

Arizona State University - Tempe/DPC

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	6,142.9	6,552.6	6,552.6 ^{1/}
Personal Services	399,828,900	410,189,100	410,189,100
Employee Related Expenditures	117,102,300	127,385,500	126,504,900
Professional and Outside Services	43,980,700	39,315,500	39,315,500
Travel - In State	176,700	26,000	26,000
Travel - Out of State	3,418,800	2,658,700	2,658,700
Other Operating Expenditures	35,728,200	49,977,900	53,601,200
Equipment	25,119,700	22,183,500	22,183,500
OPERATING SUBTOTAL	625,355,300	651,736,200	654,478,900 ^{2/}
SPECIAL LINE ITEMS			
Biomedical Informatics	2,746,600	2,808,600	2,800,400
Downtown Phoenix Campus	122,968,000	127,251,400	127,209,500
Elimination of Payment Deferral	0	74,760,400 ^{3/}	0
One-Time Funding	0	0	7,000,000 ^{4/}
Parity Funding	38,843,100	0	0
Research Infrastructure Lease-Purchase Payment	13,032,400	10,509,100	10,273,300 ^{5/}
School of Civic and Economic Thought and Leadership	0	0	3,000,000 ^{6/}
AGENCY TOTAL	802,945,400	867,065,700	804,762,100 ^{7/8/9/}
FUND SOURCES			
General Fund	290,102,200	315,844,800	253,541,200 ^{10/-12/}
<u>Other Appropriated Funds</u>			
University Collections Fund	512,843,200	551,220,900	551,220,900 ^{13/}
SUBTOTAL - Other Appropriated Funds	512,843,200	551,220,900	551,220,900
SUBTOTAL - Appropriated Funds	802,945,400	867,065,700	804,762,100
Other Non-Appropriated Funds	883,302,200	1,033,435,300	1,066,208,200
Federal Funds	281,606,600	286,349,700	286,349,700
TOTAL - ALL SOURCES	1,967,854,200	2,186,850,700	2,157,320,000

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 308 Baccalaureate, Master's, Doctoral and first professional degree programs, and 95 undergraduate and graduate certificate programs to 73,168 full- and part-time students at its Tempe Campus. The Downtown Phoenix Campus (DPC), budgeted as a unit of the Tempe Campus, offers 73 degree programs and 24 certificate programs to 23,714 full- and part-time students.

^{1/} Includes 111.7 GF and 859.2 OF FTE Positions funded from Special Line Items in FY 2017.

^{2/} Includes \$2,000,000 appropriated by the FY 2015 General Appropriation Act (Laws 2014, Chapter 18) for university operating expenditures in FY 2017.

^{3/} The FY 2017 General Appropriation Act includes a one-time FY 2016 supplemental General Fund appropriation of \$74,760,400 for the elimination of ASU - Tempe/DPC's share of the universitywide payment deferral.

^{4/} The sum of \$19,000,000 is appropriated from the state General Fund in FY 2017 to the Arizona Board of Regents for distribution for capital improvements or operating expenditures in the following amounts: 1) Arizona State University \$7,000,000, 2) Northern Arizona University \$4,000,000, 3) University of Arizona \$8,000,000. On or before August 1, 2016, the universities shall report the intended use of the monies to the Joint Legislative Budget Committee. Before any expenditure of the monies appropriated in this section for capital improvements, the universities shall submit the scope, purpose and estimated cost of the capital improvements for review by the Joint Committee on Capital Review pursuant to A.R.S. § 41-1252. (General Appropriation Act footnote)

^{5/} A.R.S. § 15-1670 appropriates \$13,555,000 from the General Fund in FY 2017 to finance lease-purchase payments for research infrastructure projects. This amount has been adjusted by \$(3,281,700) by Section 4 of the FY 2017 Higher Education Budget Reconciliation Bill (BRB) (Laws 2016, Chapter 130) to reflect savings from refinancing the lease-purchase payments.

