

Arizona State University - Tempe/DPC

JLBC: Kimberly Cordes-Sween

OSP: Patrick Makin

	FY 2009 ACTUAL	FY 2010 ESTIMATE	FY 2011 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	7,073.0	6,562.0	6,377.0
Personal Services	321,044,500	349,195,100	349,195,100
Employee Related Expenditures	89,248,400	101,483,300	101,483,300
Professional and Outside Services	33,785,500	31,743,100	31,743,100
Travel - In State	186,900	203,200	203,200
Travel - Out of State	2,385,400	2,515,900	2,515,900
Other Operating Expenditures	63,309,000	53,463,900	63,461,700
Library Acquisitions	3,998,400	3,765,000	3,765,000
Equipment	11,103,000	10,488,400	10,488,400
OPERATING SUBTOTAL	525,061,100	552,857,900	562,855,700
SPECIAL LINE ITEMS			
Biomedical Informatics	2,187,500	2,999,100	2,999,100
Downtown Phoenix Campus	57,632,300	73,502,300	81,182,600
Research Infrastructure Lease-Purchase Payment	13,555,000	13,555,000	13,555,000
AGENCY TOTAL	598,435,900	642,914,300	660,592,400
FUND SOURCES			
General Fund	344,192,800	326,349,100	326,349,100
<u>Other Appropriated Funds</u>			
University Collections Fund	254,243,100	316,565,200	334,243,300
SUBTOTAL - Other Appropriated Funds	254,243,100	316,565,200	334,243,300
SUBTOTAL - Appropriated Funds	598,435,900	642,914,300	660,592,400
Other Non-Appropriated Funds	596,687,500	697,138,200	685,638,800
Federal Funds	220,984,600	175,534,500	187,448,100
TOTAL - ALL SOURCES	1,416,108,000	1,515,587,000	1,533,679,300

CHANGE IN FUNDING SUMMARY

	FY 2010 to FY 2011 Baseline	
	\$ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	17,678,100	5.6%
Total Appropriated Funds	17,678,100	2.7%
Non-Appropriated Funds	414,200	0.0%
Total - All Sources	18,092,300	1.2%

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 273 baccalaureate, master's, doctoral and first professional degree programs to 55,552 full- and part-time students at its Tempe Campus. The Downtown Phoenix Campus (DPC), budgeted as a unit of the Tempe Campus, offers 51 degree programs to 11,503 full- and part-time students.

Operating Budget

General Fund \$280,210,700
 University Collections Fund 282,645,000

The Baseline includes \$562,855,700 and 5,607.3 FTE Positions for the operating budget in FY 2011. These amounts consist of:

FY 2011 adjustments would be as follows:

State Fiscal Stabilization Fund GF 0

The Baseline continues a decrease of \$(3,738,100) from the General Fund in FY 2011 as related to federal stimulus funding stipulations identified in Laws 2009, 3rd Special Session, Chapter 11, Section 15. Chapter 11 stipulates that if the state receives federal assistance from the State Fiscal Stabilization Fund established by the American Recovery and Reinvestment Act of 2009 (ARRA), university General Fund appropriations would be reduced by a total of \$(10,000,000). The ASU-Tempe/DPC reduction was allocated in the same manner that ABOR implemented universitywide reductions in FY 2009 and FY 2010. (See more information on ARRA in the Summary Book and the ABOR narrative pages.)

Enrollment Growth OF 9,997,800

The Baseline includes an increase of \$9,997,800 from the University Collections Fund in FY 2011 for enrollment growth.

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

The Baseline includes no funding for General Fund enrollment growth. If General Fund enrollment growth was funded, it would have provided an increase of \$11,670,800. These amounts would have funded projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. Formula growth is projected to grow by 1,538 full-time equivalent (FTE) students, to 32,106 FTE students for ASU-Tempe in FY 2011.

Laws 2009, 3rd Special Session, Chapter 9 requires the universities to separately report out-of-state student enrollment. The legislative intent was to use this information as a basis to exclude out-of-state students from enrollment growth calculations. As part of the enrollment calculation, the projected decline of (255) FTE out-of-state students was not included in the above calculation. Total out-of-state FTE students for ASU-Tempe are projected at 14,084 in FY 2011.

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 Position, and their associated General Fund costs, for every 22-FTE-student change. The average salary per FTE is \$70,100.

Biomedical Informatics

The Baseline includes \$2,999,100 and 19.7 FTE Positions from the General Fund for the Biomedical Informatics Department in FY 2011. These amounts are unchanged from FY 2010.

