

# Northern Arizona University

	FY 2012 ACTUAL	FY 2013 ESTIMATE	FY 2014 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	2,057.2	2,057.2	2,057.2
Personal Services	127,229,300	130,094,700	130,094,700
Employee Related Expenditures	39,728,600	41,244,000	41,244,000
Professional and Outside Services	8,895,700	5,880,700	5,880,700
Travel - In State	272,500	366,700	366,700
Travel - Out of State	543,800	0	0
Other Operating Expenditures	17,847,100	19,816,800	19,816,800
Equipment	387,800	353,700	353,700
<b>OPERATING SUBTOTAL</b>	<b>194,904,800</b>	<b>197,756,600</b>	<b>197,756,600</b>
<b>SPECIAL LINE ITEMS</b>			
Course Redesign Technology and Capital	0	3,302,600 <sup>1/</sup>	3,302,600
NAU - Yuma	3,006,500	3,066,700	3,066,700
Research Infrastructure Lease-Purchase Payment	5,900,000	5,900,000	5,900,000
Teacher Training	2,179,500	2,290,600	2,290,600
<b>AGENCY TOTAL</b>	<b>205,990,800<sup>2/</sup></b>	<b>212,316,500<sup>3/</sup></b>	<b>212,316,500</b>
<b>FUND SOURCES</b>			
General Fund	108,251,900	104,907,400	104,907,400
<u>Other Appropriated Funds</u>			
University Collections Fund	97,738,900	107,409,100	107,409,100
SUBTOTAL - Other Appropriated Funds	97,738,900	107,409,100	107,409,100
<b>SUBTOTAL - Appropriated Funds</b>	<b>205,990,800</b>	<b>212,316,500</b>	<b>212,316,500</b>
Other Non-Appropriated Funds	180,237,100	193,794,000	197,733,700
Federal Funds	75,447,800	76,202,400	76,964,400
<b>TOTAL - ALL SOURCES</b>	<b>461,675,700</b>	<b>482,312,900</b>	<b>487,014,600</b>

**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 136 degree programs and 62 certificate programs to 26,002 students in 9 colleges/divisions 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 35 instructional sites, including a Yuma Branch Campus that operates in conjunction with Arizona Western College and NAU Yavapai, a partnership with Yavapai Community College.

## Operating Budget

The Baseline includes \$197,756,600 and 2,027.8 FTE Positions in FY 2014 for the operating budget. These amounts consist of:

	<b>FY 2014</b>
General Fund	\$90,347,500
University Collections Fund	107,409,100

These amounts are unchanged from FY 2013.

Student enrollment growth and tuition and fee increases for students will contribute to an increase in university tuition and fee collections and the University Collections Fund amount will ultimately be adjusted to reflect these additional revenues. (See the Arizona Board of Regents (ABOR) narrative for a discussion of performance funding.)

Prior to FY 2014, annual increases would have been calculated by the part-statutory, part-conventional student enrollment funding formula that was based in part on projected student growth. This formula is discontinued

- <sup>1/</sup> Originally appropriated to the Arizona Board of Regents (ABOR). (Please see Course Redesign Technology and Capital Special Line Item narrative for more information.)
- <sup>2/</sup> Includes a total of \$5,812,500 GF appropriated in FY 2012 for costs associated with an additional pay period. These expenditures were not reflected in the individual agency tables in the FY 2012 Appropriations Report.
- <sup>3/</sup> In addition to these amounts, the FY 2013 General Appropriation Act included one-time FY 2013 adjustments for a state employee health insurance premium holiday. The adjustments include a reduction of \$(19,600) GF for the premium holiday.

due to the FY 2013 Higher Education Budget Reconciliation Bill (BRB) (Laws 2012, Chapter 301) requirement that ABOR and the universities adopt a performance funding model by July 1, 2012. (*Please see Other Issues for Legislative Consideration for more information.*)

#### **Course Redesign Technology and Capital**

The Baseline includes \$3,302,600 from the General Fund in FY 2014 for the Course Redesign Technology and Capital Special Line Item (SLI). This amount is unchanged from FY 2013.

The FY 2013 General Appropriation Act included \$15,273,700 from the General Fund in the Arizona Board of Regents' budget in order to align ASU's and NAU's General Fund per student funding to that of the higher UA amount. Of this amount, \$11,971,100 is for ASU and \$3,302,600 is for NAU with the goal that per student funding parity is achieved among the universities by the beginning of FY 2017.