Operating Budget

The budget includes \$654,478,900 and 5,581.7 FTE Positions in FY 2017 for the operating budget. This amount consists of:

	FY 2017
General Fund	\$217,792,900
University Collections Fund	436,686,000

These amounts fund the following adjustments:

Additional Resources

The budget includes an increase of \$3,623,300 from the General Fund in FY 2017 for ASU - Tempe/DPC's share of additional university resources. *(Please see the University Additional Resources narrative in the Arizona Board of Regents (ABOR) section for more information.)*

Statewide Adjustments

The budget includes a decrease of \$(880,600) from the General Fund in FY 2017 for statewide adjustments.

This amount reflects ASU - Tempe/DPC's allocation of state health insurance premium costs in FY 2017 compared to its revised FY 2016 allocation. *(Please see the Health Insurance Trust Fund narrative in the ABOR section and the Agency Detail and Allocations section for more information.)*

The \$217,792,900 General Fund amount for the operating budget includes \$2,000,000 that was appropriated for FY 2017 in the FY 2015 General Appropriation Act (Laws 2014, Chapter 18). As a result, these monies do not appear in the FY 2017 General Appropriation Act (Laws 2016, Chapter 117).

Student enrollment growth and tuition and fee increases for students will contribute to an increase in university tuition and fee collections. The University Collections Fund amount will ultimately be adjusted to reflect these additional revenues. *(Please see the ABOR section for more information.)*

Biomedical Informatics

The budget includes \$2,800,400 and 14.9 FTE Positions in FY 2017 for the Biomedical Informatics Department. This amount consists of:

General Fund	1,939,500
University Collections Fund	860,900

These amounts fund the following adjustments:

Statewide Adjustments

The budget includes a decrease of \$(8,200) from the General Fund in FY 2017 for statewide adjustments.

6/ The appropriated amount for the School of Civic and Economic Thought and Leadership shall be used by the president of Arizona State University to establish a School of Civic and Economic Thought and Leadership consisting of the former Center for Political Thought and Leadership and the Center for the Study of Economic Liberty. The school shall operate as a single stand-alone academic entity within Arizona State University. The appropriated amount may not supplant any existing state funding or private or external donations to the former centers or to the school. The appropriated monies and all private and external donations to the school shall be used only for the direct operation of the school and may not be used for indirect costs of the university. The school shall submit a report to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Senate Education Committee and the House of Representatives Government and Higher Education Committee and the Director of the Joint Legislative Budget Committee on or before October 3, 2016. The report shall include at least the following for the school: 1) The total amount of funding received from all sources, 2) A description of faculty positions and courses offered, 3) The total undergraduate and graduate student enrollment, 4) Significant community events, initiatives or publications.

The Chairpersons of the Senate Education Committee and the House of Representatives Government and Higher Education Committee may request the director of the school to appear before the committees to report on the school's annual achievements. (General Appropriation Act footnote)

7/ The appropriated monies may not be used for scholarships or any student newspaper. (General Appropriation Act footnote)

8/ The appropriated monies may 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 Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

10/ The state General Fund appropriation may not be used for alumni association funding. (General Appropriation Act footnote)

11/ The FY 2017 General Fund budget as adjusted for statewide adjustments is \$253,541,200. This amount includes \$233,303,600 in ASU - Tempe/DPC's individual section of the FY 2017 General Appropriation Act, \$964,300 for statewide adjustments, \$13,555,000 in A.R.S. § 15-1670 lease-purchase appropriations less \$(3,281,700) from the refinance of Certificates of Participation for research infrastructure in the FY 2017 Higher Education BRB, the \$2,000,000 operating budget appropriation in the FY 2015 General Appropriation Act footnote, and a one-time \$7,000,000 appropriation in section 149 of the FY 2017 General Appropriation Act for capital improvements or other operating expenditures.