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 Baseline includes \$81,182,600 and 750 FTE Positions for programs headquartered at the Downtown Phoenix Campus (DPC) in FY 2011. These amounts consist of:

General Fund	29,584,300
University Collections Fund	51,598,300

FY 2011 adjustments would be as follows:

Enrollment Growth OF 7,680,300

The Baseline includes an increase of \$7,680,300 from the University Collections Fund in FY 2011 for enrollment growth.

The Baseline includes no funding for General Fund enrollment growth. If General Fund enrollment growth was funded, it would have provided an increase of \$8,965,500. These amounts would have funded 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.)

Formula growth is projected to grow by 1,182 full-time equivalent (FTE) students, to 4,749 FTE students for ASU-DPC in FY 2011.

Laws 2009, 3rd Special Session, Chapter 9 requires the universities to separately report out-of-state student enrollment. The legislative intent was to use this information as a basis to exclude out-of-state students from enrollment growth calculations. As part of the enrollment

calculation, the projected growth of 242 FTE out-of-state students was not included in the above calculation. Total out-of-state FTE students at ASU-DPC are projected at 1,209 in FY 2011.

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.

In fall of 2006, ASU opened the ASU Downtown Phoenix Campus, which currently houses the Colleges of Public Programs and Nursing and Healthcare Innovation as well as the University College. The Cronkite School of Journalism and Mass Communication moved from the ASU Main Campus to the Downtown Phoenix Campus in the fall of 2008. KAET-TV/Channel 8, the Phoenix Public Broadcasting Station, is scheduled to move to the campus in fall of 2009. ASU expects to house a total of 1,300 students in residences halls on its Downtown Phoenix Campus. The first phase of residence halls opened in the fall of 2008. The second phase of residence hall buildings opened in the fall of 2009.

ASU and the City of Phoenix have planned for a Downtown Phoenix Campus that encompasses 2 million square feet on 15 acres and roughly bordered by Fillmore, Van Buren, 3rd Street, and 1st Avenue. This location places 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. The renovation of existing facilities was completed in the fall of 2006. Construction of additional facilities for the College of Nursing and Health Care Innovation are currently underway and are scheduled to open in the fall of 2009.

In total, ASU's financial obligations 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.

ASU hopes to complete the development of the downtown campus by 2020, at which time the program would include housing for 4,000 students and also accommodate 15,000 students and 1,800 faculty and staff.

Research Infrastructure Lease-Purchase Payment

The Baseline includes \$13,555,000 from the General Fund for the Research Infrastructure Lease-Purchase Payment Special Line Item in FY 2011. This amount is unchanged from FY 2010.

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 does 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-Tempe/DPC 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-Tempe/DPC has completed each of these projects.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The appropriated monies shall not be used for scholarships or 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, 2010 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 Baseline would delete the footnote that prohibited the use of appropriated monies for the implementation of the Centennial Scholars Program, as the program has not been established.

the mid-year implementation, this provision requires ASU-Tempe/DPC to reduce an additional 133 General Fund FTE Positions in FY 2010 and 318 General Fund FTE Positions in FY 2011. This reduction is allocated to the operating budget; the agency may allocate to Special Line Items. ASU-Tempe/DPC revised their FY 2010 Estimate to 6,695 General Fund FTE Positions; as a result, the aforementioned FTE reductions have been applied to this figure.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

5% FTE Position Reduction

ASU-Tempe/DPC was originally budgeted 6,366 General Fund FTE Positions in FY 2010. Laws 2009, 3rd Special Session, Chapter 11, Section 17 mandates a 5% General Fund FTE Position reduction by February 1, 2010. Given

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 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	123,266,600	145,807,000
Year-End Fund Balance	24,167,600	35,216,600
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	305,230,300	381,895,900
Year-End Fund Balance	184,661,800	147,913,400
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	1,224,100	1,273,100
Year-End Fund Balance	73,778,500	73,778,500
Federal Grants (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	163,258,900	175,261,600
Year-End Fund Balance	0	0
Federal Grants - American Recovery and Reinvestment Act (ARRA) (UNI2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the university as part of the State Fiscal Stabilization Fund for education programs.		
Funds Expended	57,465,400	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 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	260,300	272,900
Year-End Fund Balance	4,751,200	4,336,400
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	51,700	54,200
Year-End Fund Balance	943,900	861,500
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	147,200	153,000
Year-End Fund Balance	13,178,000	13,461,600
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	166,767,600	167,955,000
Year-End Fund Balance	32,165,800	25,541,400
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	254,243,100	316,565,200
Year-End Fund Balance	0	0