

Arizona State University - Main Campus

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DESCRIPTION	FY 2007 ACTUAL	FY 2008 ESTIMATE	FY 2009 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	6,838.6	6,969.0	7,010.8
Personal Services	330,962,200	348,719,900	351,441,900
Employee Related Expenditures	84,653,900	84,404,400	85,015,600
Professional and Outside Services	22,501,700	34,262,300	34,262,300
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	59,817,500
Library Acquisitions	9,546,200	9,229,200	9,229,200
Equipment	19,571,000	27,951,700	28,153,500
OPERATING SUBTOTAL	515,098,800	562,347,800	568,288,900
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	5,250,000	0
Research Infrastructure Lease-Purchase Payment	0	13,555,000	13,555,000
Senator Barry Goldwater Papers	374,600	0	0
Student and Faculty Retention	0	15,064,000	15,064,000
AGENCY TOTAL	562,699,700	650,388,800	651,532,800
FUND SOURCES			
General Fund	354,043,300	416,764,800	415,459,100
<u>Other Appropriated Funds</u>			
University Collections Fund	208,656,400	233,624,000	236,073,700
SUBTOTAL - Other Appropriated Funds	208,656,400	233,624,000	236,073,700
SUBTOTAL - Appropriated Funds	562,699,700	650,388,800	651,532,800
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	1,307,358,700	1,334,781,900

CHANGE IN FUNDING SUMMARY

	FY 2008 to FY 2009 JLBC	
	\$ Change	% Change
General Fund	(1,305,700)	(0.3%)
Other Appropriated Funds	2,449,700	1.0%
Total Appropriated Funds	1,144,000	0.2%
Non Appropriated Funds	26,279,200	4.0%
Total - All Sources	27,423,200	2.1%

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 Actual	FY 2006 Actual	FY 2007 Actual	FY 2009 JLBC
• % 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 JLBC includes \$568,288,900 and 6,378.1 FTE Positions for the operating budget in FY 2009. This amount consists of:

General Fund	\$348,634,700
University Collections Fund	219,654,200

FY 2009 adjustments would be as follows:

Enrollment Growth	GF 3,437,200
	OF 2,270,800

This adjustment would be an increase of \$5,708,000 and 36.4 FTE Positions in FY 2009 for enrollment growth. This amount consists of:

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

These amounts would fund 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 GF 233,100

This adjustment would be 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.

Biomedical Informatics

The JLBC includes \$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 JLBC includes \$51,573,100 and 681.2 FTE Positions for programs headquartered at the Downtown Phoenix Campus (DPC) in FY 2009. This amount consists of:

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

FY 2009 adjustments would be as follows:

Enrollment Growth	GF	274,000
	OF	178,900

This adjustment would be an increase of \$452,900 and 2.9 FTE Positions in FY 2009 for enrollment growth. This amount consists of:

General Fund	274,000
University Collections Fund	178,900

These amounts would 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, moves 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 JLBC includes no funding for the Phoenix Biomedical Campus Schematic Design Special Line Item in FY 2009. FY 2009 adjustments would be as follows:

One-Time Funding GF (5,250,000)

This adjustment would be a decrease of \$(5,250,000) from the General fund in FY 2009 to reflect one-time funding for the Phoenix Biomedical Campus Schematic Design Special Line Item.

ASU and the University of Arizona (UA) were appropriated a combined \$10,500,000 in FY 2008 for programming and schematic design for the Arizona Biomedical Collaborative (ABC) 2 and Education buildings at the Phoenix Medical Campus. Once constructed, the ABC 2 building would house research programs for the UA College of Medicine-Phoenix, the ASU Department of Biomedical Informatics, and other ASU biomedical research programs, such as the Biodesign Institute and the College of Life Sciences. The Education buildings would be comprised primarily of classroom and administrative space, with educational facilities such as simulation laboratories, gross anatomy facilities, and preclinical training. The construction cost of the ABC 2 and Education buildings is estimated to be between \$400,000,000 and \$500,000,000. *(For additional information on the Phoenix Medical Campus, please see the UA - Health Sciences section of this report.)*

Research Infrastructure Lease-Purchase Payment

The JLBC includes \$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 JLBC includes 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 JLBC includes \$15,064,000 and 138 FTE Positions from the General Fund for Student and Faculty Retention in FY 2009. This amount is unchanged from FY 2008.

In total, the 3 state universities received \$29,800,000 in FY 2008 to improve student and faculty retention at their respective institutions. Additionally, Laws 2007, Chapter 255 required ABOR to submit a student retention report on December 1 of every year that details for each university the number of existing full-time positions dedicated to student retention, the number of new hires and other related expenditures funded through legislative appropriations dedicated to student retention, and freshman and sophomore retention rates. 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.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

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, 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.

Deletion of Prior Year Footnotes

The JLBC deletes the footnote that requires the university budget requests to include as much detail for the Downtown Phoenix Campus as for any other budget program. The expanded Downtown Phoenix Campus has been operational since fall 2006 and the JLBC granted future operational and capital plans for the campus a

favorable review in October 2007. The JLBC also deletes the related footnote that requires, notwithstanding A.R.S. § 35-173C, any proposed transfer to or from the amounts appropriated for the Downtown Phoenix Campus line item to receive prior review by the Joint Legislative Budget Committee.

The JLBC deletes the one-time footnote that requires Arizona State University and the University of Arizona to jointly submit an expenditure plan before expenditure of the amounts appropriated for the Phoenix Biomedical Campus Schematic Design to the Joint Committee on Capital Review.

The JLBC deletes the footnote that requires both universities to jointly submit the scope, purpose and estimated cost of the Phoenix Biomedical Campus to the Joint Committee on Capital Review for its review after schematic design is complete.

SUMMARY OF FUNDS	FY 2007 Actual	FY 2008 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	113,549,800	109,293,100
Year-End Fund Balance	18,085,400	18,716,900
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 Fund sub-account, is presented separately.		
Funds Expended	264,230,300	291,068,000
Year-End Fund Balance	117,339,000	108,372,100
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	1,030,900	1,072,100
Year-End Fund Balance	100,275,800	113,937,100
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	137,558,600	148,425,700
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2007 Actual	FY 2008 Estimate
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	0	0
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	32,100	35,300
Year-End Fund Balance	8,000,300	7,433,500
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	207,500	215,800
Year-End Fund Balance	12,728,500	12,860,400
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 (please see the Arizona Board of Regents Summary of Funds) 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	97,134,600	106,859,900
Year-End Fund Balance	28,860,900	33,564,600
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	208,656,400	233,624,000
Year-End Fund Balance	0	0