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	FY 2007 Actual	FY 2008 Estimate	FY 2009 Approved
OPERATING BUDGET			
Full Time Equivalent Positions	6,838.6	6,969.0 ^{1/}	7,010.8 ^{2/}
Personal Services	330,962,200	348,719,900	361,693,900
Employee Related Expenditures	84,653,900	84,404,400	86,910,300
Professional and Outside Services	22,501,700	34,262,300	35,262,300
Travel - In State	167,900	148,400	155,000
Travel - Out of State	3,330,200	191,700	213,900
Other Operating Expenditures	44,365,700	57,440,200	61,132,900
Library Acquisitions	9,546,200	9,229,200	9,229,200
Equipment	19,571,000	27,951,700	28,836,500
OPERATING SUBTOTAL	515,098,800	562,347,800	583,434,000
SPECIAL LINE ITEMS			
Biomedical Informatics	1,017,800	3,051,800	3,051,800
Downtown Phoenix Campus	46,208,500	51,120,200	51,573,100
Phoenix Biomedical Campus Schematic Design	0	0 ^{3/}	0
Research Infrastructure Lease-Purchase Payment	0	13,555,000	13,555,000 ^{4/}
Senator Barry Goldwater Papers	374,600	0	0
Student and Faculty Retention	0	15,064,000	0 ^{5/}
Lump Sum Reduction	0	(6,846,700)	(19,111,500)
AGENCY TOTAL	562,699,700	638,292,100	632,502,400^{6/7/8/9/}
FUND SOURCES			
General Fund	354,043,300	404,668,100	396,428,700 ^{10/}
<u>Other Appropriated Funds</u>			
University Collections Fund	208,656,400	233,624,000	236,073,700 ^{11/}
SUBTOTAL - Other Appropriated Funds	208,656,400	233,624,000	236,073,700
SUBTOTAL - Appropriated Funds	562,699,700	638,292,100	632,502,400
Other Non-Appropriated Funds	476,185,200	508,544,200	522,483,100
Federal Funds	137,558,600	148,425,700	160,766,000
TOTAL - ALL SOURCES	1,176,443,500	1,295,262,000	1,315,751,500

1/ As requested by the University, the amounts include a decrease of (137.6) FTE Positions below the original appropriated FY 2008 amounts.
 2/ Includes 702 FTE Positions funded from Special Line Items in FY 2009.
 3/ Laws 2007 Chapter 255 appropriated \$5,250,000 for FY 2008. Laws 2008, Chapter 53 eliminated this funding.
 4/ Includes \$13,555,000 from the General Fund appropriated by Laws 2003, Chapter 267 to finance lease-purchase payments for research infrastructure projects.
 5/ Funding originally appropriated from the Student and Faculty Retention Special Line Item is shifted to the operating budget in FY 2009.
 6/ The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote)
 7/ The appropriated monies are not to be used to support any student newspaper. (General Appropriation Act footnote)
 8/ 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. (General Appropriation Act footnote)
 9/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
 10/ The state General Fund appropriations shall not be used for alumni association funding. (General Appropriation Act footnote)
 11/ Any unencumbered balances remaining in the collections account on June 30, 2008 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)

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 57,800 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 2005	FY 2006	FY 2007	FY 2009
	Actual	Actual	Actual	Approved
• % of graduating seniors who rate their overall university experience as “good”/“excellent”	94	95	95	96
• % 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.	70	68	69	71
• % 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 36% of undergraduate primary class sections at ASU in FY 2007.	--	32	31	35
• 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.	4.7	4.7	4.7	4.6
• External dollars for research and creative activity (\$ in millions)	156	179	192	205

Operating Budget

The budget provides \$583,434,000 and 6,308.8 FTE Positions for the operating budget in FY 2009. These amounts consist of:

General Fund	\$363,779,800
University Collections Fund	219,654,200

These amounts fund the following adjustments:

New Statewide Adjustments

The budget provides an increase of \$81,100 from the General Fund in FY 2009 for new statewide adjustments. (Please see the New Statewide Adjustments narrative at the end of this Appropriations Report for details.)

Enrollment Growth

The budget provides an increase of \$5,708,000 and 36.4 FTE Positions in FY 2009 for enrollment growth. These amounts consist of:

General Fund	3,437,200
University Collections Fund	2,270,800

The budget funds projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. Projected formula enrollment is growing by 457 full-time equivalent (FTE) students, to 46,473 FTE students in FY 2009.

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 \$70,000, 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 an increase of \$233,100 and 2.5 FTE Positions from the General Fund in FY 2009 to add funding for 31 fewer ASU-Main students being over the credit hour threshold between FY 2008 and FY 2009.

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.

This threshold was 150 hours in FY 2008 and declines to 145 hours in FY 2009. ASU-Main reported 141 FTE students over the threshold in FY 2007 and 110 FTE students in FY 2008, or a net decrease of (31) FTE students over the credit hour threshold at ASU-Main in FY 2008. The net decrease is the result of students graduating who were over the threshold from the previous fiscal year.

Shift Student and Faculty Retention Funding

The budget provides an increase of \$15,064,000 and 138 FTE Positions from the General Fund in FY 2009 to shift funding from the Student and Faculty Retention Special Line Item to the Operating Budget.

Biomedical Informatics

The budget provides \$3,051,800 and 20.8 FTE Positions from the General Fund for the Biomedical Informatics Department in FY 2009. This amount is unchanged from FY 2008.