These monies shall be used by NAU for innovative course redesign technologies and capital improvements that will maintain or improve learning outcomes and decrease per-student costs for large enrollment or high-failure rate classes.

#### **NAU - Yuma**

The Baseline includes \$3,066,700 and 29.4 FTE Positions from the General Fund in FY 2014 for NAU-Yuma. These amounts are unchanged from FY 2013.

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 in FY 2014 for the Research Infrastructure Lease-Purchase Payment Special Line Item. This amount is unchanged from FY 2013.

Laws 2003, Chapter 267 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. 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.

#### **Teacher Training**

The Baseline includes \$2,290,600 from the General Fund in FY 2014 for the Teacher Training Special Line Item. This amount is unchanged from FY 2013.

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.

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

#### **FOOTNOTES**

*Standard Footnotes (Please see ABOR for universitywide 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.

It is the intent of the Legislature that the General Fund base funding for Northern Arizona University is \$104,907,400, which includes a deferral of \$30,494,800 from FY 2014 to FY 2015 and the \$5,900,000 in Laws 2003, Chapter 267 lease-purchase appropriation.

#### **OTHER ISSUES FOR LEGISLATIVE CONSIDERATION**

##### **Payment Deferral**

The Baseline includes \$30,494,800 from the General Fund for FY 2013 payments that were deferred until FY 2014 and includes a FY 2014 General Fund payment deferral of \$(30,494,800) until FY 2015. These amounts constitute a portion of a \$200,000,000 university-wide payment deferral. The payment deferral is unchanged from FY 2011. (*Please see ABOR for more information.*)

The FY 2014 General Fund Baseline is \$104,907,400. Of this amount:

- \$68,512,600 would be included in NAU's section of the FY 2014 General Appropriation Act.
- \$30,494,800 was appropriated in the FY 2013 General Appropriation Act (Laws 2012, Chapter 294) to reflect the deferral of FY 2013 monies to FY 2014.
- \$5,900,000 was appropriated in Laws 2003, Chapter 267 for a lease-purchase payment.

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>Auxiliary Fund (UNI8906/A.R.S. § 15-1601)</b>		<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>	55,533,000	59,118,800
<b>Year-End Fund Balance</b>	18,998,400	17,450,900
<b>Designated Fund (UNI8905/A.R.S. § 15-1601)</b>		<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>	88,014,900	97,549,100
<b>Year-End Fund Balance</b>	87,825,100	60,538,100
<b>Endowment and Life Income Fund (UNI8904/A.R.S. § 15-1601)</b>		<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 support endowment operations and compensate designated beneficiaries.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Federal Grants (UNI8903/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>	72,781,600	73,680,400
<b>Year-End Fund Balance</b>	0	0
<b>Federal Indirect Cost Recovery Fund (UNI8902/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>	2,666,200	2,522,000
<b>Year-End Fund Balance</b>	6,199,900	7,403,000
<b>Indirect Cost Recovery Fund (Non-Federal) (UNI8900/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>	3,335,500	3,368,800
<b>Year-End Fund Balance</b>	2,644,500	3,157,700
<b>Loan Fund (UNI8901/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> To provide one-third of 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.		
<b>Funds Expended</b>	624,500	240,000
<b>Year-End Fund Balance</b>	25,747,400	26,557,400

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>Restricted Fund (Excluding Federal Funds) (UNI8907/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 (please see the ABOR Summary of Funds), 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>	32,227,600	32,549,700
<b>Year-End Fund Balance</b>	12,075,400	13,983,800
<b>University Capital Improvement Lease-to-Own and Bond Fund (BRA3042/A.R.S. § 15-1682.03)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> University system revenues.		
<b>Purpose of Fund:</b> To pay annual debt service payments for the \$800,000,000 university Lottery bonding package. Lottery bond debt service is paid with no more than 80% Lottery revenues and at least 20% state university system revenues. The fund is comprised of the state university system revenues portion of the debt service payments. <i>(Please see the Capital Outlay ABOR Building System narrative for more information.)</i>		
<b>Funds Expended</b>	501,600	967,600
<b>Year-End Fund Balance</b>	0	0
<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>	97,738,900	107,409,100
<b>Year-End Fund Balance</b>	0	0