8

### ***Operating Budget***

The budget provides \$43,983,700 and 532.5 FTE Positions for the operating budget in FY 2008. This amount consists of:

	<b><u>FY 2008</u></b>
General Fund	\$24,998,900
University Collections Fund	18,984,800

These amounts fund the following adjustments:

#### **Statewide Adjustments**

The budget provides an increase of \$1,209,100 from the General Fund in FY 2008 for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations report for detail.)*

#### **Enrollment Growth**

The budget provides an increase of \$6,314,600 and 42.6 FTE Positions in FY 2008 for enrollment growth. This amount consists of:

General Fund	3,905,800
University Collections Fund	2,408,800

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 536 full-time equivalent (FTE) students, to 3,511 FTE students in FY 2008.

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 0.75 support FTE Positions, and their associated General Fund costs, for every 22-FTE-student change. The average salary per FTE is \$67,900, as requested by the university and adjusted for employee related expenditures.

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

#### **Credit Hour Threshold**

The budget provides a decrease of \$(96,900) and (1.1) FTE Positions from the General Fund in FY 2008 to eliminate funding for 13.4 additional ASU-East students over the 150 credit hours threshold between FY 2007 and FY 2008.

A.R.S. § 15-1661 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 (ABOR) to raise tuition rates for those students.

In FY 2007, the credit hour threshold was 155 credit hours. This threshold declines to 150 hours in FY 2008 and 145 hours thereafter. ASU-East reported 3 FTE students over the threshold in FY 2006 and 16.4 FTE students in FY 2007, or a net increase of 13.4 FTE students over the credit hour threshold at the East Campus in FY 2007.

### ***Special Line Items***

#### ***Research Infrastructure Lease-Purchase Payment***

The budget provides \$917,000 from the General Fund for the new Research Infrastructure Lease-Purchase Payment Special Line Item in FY 2008. The funding will be used to make the first debt service payment associated with the financing for research infrastructure projects.

Laws 2003, Chapter 267 appropriated a total of \$34,600,000 from the General Fund to the state university system from FY 2008 through FY 2031 to finance lease-purchase payments for research infrastructure project agreements entered into before July 1, 2006. Therefore, this funding will not appear in the General Appropriation Act. In total, the universities have issued \$482,500,000 in Certificates of Participation (COPs) for research infrastructure projects. Of this amount, ASU-East has issued \$19,000,000 in COPs for the Interdisciplinary Science & Technology Building II, which is now complete.

#### ***TRIF Lease-Purchase Payment***

The budget provides \$2,000,000 from the Technology and Research Initiative Fund (TRIF) for lease-purchase payment requirements in FY 2008. This amount is unchanged from FY 2007.

Laws 2000, 5<sup>th</sup> Special Session, Chapter 1 appropriated \$1,400,000 from TRIF to make the initial lease-purchase payment in FY 2002 on \$27,500,000 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 2007, Chapter 265) includes several provisions affecting the state universities. For further explanation of this act, please see *Additional Legislation* in the *Arizona Board of Regents* section.