

# Northern Arizona University

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DESCRIPTION	FY 2007 ACTUAL	FY 2008 ESTIMATE	FY 2009 JLBC
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	2,057.5	2,144.5	2,208.6
Personal Services	108,323,900	127,332,700	131,821,800
Employee Related Expenditures	36,169,400	45,232,700	46,687,400
Professional and Outside Services	2,903,500	2,349,100	2,349,100
Travel - In State	704,900	638,700	649,600
Travel - Out of State	850,500	35,500	72,100
Other Operating Expenditures	20,966,300	14,603,100	18,695,100
Library Acquisitions	2,156,600	2,156,600	2,156,600
Equipment	3,203,700	3,218,100	3,551,000
<b>OPERATING SUBTOTAL</b>	<b>175,278,800</b>	<b>195,566,500</b>	<b>205,982,700</b>
<b>SPECIAL LINE ITEMS</b>			
Research Infrastructure Lease Purchase Payment	0	5,900,000	5,900,000
NAU - Yuma	2,383,900	2,489,500	2,489,500
Student and Faculty Retention	0	4,736,000	4,736,000
<b>AGENCY TOTAL</b>	<b>177,662,700</b>	<b>208,692,000</b>	<b>219,108,200</b>
<b>FUND SOURCES</b>			
General Fund	128,262,400	160,868,800	167,368,600
<u>Other Appropriated Funds</u>			
University Collections Fund	49,400,300	47,823,200	51,739,600
SUBTOTAL - Other Appropriated Funds	49,400,300	47,823,200	51,739,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>177,662,700</b>	<b>208,692,000</b>	<b>219,108,200</b>
Other Non-Appropriated Funds	129,028,200	137,981,100	141,821,100
Federal Funds	46,008,200	46,928,200	47,866,800
<b>TOTAL - ALL SOURCES</b>	<b>352,699,100</b>	<b>393,601,300</b>	<b>408,796,100</b>

## CHANGE IN FUNDING SUMMARY

	FY 2008 to FY 2009 JLBC	
	\$ Change	% Change
General Fund	6,499,800	4.0%
Other Appropriated Funds	3,916,400	8.2%
Total Appropriated Funds	10,416,200	5.0%
Non Appropriated Funds	4,778,600	3.5%
Total - All Sources	15,194,800	3.9%

**AGENCY DESCRIPTION** — Established in 1899, Northern Arizona University (NAU) is one of 3 public universities governed by the Arizona Board of Regents (ABOR). NAU offers 163 degree-programs to approximately 20,000 students in 9 colleges and schools and 1 center at its campus in Flagstaff. The university's primary focus is undergraduate residential education. The university is also responsible for providing the large majority of statewide public distance learning programs, both over the Internet and through 29 instructional sites, including a Yuma Campus that operates in conjunction with Arizona Western College.

PERFORMANCE MEASURES	FY 2005	FY 2006	FY 2007	FY 2009
	Actual	Actual	Actual	JLBC
• % of graduating seniors who rate their overall university experience as “good”/“excellent”	95	96	96	98
• % of full-time undergraduate students enrolled per semester in 3 or more primary courses with ranked faculty Comments: The percentage of undergraduate students taught by ranked faculty is significantly higher at NAU than at any of the other state universities due to its focus on undergraduate residential education. 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.	83	88	85	93
• % of full-time undergraduate students enrolled per semester in 3 or more primary courses with professors of any rank	58	57	61	65
• Average number of years taken to graduate for students who began as freshmen	4.5	4.5	4.5	4.5

**Operating Budget**

The JLBC includes \$205,982,700 and 2,154.2 FTE Positions for the operating budget in FY 2009. These amounts consist of:

	<b>FY 2009</b>
General Fund	\$154,243,100
University Collections Fund	51,739,600

FY 2009 adjustments would be as follows:

<b>Enrollment Growth</b>	<b>GF 6,533,700</b>
	<b>OF 3,916,400</b>

This adjustment would be an increase of \$10,450,100 and 64.4 FTE Positions in FY 2009 for enrollment growth. This amount consists of:

General Fund	6,533,700
University Collections Fund	3,916,400

These amounts would finance projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. Projected formula enrollment is growing by 809 full-time equivalent (FTE) students, to 18,083 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 \$70,100, 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 (33,900)**

This adjustment would be a decrease of \$(33,900) and (0.3) FTE Position from the General Fund in FY 2009 to eliminate funding for 4.2 additional NAU students over the 145 credit hours 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. NAU reported 14 FTE students over the threshold in FY 2007 and 18.2 FTE students in

FY 2008, or a net increase of 4.2 FTE students over the credit hour threshold at NAU in FY 2008.

