

Arizona State University - Main Campus

JLBC: Leah Ruggieri

OSPB: Judith Padres

DESCRIPTION	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	6,672.0	6,838.6	6,950.6
Personal Services	312,973,100	336,715,800	343,834,000
Employee Related Expenditures	74,712,000	79,452,700	81,136,000
Professional and Outside Services	11,574,900	16,661,200	16,540,800
Travel - In State	116,800	145,500	164,000
Travel - Out of State	2,417,300	151,300	212,900
Other Operating Expenditures	46,806,400	64,520,800	71,199,700
Library Acquisitions	9,097,000	9,229,300	9,229,300
Equipment	12,494,500	17,646,000	18,145,900
OPERATING SUBTOTAL	470,192,000	524,522,600	540,462,600
SPECIAL LINE ITEMS			
Biomedical Informatics	1,004,700	1,017,800	1,017,800
Downtown Phoenix Campus	32,309,300	45,818,900	47,234,200
Research Infrastructure Lease-Purchase Payment	0	0	13,555,000
Senator Barry Goldwater Papers	0	529,000	0
AGENCY TOTAL	503,506,000	571,888,300	602,269,600
FUND SOURCES			
General Fund	307,911,900	354,043,300	377,265,100
<u>Other Appropriated Funds</u>			
University Collections Fund	195,594,100	217,845,000	225,004,500
SUBTOTAL - Other Appropriated Funds	195,594,100	217,845,000	225,004,500
SUBTOTAL - Appropriated Funds	503,506,000	571,888,300	602,269,600
Other Non-Appropriated Funds	408,640,500	451,107,900	476,327,400
Federal Funds	139,715,000	149,525,300	161,861,100
TOTAL - ALL SOURCES	1,051,861,500	1,172,521,500	1,240,458,100
CHANGE IN FUNDING SUMMARY			
	<u>FY 2007 to FY 2008 JLBC</u>		
	<u>\$ Change</u>	<u>% Change</u>	
General Fund	23,221,800	6.6%	
Other Appropriated Funds	7,159,500	3.3%	
Total Appropriated Funds	30,381,300	5.3%	
Non Appropriated Funds	37,555,300	6.3%	
Total - All Sources	67,936,600	5.8%	

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 51,600 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.

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 GF (209,800)

The JLBC includes a decrease of \$(209,800) and (2.3) FTE Positions from the General Fund in FY 2008 to eliminate funding for 29 additional ASU-Main students over the 150 credit hours threshold between FY 2007 and FY 2008.

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 (ABOR) 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 reported 112 FTE students over the threshold in FY 2006 and 141 FTE students in FY 2007, or a net increase of 29 FTE students over the credit hour threshold at the Main Campus in FY 2007.

**One-Time Funding for
Arizona Water Institute GF (500,000)**

The JLBC includes a decrease of \$(500,000) and (5) FTE Positions from the General Fund in FY 2008 to reflect one-time funding for researching state water issues.

Laws 2006, Chapter 350 provided \$1,500,000 and 15 FTE Positions from the General Fund in FY 2007, divided evenly between the 3 universities, for funding to collaboratively improve water policy and management in the state. Chapter 350 and the Executive both designated the funding as one-time as part of the FY 2007 budget process. The Executive's approach to this item in FY 2008 is not known as of this writing.

Of the \$1,500,000 appropriated in FY 2007, approximately \$1,100,000 is dedicated to projects that include collaboratively resolving water issues in the state, such as sustainable water management, education efforts related to water, and technology transfer and economic development. The remaining \$400,000 is dedicated to the employment of project coordinators and associate directors. These are university employees acting as visiting researchers to the Department of Water Resources, the Department of Commerce, and the Department of Environmental Quality. Without continued funding, the Water Institute would have to find an alternative source of funding for these initiatives.

Special Line Items

Biomedical Informatics

The JLBC includes \$1,017,800 and 6.8 FTE Positions from the General Fund for the Biomedical Informatics Department in FY 2008. This amount is unchanged from FY 2007.

This multidisciplinary department incorporates computer science, biology, and engineering to organize and analyze medical data. The department is closely integrated with the University of Arizona Phoenix Medical Campus. *(For more information on this campus, please see the University of Arizona – Health Sciences Center section.)*

Downtown Phoenix Campus

The JLBC includes \$47,234,200 and 609.8 FTE Positions for programs headquartered at the Downtown Phoenix Campus in FY 2008. These amounts consist of:

General Fund	33,297,800
University Collections Fund	13,936,400

These amounts would fund the following adjustments:

Standard Changes GF (6,600)

The JLBC includes a decrease of \$(6,600) from the General Fund in FY 2008 for standard changes.

**Enrollment Growth GF 863,500
OF 558,400**

The JLBC includes an increase of \$1,421,900 and 9.3 FTE Positions in FY 2008 for enrollment growth. This amount consists of:

General Fund	863,500
University Collections Fund	558,400

These amounts finance projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. *(For more information, please see the enrollment funding formula explanation in the Operating Budget section of this report.)* Projected formula enrollment for students enrolled in programs funded by the downtown campus is growing by 117 FTE students, to 3,067 FTE students in FY 2008.