12/ The increased state General Fund appropriation from Laws 2014, Chapter 18 may not be used for medical marijuana research. (General Appropriation Act footnote)

13/ Any unencumbered balances remaining in the collections account on June 30, 2016 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. Monies 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)

This multidisciplinary department incorporates computer science, biology, and engineering to organize and analyze medical data. In 2014, Biomedical Informatics moved from the DPC to Mayo Clinic's hospital in Phoenix.

Downtown Phoenix Campus

The budget includes \$127,209,500 and 956 FTE Positions in FY 2017 for programs headquartered at the DPC. This amount consists of:

General Fund	13,535,500
University Collections Fund	113,674,000

These amounts fund the following adjustments:

Statewide Adjustments

The budget includes a decrease of \$(41,900) from the General Fund in FY 2017 for statewide adjustments.

The DPC offers undergraduate and graduate programs in disciplines including health, nursing, journalism, mass communication, teaching and public programs. The campus opened in 2006 with 2,700 students and had a full-time student enrollment of 14,174 in FY 2016.

Elimination of Payment Deferral

The budget includes no funding in FY 2017 for the Elimination of Payment Deferral line item. This amount funds the following adjustments:

Remove One-Time Funding

The budget includes a decrease of \$(74,760,400) from the General Fund in FY 2017 to remove a one-time payment to eliminate ASU - Tempe/DPC's share of the universitywide payment deferral in FY 2016. *(Please see the Payment Deferral narrative in the ABOR section for more information.)*

One-Time Funding

The budget includes \$7,000,000 from the General Fund in FY 2017 for the One-Time Funding line item. This amount will be used for one-time capital improvements or operating expenditures.

Research Infrastructure Lease-Purchase Payment

The budget includes \$10,273,300 from the General Fund in FY 2017 for the Research Infrastructure Lease-Purchase Payment line item. This amount funds the following adjustments:

Refinance Adjustment

The budget includes a decrease of \$(235,800) from the General Fund in FY 2017 to adjust anticipated savings associated with the refinancing of Certificates of Participation (COPs).

Laws 2003, Chapter 267, which established A.R.S. § 15-1670, appropriated a total of \$34,625,000 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. Of this amount, \$14,472,000 was appropriated to ASU, including \$13,555,000 allocated to ASU - Tempe/DPC and \$917,000 to ASU East.

The FY 2015 General Appropriation Act reduced the total ASU research infrastructure appropriation by \$(522,600) in FY 2015, \$(3,045,900) in FY 2016, and \$(2,329,800) in FY 2017. Due to subsequent refinancing, the FY 2017 Higher Education Budget Reconciliation Bill (BRB) (Laws 2016, Chapter 130) further adjusted the FY 2017 reduction from \$(2,329,800) to \$(3,281,700) to reflect ASU's revised debt service schedule.

The FY 2017 Higher Education BRB also amends A.R.S. § 15-1670 to revise the FY 2018 to FY 2031 research infrastructure appropriations that correspond to ASU's current debt service schedule. *(Please see the Long-Term Budget Impacts narrative below and the 2003 Research Infrastructure narrative in the ABOR section for more information.)*

Since this funding appears in A.R.S. § 15-1670 and Laws 2014, Chapter 18, Section 134, this funding does not appear in the FY 2017 General Appropriation Act. In total, the universities have issued \$482,500,000 in COPs for research infrastructure projects. Of this amount, ASU - Tempe/DPC has issued \$187,200,000 in COPs.

School of Civic and Economic Thought and Leadership

The budget includes \$3,000,000 from the General Fund in FY 2017 for the School of Civic and Economic Thought and Leadership line item. This amount funds the following adjustments:

School of Civic and Economic Thought and Leadership

The budget includes an increase of \$3,000,000 from the General Fund in FY 2017 for the School of Civic and Economic Thought and Leadership.