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

The JLBC includes \$5,900,000 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, NAU has issued \$75,000,000 in COPs for the following projects:

- \$15,000,000 for College of Engineering and Technology Renovation;
- \$18,000,000 for an Applied Research and Development Facility;
- \$33,000,000 for a New Laboratory Facility;
- \$4,000,000 for a NAU-Yuma Applied Research Facility;
- \$5,000,000 for North Campus Research Infrastructure.

Currently 3 of these projects, including the College of Engineering and Technology Renovation, the Applied Research and Development Facility, and the New Laboratory Facility are completed.

### ***NAU - Yuma***

The JLBC includes \$2,489,500 and 29.4 FTE Positions from the General Fund for NAU-Yuma in FY 2009. These amounts are unchanged from FY 2008.

NAU operates this campus in conjunction with Arizona Western College in Yuma.

### ***Student and Faculty Retention***

The JLBC includes \$4,736,000 and 25 FTE Positions from the General Fund for the Student and Faculty Retention Special Line Item in FY 2009.

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 dedicate 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. NAU uses these monies to decrease class sizes, provide additional advising for freshman and transfer students, and improve technology in classrooms. NAU also uses a portion of the appropriation to recruit and retain faculty.

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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 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.

SUMMARY OF FUNDS	FY 2007 Actual	FY 2008 Estimate
<b>Auxiliary Fund</b> (No Fund Number/A.R.S. § 15-1601)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Sales revenues of substantially self-supporting university services.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	46,375,700	46,952,700
<b>Year-End Fund Balance</b>	9,198,500	9,897,500
<b>Designated Fund</b> (No Fund Number/A.R.S. § 15-1601)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Retained tuition and fees, summer session fees, student aid administrative allowances, and unrestricted gifts and grants.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	53,736,500	61,531,700
<b>Year-End Fund Balance</b>	28,010,100	37,389,600
<b>Endowment and Life Income Fund</b> (No Fund Number/A.R.S. § 15-1601)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To accumulate earnings to a level that will support a financial aid program.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	16,724,500	18,724,500
<b>Federal Grant Fund</b> (No Fund Number/A.R.S. § 15-1666)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal grants and contracts.		
<b>Purpose of Fund:</b> To support specific operating and research purposes as identified by the federal government.		
<b>Funds Expended</b>	43,867,500	44,744,700
<b>Year-End Fund Balance</b>	0	0
<b>Federal Indirect Cost Recovery Fund</b> (No Fund Number/A.R.S. § 15-1601)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federally sponsored research programs.		
<b>Purpose of Fund:</b> To assist and promote federally sponsored research.		
<b>Funds Expended</b>	2,140,700	2,183,500
<b>Year-End Fund Balance</b>	2,753,100	2,341,000
<b>Indirect Cost Recovery Fund (Non-Federal)</b> (No Fund Number/A.R.S. § 15-1601)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Non-federally sponsored research programs.		
<b>Purpose of Fund:</b> To assist and promote non-federally sponsored research.		
<b>Funds Expended</b>	1,312,100	1,338,400
<b>Year-End Fund Balance</b>	180,000	27,300
<b>Loan Fund</b> (No Fund Number/A.R.S. § 15-1601)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Interest on federal student loans and reimbursements from federal loan forgiveness programs.		
<b>Purpose of Fund:</b> The federal government provides the majority, or 95% of funding for these loans. The amounts displayed do not include an administrative allowance, which is reflected in the Designated Fund.		
<b>Funds Expended</b>	218,400	225,000
<b>Year-End Fund Balance</b>	7,089,600	7,204,600

SUMMARY OF FUNDS	FY 2007 Actual	FY 2008 Estimate
<b>Restricted Fund (Excluding Federal Funds) (No Fund Number/A.R.S. § 15-1601)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To support specific operating and research purposes as identified by the private or non-federal donating entities.		
<b>Funds Expended</b>	27,385,500	27,933,300
<b>Year-End Fund Balance</b>	15,387,300	14,153,800
<b>University Collections Fund (NAA1421/A.R.S. § 15-1626)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Tuition and registration fees, as well as a portion of university trust land earnings.		
<b>Purpose of Fund:</b> To operate the university.		
<b>Funds Expended</b>	49,400,200	47,823,200
<b>Year-End Fund Balance</b>	0	0