

# Northern Arizona University

	FY 2014 ACTUAL	FY 2015 ESTIMATE	FY 2016 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	2,057.2	2,057.2	2,057.2
Personal Services	58,743,300	71,956,700	71,956,700
Employee Related Expenditures	19,570,400	20,823,400	20,823,400
Professional and Outside Services	5,852,600	3,623,200	3,623,200
Travel - In State	176,200	227,800	227,800
Travel - Out of State	334,800	0	0
Other Operating Expenditures	127,731,700	128,446,300	140,996,200
Equipment	0	299,300	299,300
<b>OPERATING SUBTOTAL</b>	<b>212,409,000</b>	<b>225,376,700</b>	<b>237,926,600</b>
<b>SPECIAL LINE ITEMS</b>			
Biomedical Research	0	3,000,000	3,000,000
NAU - Yuma	2,194,000	2,430,000	2,430,000
Parity Funding	6,605,200	12,549,900	0
Research Infrastructure Lease-Purchase Payment	5,900,000	5,491,500	5,493,200
Teacher Training	2,417,900	2,290,600	2,290,600
<b>AGENCY TOTAL</b>	<b>229,526,100</b>	<b>251,138,700</b>	<b>251,140,400</b>
<b>FUND SOURCES</b>			
General Fund	109,245,000	118,281,200	118,282,900
<u>Other Appropriated Funds</u>			
University Collections Fund	120,281,100	132,857,500	132,857,500
SUBTOTAL - Other Appropriated Funds	120,281,100	132,857,500	132,857,500
<b>SUBTOTAL - Appropriated Funds</b>	<b>229,526,100</b>	<b>251,138,700</b>	<b>251,140,400</b>
Other Non-Appropriated Funds	187,383,500	201,697,200	213,856,400
Federal Funds	74,058,300	74,798,900	75,631,500
<b>TOTAL - ALL SOURCES</b>	<b>490,967,900</b>	<b>527,634,800</b>	<b>540,628,300</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 152 degree programs and 67 certificate programs to 25,743 full-time students in 9 colleges/divisions through its campus in Flagstaff and its distance learning programs. Besides its online offerings, the university provides programs through 38 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 \$237,926,600 and 2,027.8 FTE Positions in FY 2016 for the operating budget. These amounts consist of:

	<b>FY 2016</b>
General Fund	\$105,069,100
University Collections Fund	132,857,500

FY 2016 adjustments would be as follows:

<b>Parity Funding Transfer</b>	<b>GF</b>	<b>12,549,900</b>
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The Baseline includes an increase of \$12,549,900 from the General Fund in FY 2016 to transfer parity funding into

the operating budget. This funding was appropriated to a Parity Funding line item to bring NAU's per pupil funding to that of the higher University of Arizona amount. This increase completed the parity initiative. The Baseline transfers these monies into the operating budget for no net change in resources.

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. (See the Arizona Board of Regents (ABOR) narrative for a discussion of performance funding.)

Laws 2014, Chapter 18 appropriated \$500,000 from the General Fund in FY 2016 for university operating expenditures. As a result, these monies do not appear in the General Appropriation Act.

### **Biomedical Research**

The Baseline includes \$3,000,000 from the General Fund in FY 2016 for the Biomedical Research Special Line Item (SLI). This amount is unchanged from FY 2015.

Section 132 of the FY 2015 General Appropriation Act (Laws 2014, Chapter 18) appropriated \$3,000,000 annually to NAU from FY 2015 to FY 2019 for biotechnology. As a result these monies do not appear in the General Appropriation Act.

Funding is to be allocated to a nonprofit medical research foundation that specializes in biotechnology and that collaborates with universities, hospitals, biotechnology and health science research centers. As of December 2014, \$1.5 million has been allocated to the Translational Genomics Research Institute (TGen). *(Please see the Department of Health Services section for additional information on nonprofit medical research funding.)*

### **NAU - Yuma**

The Baseline includes \$2,430,000 and 29.4 FTE Positions from the General Fund in FY 2016 for NAU-Yuma. These amounts are unchanged from FY 2015.

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

### **Parity Funding**

The Baseline includes no funding for the Parity Funding line item. FY 2016 adjustments would be as follows:

#### **Parity Funding Transfer                      GF      (12,549,900)**

The Baseline includes a decrease of \$(12,549,900) from the General Fund in FY 2016 to transfer parity funding to the operating budget.

