

# Northern Arizona University

JLBC: Kimberly Cordes-Sween  
 OSPB: Patrick Makin

	FY 2009 ACTUAL	FY 2010 ESTIMATE	FY 2011 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	2,238.9	1,972.9	1,913.9
Personal Services	117,785,000	131,988,700	131,988,700
Employee Related Expenditures	40,492,900	40,995,600	40,995,600
Professional and Outside Services	6,610,700	1,858,600	1,858,600
Travel - In State	448,200	544,200	544,200
Travel - Out of State	502,300	0	0
Other Operating Expenditures	13,420,700	19,896,700	25,136,000
Library Acquisitions	2,095,500	0	0
Equipment	627,700	3,600	3,600
<b>OPERATING SUBTOTAL</b>	<b>181,983,000</b>	<b>195,287,400</b>	<b>200,526,700</b>
<b>SPECIAL LINE ITEMS</b>			
NAU - Yuma	2,993,500	2,999,600	2,999,600
Research Infrastructure Lease-Purchase Payment	5,900,000	5,900,000	5,900,000
Teacher Training	2,000,000	2,000,000	2,000,000
<b>AGENCY TOTAL</b>	<b>192,876,500</b>	<b>206,187,000</b>	<b>211,426,300</b>
<b>FUND SOURCES</b>			
General Fund	140,256,000	133,118,100	133,118,100
<u>Other Appropriated Funds</u>			
University Collections Fund	52,620,500	73,068,900	78,308,200
SUBTOTAL - Other Appropriated Funds	52,620,500	73,068,900	78,308,200
<b>SUBTOTAL - Appropriated Funds</b>	<b>192,876,500</b>	<b>206,187,000</b>	<b>211,426,300</b>
Other Non-Appropriated Funds	127,940,500	188,687,600	179,695,800
Federal Funds	75,009,400	52,549,400	53,600,400
<b>TOTAL - ALL SOURCES</b>	<b>395,826,400</b>	<b>447,424,000</b>	<b>444,722,500</b>

## CHANGE IN FUNDING SUMMARY

	FY 2010 to FY 2011 Baseline	
	\$ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	5,239,300	7.2%
Total Appropriated Funds	5,239,300	2.5%
Non-Appropriated Funds	(7,940,800)	(3.3%)
Total - All Sources	(2,701,500)	(0.6%)

**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 153 degree programs and 52 certificate programs to 23,600 students in 6 colleges through its campus in Flagstaff and its extended campus programs, also known as distance learning programs. The university is responsible for providing the large majority of statewide extended campus programs, both over the Internet and through 38 instructional sites, including a Yuma Branch Campus that operates in conjunction with Arizona Western College.

### Operating Budget

General Fund \$122,218,500  
 University Collections Fund 78,308,200

The Baseline includes \$200,526,700 and 1,892 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 \$(1,524,700) from the General Fund in FY 2011 as related to federal stimulus funding stipulations identified in Laws 2009, 3<sup>rd</sup> 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 NAU 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 5,239,300**

The Baseline includes an increase of \$5,239,300 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 \$6,514,200. These amounts would have funded projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. Formula enrollment is projected to grow by 873 full-time equivalent (FTE) students, to 15,695 FTE students in FY 2011.

Laws 2009, 3<sup>rd</sup> 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 335 FTE out-of-state students was not included in the above calculation. Total out-of-state FTE students are projected at 4,423 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 Positions, and their associated General Fund costs, for every 22-FTE-student change. The average salary per FTE is \$70,100.

**NAU - Yuma**

The Baseline includes \$2,999,600 and 29.4 FTE Positions from the General Fund for NAU-Yuma in FY 2011. These amounts are unchanged from FY 2010.

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

**Research Infrastructure Lease-Purchase Payment**

The Baseline includes \$5,900,000 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, 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 each of these projects.

**Teacher Training**

The Baseline includes \$2,000,000 from the General Fund for the Teacher Training Special Line Item in FY 2011. This amount is unchanged from FY 2010.

In FY 2009, funding for the program was shifted from the Department of Education’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 NAU and is located in downtown Phoenix.

\*\*\*

**FORMAT** — Operating Lump Sum with Special Line Items by Agency

**FOOTNOTES**

*Standard Footnotes*

The appropriated amount for the Teacher Training line item shall 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 shall not be used for scholarships or 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, 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.

**OTHER ISSUES FOR LEGISLATIVE CONSIDERATION**

**5% FTE Position Reduction**

NAU was originally budgeted 2,014.9 General Fund FTE Positions in FY 2010. Laws 2009, 3<sup>rd</sup> Special Session, Chapter 11, Section 17 mandates a 5% General Fund FTE Position reduction by February 1, 2010. Given the mid-year implementation, this provision requires NAU to reduce an additional 42 General Fund FTE Positions in FY 2010 and 101 General Fund FTE Positions in FY 2011. This reduction is allocated to the operating budget; the agency may allocate to Special Line Items.

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 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>	43,575,700	50,733,300
<b>Year-End Fund Balance</b>	7,449,700	8,590,400
<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>	53,081,900	105,695,600
<b>Year-End Fund Balance</b>	62,556,200	40,108,600
<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>	13,576,000	14,376,000

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
<b>Federal Grants (No Fund Number/A.R.S. § 15-1666)</b>		<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>	49,375,800	50,364,500
<b>Year-End Fund Balance</b>	0	0
<b>Federal Grants - American Recovery and Reinvestment Act (ARRA)</b> (UNI2999/A.R.S. § 35-142)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
<b>Purpose of Fund:</b> One-time Federal Funds to be used by the university as part of the State Fiscal Stabilization Fund for education programs.		
<b>Funds Expended</b>	23,491,600	0
<b>Year-End Fund Balance</b>	0	0
<b>Federal Indirect Cost Recovery Fund (No Fund Number/A.R.S. § 15-1601)</b>		<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>	2,142,000	2,184,900
<b>Year-End Fund Balance</b>	3,685,000	4,117,900
<b>Indirect Cost Recovery Fund (Non-Federal) (No Fund Number/A.R.S. § 15-1601)</b>		<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>	866,500	883,900
<b>Year-End Fund Balance</b>	1,490,600	2,817,900
<b>Loan Fund (No Fund Number/A.R.S. § 15-1601)</b>		<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>	0	350,000
<b>Year-End Fund Balance</b>	7,048,100	7,033,100
<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>	30,416,400	31,024,800
<b>Year-End Fund Balance</b>	15,845,700	14,298,500
<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>	52,620,500	73,068,900
<b>Year-End Fund Balance</b>	0	0