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 approved \$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 began in fall 2006. Courses are offered through the College of Public Programs, the College of Nursing, and the University College.

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 7,000 (headcount) students enrolled in at least one course downtown, including housing 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, including housing for 4,000 students.

To maintain oversight of the Downtown Phoenix Campus, the JLBC would continue a FY 2007 footnote requiring detailed budget requests for the campus and calling for JLBC review of any transfers in or out of the line item. Additionally, the JLBC includes a requirement that ABOR submit for JLBC review, by October 1, 2007, detailed operational and capital plans for the campus.

Research Infrastructure Lease-Purchase Payment

The JLBC includes \$13,555,000 from the General Fund for the Research Infrastructure Lease-Purchase Payment in FY 2008. This amount would fund the following adjustment:

Lease-Purchase Payment GF 13,555,000

The JLBC includes an increase of \$13,555,000 from the General Fund in FY 2008 to make the first debt service payment associated with the financing for research infrastructure projects.

Laws 2003, Chapter 267 appropriated a total of \$34.6 million 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 \$482.5 million in Certificates of Participation (COPs) for research infrastructure projects. Of this amount, ASU-Main has issued \$187.2 million in COPs for the following projects:

- \$80.7 million for the Biodesign Institute at ASU Building B;
- \$93.3 million for the Interdisciplinary Science & Technology Buildings I and II;
- \$13.2 million for the Arizona Biomedical Collaborative Building at the downtown Phoenix campus.

ASU-Main has completed each of these projects.

Senator Barry Goldwater Papers

The JLBC includes no funding for the Senator Barry Goldwater Papers in FY 2008. This amount includes the following adjustment:

One-Time Funding for Barry GF (529,000)
Goldwater Papers

The JLBC includes a decrease of \$(529,000) from the General Fund in FY 2008 to reflect one-time funding for the Barry Goldwater Papers.

In FY 2007, ASU distributed one-time funding to the Arizona Historical Foundation (AHF) to process, catalogue, and preserve the personal and political files of the late Senator Barry Goldwater in FY 2008. AHF, a non-profit archive housed in the Main Campus' Hayden Library, possesses 1,200 boxes of various media.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

University budget requests shall provide as much detail for the Downtown Phoenix Campus as for any other budget program. Notwithstanding A.R.S. § 35-173C, any proposed transfer to or from the amounts appropriated for the Downtown Phoenix Campus line item shall require prior review by the Joint Legislative Budget Committee.

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, 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 hereby appropriated for the purpose of conducting summer sessions but are excluded from the amounts enumerated above.

Deletion of Prior Year Footnotes

The JLBC deletes the footnote related to the one-time appropriation for Senator Barry Goldwater Papers.

The JLBC deletes the footnote that requires ASU to report on developing an optional flat rate tuition.

STATUTORY CHANGES

Downtown Phoenix Campus

The 2006 Higher Education Budget Reconciliation Bill required ABOR to submit for JLBC review, by October 1, 2006, detailed operational and capital plans for the campus. The JLBC would continue this session law in FY 2008 by requiring ABOR and ASU, by October 1, 2007, to submit for Committee review updated 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. The contributions and financing arrangements of all partners contributing to the capital plan, as well as the legal and financial relationships of ABOR and its institutions to these partners.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Discretionary Adjustment

The FY 2007 budget provided \$10.6 million from the General Fund as a discretionary adjustment to the ASU Operating Budget. The university is able to utilize these monies for any operational or capital functions at any campus and it is incorporated into the university's base operating budgets in future years. Of the \$10.6 million discretionary adjustment, ASU-Main will retain \$10,080,000. ASU-Main plans to expend their discretionary adjustment on the following functions in FY 2007:

- \$4.6 million for one-time start-up costs to support new faculty hiring;
- \$3.8 million to hire additional faculty to accommodate program demand and reduce class size;
- \$635,800 for costs associated with new facilities and operating costs at existing facilities;
- \$511,500 for computing and student services improvements;
- \$584,200 for investments in the downtown campus and the University college.

ASU-East will retain \$176,200 and ASU-West will retain \$343,800, which both campuses will use to hire additional faculty to accommodate program demand and reduce class size in FY 2007.

ABOR Tuition Increases

On November 30, 2006, ABOR approved tuition amounts (excluding fees) for FY 2008. *(For more information, please see the Arizona Board of Regents section of this report.)*

SUMMARY OF FUNDS	FY 2006 Actual	FY 2007 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	97,270,500	103,106,700
Year-End Fund Balance	18,443,100	21,430,400

SUMMARY OF FUNDS	FY 2006 Actual	FY 2007 Estimate
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	233,675,700	262,551,100
Year-End Fund Balance	102,305,000	90,310,200
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	85,085,900	95,808,400
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	139,484,100	149,271,300
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	230,900	254,000
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	27,200	29,900
Year-End Fund Balance	8,515,600	11,189,100
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	225,800	234,800
Year-End Fund Balance	12,628,800	12,758,400
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	77,441,300	85,185,400
Year-End Fund Balance	27,109,100	31,385,100

SUMMARY OF FUNDS	FY 2006 Actual	FY 2007 Estimate
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	195,594,100	217,845,000
Year-End Fund Balance	0	0