### **Research Infrastructure Lease-Purchase Payment**

The Baseline includes \$5,493,200 from the General Fund in FY 2016 for the Research Infrastructure Lease-Purchase Payment line item. FY 2016 adjustments would be as follows:

#### **Refinance Adjustment                      GF              1,700**

The Baseline includes an increase of \$1,700 from the General Fund in FY 2016 to adjust anticipated savings from the refinance of Certificates of Participation (COPs) for research infrastructure projects from the previous year.

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. The FY 2015 General Appropriation Act reduced the NAU research infrastructure appropriation of \$5,900,000 by \$(408,500) in FY 2015, \$(406,800) in FY 2016 and \$(1,653,200) in FY 2017.

Since this funding appears in Laws 2003, Chapter 267 and Laws 2014, Chapter 18, Section 134, this funding does not appear in the General Appropriation Act. In total, the universities have issued \$482,500,000 in 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 2016 for the Teacher Training SLI. This amount is unchanged from FY 2015.

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 Arizona Board of Regents (ABOR) for university-wide standard footnotes.)*

The appropriated amount for the Teacher Training line item must 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 \$109,289,700. This appropriation includes a deferral of \$30,494,800 from FY 2016 to FY 2017. This deferral shall be paid as required by this act. *(The General Fund base funding of \$109,289,700 plus the \$5,900,000 in Laws 2003, Chapter 267 lease-purchase appropriations, plus the \$3,000,000 for Biomedical Research in Section 132 of the FY 2015 General Appropriation Act, plus the \$500,000 in the FY 2015 General Appropriation Act footnote, less \$(406,800) in savings from the refinance of Certificates of Participation for research infrastructure in the FY 2015 General Appropriation Act equals the FY 2016 total of \$118,282,900. The \$30,494,800 deferral amount into FY 2016 was appropriated by Laws 2014, Chapter 18.)*

*Deletion of Prior Year Footnotes*

The Baseline does not include the provision that appropriated \$500,000 in FY 2016 and FY 2017 from the state General Fund to NAU for operating expenditures since the monies were already appropriated with the initial footnote.

The Baseline would delete the footnote related to parity funding.

**OTHER ISSUES FOR LEGISLATIVE CONSIDERATION**

***Payment Deferral***

The Baseline includes \$30,494,800 from the General Fund in FY 2015 payments that were deferred until FY 2016 and includes a FY 2016 General Fund payment deferral of \$(30,494,800) until FY 2017. 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 2016 General Fund Baseline is \$118,282,900. Of this amount:

- \$78,794,900 would be included in NAU’s section of the FY 2016 General Appropriation Act.
- \$30,494,800 was appropriated in the FY 2015 General Appropriation Act (Laws 2014, Chapter 18) to reflect the deferral of FY 2015 monies to FY 2016.
- \$5,900,000 was appropriated in Laws 2003, Chapter 267 for a research infrastructure lease-purchase payment.
- \$3,000,000 was appropriated in Section 132 of the FY 2015 General Appropriation Act for Biomedical Research.
- \$500,000 was appropriated by a footnote in the FY 2015 General Appropriation Act.
- \$(406,800) was reduced in Section 134 of the FY 2015 General Appropriation Act for Research Infrastructure savings in FY 2016.

SUMMARY OF FUNDS	FY 2014 Actual	FY 2015 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>	55,670,700	60,755,600
<b>Year-End Fund Balance</b>	19,175,300	19,424,100
<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>	105,377,100	113,599,100
<b>Year-End Fund Balance</b>	77,852,600	50,905,200
<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>	70,084,000	69,864,600
<b>Year-End Fund Balance</b>	0	0

SUMMARY OF FUNDS	FY 2014 Actual	FY 2015 Estimate
<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>	3,974,300	4,934,300
<b>Year-End Fund Balance</b>	6,524,800	6,125,900
<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>	1,939,200	2,200,000
<b>Year-End Fund Balance</b>	3,832,000	3,632,000
<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>	0	237,000
<b>Year-End Fund Balance</b>	34,620,800	35,400,600
<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 ( <i>please see the ABOR 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>	17,845,300	18,757,700
<b>Year-End Fund Balance</b>	12,144,200	10,437,400
<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>	6,551,200	6,147,800
<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>	120,281,100	132,857,500
<b>Year-End Fund Balance</b>	0	0