

Northern Arizona University

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DESCRIPTION	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	2,174.8	2,238.9	2,238.9
Personal Services	120,103,100	132,172,800	132,172,800
Employee Related Expenditures	38,155,200	42,537,000	42,537,000
Professional and Outside Services	5,650,100	1,999,700	1,999,700
Travel - In State	701,900	679,700	679,700
Travel - Out of State	874,800	37,100	37,100
Other Operating Expenditures	24,727,800	22,523,400	28,630,700
Library Acquisitions	1,915,200	1,902,900	1,902,900
Equipment	1,670,500	1,435,300	1,435,300
OPERATING SUBTOTAL	193,798,600	203,287,900	209,395,200
SPECIAL LINE ITEMS			
ABOR Tuition Increase	0	0	3,600,000
NAU - Yuma	2,853,700	2,993,500	2,993,500
Research Infrastructure Lease-Purchase Payment	5,900,000	5,900,000	5,900,000
Student and Faculty Retention	4,736,000	0	0
Teacher Training	0	2,000,000	2,000,000
AGENCY TOTAL	207,288,300	214,181,400	223,888,700
FUND SOURCES			
General Fund	159,465,000	161,560,900	161,560,900
<u>Other Appropriated Funds</u>			
University Collections Fund	47,823,300	52,620,500	62,327,800
SUBTOTAL - Other Appropriated Funds	47,823,300	52,620,500	62,327,800
SUBTOTAL - Appropriated Funds	207,288,300	214,181,400	223,888,700
Other Non-Appropriated Funds	125,725,200	137,214,500	140,205,200
Federal Funds	46,804,100	47,740,200	48,694,700
TOTAL - ALL SOURCES	379,817,600	399,136,100	412,788,600

CHANGE IN FUNDING SUMMARY

	FY 2009 to FY 2010 JLBC	
	\$ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	9,707,300	18.4%
Total Appropriated Funds	9,707,300	4.5%
Non-Appropriated Funds	3,945,200	2.1%
Total - All Sources	13,652,500	3.4%

AGENCY DESCRIPTION — Established in 1899, Northern Arizona University (NAU) is one of 3 public universities governed by the Arizona Board of Regents (ABOR). The university's primary focus is undergraduate residential education. NAU offers 148 degree-programs and 50 certificate programs to 22,507 students in 6 colleges through its campus in Flagstaff and its distance learning program. The university is responsible for providing the large majority of statewide public distance learning programs, both over the Internet and through 39 instructional sites, including a Yuma Branch Campus that operates in conjunction with Arizona Western College.

PERFORMANCE MEASURES	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2010 JLBC
• % of graduating seniors who rate their overall university experience as “good”/“excellent”	96	96	96	96
• % of full-time undergraduate students enrolled per semester in 3 or more primary courses with ranked faculty	88	85	82	82
• % of full-time undergraduate students enrolled per semester in 3 or more primary courses with professors of any rank	57	61	61	61
• Average number of years taken to graduate for students who began as freshmen	4.5	4.5	4.6	4.6

Operating Budget

The JLBC includes \$209,395,200 and 2,209.5 FTE Positions for the operating budget in FY 2010. These amounts consist of:

General Fund	\$150,667,400
University Collections Fund	58,727,800

The FY 2010 adjustments would be as follows:

Enrollment Growth OF 6,107,300

This adjustment would increase enrollment funding by \$6,107,300 from the University Collections Fund in FY 2010.

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

The JLBC includes no funding for General Fund enrollment growth. If General Fund enrollment growth was funded, it would have provided an increase of \$9,532,600. These amounts would have funded projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. Projected formula enrollment is growing by 1,181 full-time equivalent (FTE) students, to 19,264 FTE students in FY 2010.

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.

Credit Hour Threshold GF 0

The JLBC includes no credit hour threshold adjustment. This adjustment would have decreased enrollment funding by \$(17,000) and (0.2) FTE Positions from the General Fund in FY 2010 to eliminate funding for 2.1 additional NAU students over the credit hour threshold between FY 2009 and FY 2010.

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 declined to 145 hours in FY 2009. NAU reported 18.2 FTE students over the threshold in FY 2008 and 20.3 FTE students in FY 2009, or a net increase of 2.1 FTE students over the credit hour threshold at NAU in FY 2009.

ABOR Tuition Increase

The JLBC includes \$3,600,000 from the University Collections Fund for the FY 2010 tuition increase approved by the Arizona Board of Regents (ABOR).

The FY 2010 adjustments would be as follows:

FY 2010 Tuition Increase OF 3,600,000

NAU estimates that it will generate an additional \$3,600,000 due to the FY 2010 tuition increases approved by ABOR at its December 2008 meeting. NAU has not yet decided how it will allocate the additional revenue.

(Please see the ABOR budget narrative pages for more information.)

NAU - Yuma

The JLBC includes \$2,993,500 and 29.4 FTE Positions from the General Fund for NAU-Yuma in FY 2010. These amounts are unchanged from FY 2009.

In FY 2009, NAU transferred \$504,000 from its operating budget to the NAU-Yuma SLI. This amount is continued in FY 2010. NAU operates this campus in conjunction with the Arizona Western College in Yuma.

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 2010. This amount is unchanged from FY 2009.

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 \$77,475,000 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;
- \$35,475,000 for a New Laboratory Facility;
- \$4,000,000 for a NAU-Yuma Applied Research Facility;
- \$5,000,000 for North Campus Research Infrastructure.

NAU has completed all but the NAU-Yuma Applied Research Facility.

Student and Faculty Retention

The JLBC includes no funding for the Student and Faculty Retention Special Line Item in FY 2010. This amount is unchanged from FY 2009.

In FY 2009, \$4,736,000 and 25 FTE Positions were shifted from 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.

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.

Teacher Training

JLBC includes \$2,000,000 from the General Fund for the Teacher Training Special Line Item in FY 2010. This amount is unchanged from FY 2009.

In FY 2009, funding for the program was shifted from the Department of Education (ADE)'s Teacher Training Special Line Item to NAU. The Teacher Training program serves to increase the number of teachers serving as mentors under the Teacher Training ("Master Teacher") program. The Arizona K-12 Center is affiliated with Northern Arizona University and is located in downtown Phoenix.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The appropriated amount for the Teacher Training line item is to be distributed to the Arizona K-12 Center for Program Implementation and Mentor Training for the Arizona Mentor Teacher program prescribed by the State Board of Education.

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, 2009 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 2008 Actual	FY 2009 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	44,031,200	47,450,400
Year-End Fund Balance	12,632,200	13,779,900
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	45,958,500	53,626,700
Year-End Fund Balance	25,651,800	22,623,300
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 accumulate earnings to a level that will support a financial aid program.		
Funds Expended	0	0
Year-End Fund Balance	15,975,000	16,025,000
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	44,835,900	45,732,600
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	1,968,200	2,007,600
Year-End Fund Balance	3,260,500	3,778,000
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	1,206,400	1,230,500
Year-End Fund Balance	189,200	198,600

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate
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: 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.		
Funds Expended	796,800	500,000
Year-End Fund Balance	6,691,000	6,541,000
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	33,732,300	34,406,900
Year-End Fund Balance	17,359,100	19,370,300
University Collections Fund (NAA1421/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	47,823,300	52,620,500
Year-End Fund Balance	0	0