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 budget provides \$51,573,100 and 681.2 FTE Positions for programs headquartered at the Downtown Phoenix Campus (DPC) in FY 2009.

These amounts consist of:

General Fund	35,153,600
University Collections Fund	16,419,500

These amounts fund the following adjustments:

Enrollment Growth

The budget provides an increase of \$452,900 and 2.9 FTE Positions in FY 2009 for enrollment growth. These amounts consist of:

General Fund	274,000
University Collections Fund	178,900

These amounts fund 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 36 FTE students, to 3,103 FTE students in FY 2009. This enrollment projection does not take into account the shift in enrollment from the Main Campus to the DPC when the Walter Cronkite School of Journalism and Mass Communication moves to the DPC in FY 2009. Enrollment at the school and associated enrollment growth funding are included as part of the Operating Budget.

ASU first offered classes in downtown Phoenix in 1986, at the site of the former Phoenix Union High School. (That facility has been renovated 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 and roughly bordered by Fillmore, Van Buren, 3rd Street, and 1st Avenue. This location will place the facility 2 city blocks from the Phoenix Medical Campus. A City of Phoenix bond election in March 2006 approved \$188,000,000 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.

ASU will cover annual operating expenses for the DPC and \$20,000,000 in one-time Furniture, Fixture and Equipment (FF&E) expenses, most of which has been committed or expended to date. In total, ASU’s financial obligations will include lease-purchase payments for the Mercado; 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 parking

facilities; and a Civic Center usage fee. Additionally, ASU will transfer without cost its ownership of the Mercado to the City of Phoenix once ASU has repaid the existing indebtedness.

The first phase of the Downtown Phoenix Campus began in fall 2006. Courses are currently offered through the College of Public Programs, the College of Nursing, and the University College.

The ASU plan envisions a 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, move to the campus. By FY 2011, ASU expects to serve 7,000 (headcount) students enrolled in at least one course downtown, including housing 1,800 of them, in approximately 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.

Phoenix Biomedical Campus Schematic Design

The budget provides no funding for the Phoenix Biomedical Campus Schematic Design Special Line Item in FY 2009. This amount is unchanged from FY 2008.

The FY 2008 General Appropriation Act (Laws 2007, Chapter 255) appropriated a total of \$10,500,000 to ASU and the University of Arizona (UA) for programming and schematic design for the Arizona Biomedical Collaborative 2 and Education buildings at the Phoenix Medical Campus. Of this total, ASU Main was appropriated \$5,250,000. Laws 2008, Chapter 53, however, rolled back that funding.

These projects will now be funded through ABOR's University Capital Projects. The FY 2009 Education Budget Reconciliation Bill (Laws 2008, Chapter 287) requires ABOR to allocate \$470,000,000 for construction of the University of Arizona Phoenix biomedical campus which will include the cost of the schematic design. (*For additional information please see the Capital Outlay – Arizona Board of Regents Building System section of this report.*)

Research Infrastructure Lease-Purchase Payment

The budget provides \$13,555,000 from the General Fund for the Research Infrastructure Lease-Purchase Payment Special Line Item in FY 2009. This amount is unchanged from FY 2008.

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-Main has issued \$187,200,000 in COPs for the following projects:

- \$80,700,000 for the Biodesign Institute at ASU Building B;
- \$93,300,000 for the Interdisciplinary Science & Technology Buildings I and II;
- \$13,200,000 for the Arizona Biomedical Collaborative Building at the Downtown Phoenix Campus.

ASU-Main has completed each of these projects.

Senator Barry Goldwater Papers

The budget provides no funding for the Senator Barry Goldwater Papers in FY 2009. This amount is unchanged from FY 2008.

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.

Student and Faculty Retention

The budget provides no funding for the Student and Faculty Retention Special Line Item in FY 2009 as this funding has been shifted to the operating budget.

Fund Shift

The budget provides a decrease of \$(15,064,000) and (138) FTE Positions from the General Fund for the Student and Faculty Retention Special Line Item in FY 2009 to shift funding from the Student and Faculty Retention Special Line Item to the Operating Budget. In total, the 3 state universities received \$29,800,000 in FY 2008 to improve student and faculty retention at their respective institutions.

ASU uses its appropriation to increase stipends to faculty and graduate teaching assistants and associates, increase course availability and reduce class sizes, enhance student advising, and create a new enrollment management system.

Lump Sum Reduction

The budget provides \$(19,111,500) from the General Fund in FY 2009 for a lump sum reduction. This amount funds the following adjustments:

Additional Hiring Freeze Reduction

The budget provides an additional decrease of \$(2,600) from the General Fund in FY 2009 for the hiring freeze originally enacted as part of the FY 2008 budget revisions. This amount represents the agency's share of a statewide hiring freeze reduction. *(Please see the Statewide Hiring Freeze Reduction section at the end of this Appropriations Report for details.)*

University Systemwide Reduction

The budget provides an additional decrease of \$(12,262,200) from the General Fund in FY 2009. The FY 2009 budget includes a \$(50,000,000) university systemwide General Fund lump sum reduction to be allocated by ABOR. ASU Main received a total reduction of \$(17,812,000).

The FY 2008 budget revisions included a \$(14,700,000) university systemwide General Fund lump sum reduction to be allocated by ABOR. ASU Main received a total reduction of \$(5,549,800). The agency is responsible for identifying savings sufficient to meet these reductions.