The FY 2017 General Appropriation act provides funding to combine the existing Center for Political Thought and Leadership and the Center for the Study of Economic

Liberty to establish a new School of Civic and Economic Thought and Leadership as a standalone academic entity within ASU. Currently, the Center for the Study of Economic Liberty sits within the W.P. Carey School of Business and facilitates research by fellows and undergraduate students focusing on “the role economic liberty and the free enterprise system play in increasing opportunity and improving well-being.” The current Center for Political Thought and Leadership organizes public events and offers a certificate program to undergraduate students who complete core and elective requirements related to “the foundational principles of good government, civic involvement, free markets and political liberty.”

Other Issues

Long-Term Budget Impacts

As part of the budget’s 3-year spending plan, ASU’s General Fund costs are projected to increase by \$2,290,700 in FY 2018 above FY 2017 and remain largely flat in FY 2019 and FY 2020. These estimates are based on increases in the level of state appropriations required to cover refinanced Research Infrastructure debt service costs in FY 2018 and FY 2019 relative to FY 2017. *(Please see the 2003 Research Infrastructure Refinancing narrative in the ABOR section for more information.)*

FY 2016 Supplemental

The budget includes \$1,895,000 from the General Fund in FY 2016 for a one-time supplemental for the revised allocation of health insurance premium adjustments. *(Please see the Health Insurance Trust Fund narrative in the ABOR section for more information.)*

Summary

ASU - Tempe/DPC’s FY 2017 General Fund budget is \$253,541,200. Of this amount:

- \$233,303,600 is included in ASU - Tempe/DPC’s individual section of the FY 2017 General Appropriation Act.
- \$964,300 is part of statewide adjustments.
- \$13,555,000 is appropriated in A.R.S. § 15-1670 for a research infrastructure lease-purchase payment.
- \$(3,281,700) is reduced by the FY 2017 Higher Education BRB for Research Infrastructure savings.
- \$2,000,000 was appropriated by a footnote in the FY 2015 General Appropriation Act.

- \$7,000,000 is a one-time appropriation in section 149 of the FY 2017 General Appropriation Act for capital improvements or operating expenditures.

University Collections and FTE Positions Adjustments

The FY 2016 General Appropriation Act (Laws 2015, Chapter 8) appropriated \$516,159,500 from the University Collections Fund to ASU - Tempe/DPC in FY 2016. The Collections Fund for ASU - Tempe/DPC represents a portion of tuition, fees and a portion of land earnings. *(Please see ABOR Other Issues for more information.)* If collections exceed the appropriated amount, the annual General Appropriation Act includes a footnote permitting the universities to expend those amounts as well and a separate footnote requiring the submission of a report detailing any adjustments to the appropriated amounts.

ABOR sets tuition in the spring (independent of the legislative process). Any revised tuition rates as well as changes in enrollment can result in collections exceeding the appropriated amount. The Universities reported the adjustments to the University Collections Fund for FY 2016 to the Joint Legislative Budget Committee in July 2015, and ASU incorporated the adjusted FY 2016 amounts as part of their FY 2017 budget submission. Accordingly, the FY 2016 amount in the budget has been adjusted upward by \$35,061,900 to \$551,220,900.

The budget also adjusts the number of FTE Positions in FY 2016 to align with General Fund and Collections Fund tuition revenue adjustments. Laws 2015, Chapter 8 originally appropriated 6,142.9 FTE Positions in FY 2016 for the ASU - Tempe/DPC Campus. The General Fund accounted for 1,845.3 FTE Positions and the University Collections Fund accounted for the remaining 4,297.6 FTE Positions. The budget increases the total amount of FY 2016 FTE Positions by 409.7 to 6,552.6. The General Fund accounts for 1,943.2 FTE Positions and the University Collections Fund accounts for the remaining 4,609.4 FTE Positions. The total number and fund sourcing of FTE Positions significantly increased because adjustments to FTE Positions have not been made in several years.