

Northern Arizona University

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	2,057.2	2,249.7	2,249.7
Personal Services	156,428,500	154,129,000	154,129,000
Employee Related Expenditures	48,493,000	48,149,900	48,149,900
Professional and Outside Services	13,182,800	8,186,100	8,186,100
Travel - In State	351,000	443,400	443,400
Travel - Out of State	722,200	0	0
Other Operating Expenditures	5,942,600	20,942,600	22,375,800
Equipment	506,300	502,800	502,800
OPERATING SUBTOTAL	225,626,400	232,353,800	233,787,000
SPECIAL LINE ITEMS			
Biomedical Research	3,000,000	3,000,000	3,000,000
NAU - Yuma	3,084,400	3,066,600	3,066,600
Parity Funding	12,549,900	0	0
Research Infrastructure Lease-Purchase Payment	5,491,500	5,493,200	4,246,800
Teacher Training	2,476,500	2,290,600	2,290,600
AGENCY TOTAL	252,228,700	246,204,200	246,391,000
FUND SOURCES			
General Fund	119,371,200	100,917,600	101,104,400
<u>Other Appropriated Funds</u>			
University Collections Fund	132,857,500	145,286,600	145,286,600
SUBTOTAL - Other Appropriated Funds	132,857,500	145,286,600	145,286,600
SUBTOTAL - Appropriated Funds	252,228,700	246,204,200	246,391,000
Other Non-Appropriated Funds	196,588,600	225,996,200	237,598,400
Federal Funds	81,257,700	82,070,300	82,890,700
TOTAL - ALL SOURCES	530,075,000	554,270,700	566,880,100

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 151 degree programs and 73 certificate programs to 29,031 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 26 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 \$233,787,000 and 2,212.8 FTE Positions in FY 2017 for the operating budget. These amounts consist of:

	FY 2017
General Fund	\$88,500,400
University Collections Fund	145,286,600

FY 2017 adjustments would be as follows:

Additional Resources GF 1,433,200

The Baseline includes an increase of \$1,433,200 from the General Fund in FY 2017 for NAU's share of additional university resources. The 3-year budget plan associated with the enacted FY 2016 budget included \$8,200,000 in system-wide ongoing additional resources for the university system beginning in FY 2017. (Please see the Arizona Board of Regents (ABOR) section for more information.)

The \$88,500,400 General Fund amount for the operating budget includes \$500,000 that was appropriated for FY 2017 in the FY 2015 General Appropriation Act (Laws

2014, Chapter 18). As a result, these monies would not appear in the FY 2017 General Appropriation Act.

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 Research

The Baseline includes \$3,000,000 from the General Fund in FY 2017 for the Biomedical Research Special Line Item (SLI). This amount is unchanged from FY 2016.

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. NAU has awarded the funding 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 \$3,066,600 and 29.4 FTE Positions from the General Fund in FY 2017 for NAU-Yuma. These amounts are unchanged from FY 2016.

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

Research Infrastructure Lease-Purchase Payment

The Baseline includes \$4,246,800 from the General Fund in FY 2017 for the Research Infrastructure Lease-Purchase Payment line item. FY 2017 adjustments would be as follows:

Refinance Adjustment GF (1,246,400)

The Baseline includes a decrease of \$(1,246,400) from the General Fund in FY 2017 to adjust anticipated savings associated with the refinancing of Certificates of Participation (COPs).

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 would 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, NAU has issued \$77,475,000 in COPs.

Teacher Training

The Baseline includes \$2,290,600 and 7.5 FTE Positions from the General Fund in FY 2017 for Teacher Training. These amounts are unchanged from FY 2016.

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 the ABOR section for university-wide footnotes.)

It is the intent of the Legislature that the state General Fund base funding for Northern Arizona University is \$93,357,600. This appropriation includes a deferral of \$30,494,800 from FY 2017 to FY 2018. This deferral shall be paid as required in this act. *(Please see Other Issues for more information.)*

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.

Other Issues

FY 2016 Supplemental

The FY 2017 Baseline would include a FY 2016 supplemental appropriation of \$40,200 from the General Fund to NAU for health insurance adjustments. In FY 2017, NAU's appropriation would be further adjusted for the annualization for savings associated with lower employer contribution rates for health insurance. *(Please see the Health Insurance Trust Fund section in the ABOR narrative for more information.)*

Payment Deferral

The Baseline includes \$30,494,800 from the General Fund for FY 2016 payments that were deferred until FY 2017 and includes a FY 2017 General Fund payment deferral of \$(30,494,800) until FY 2018. These amounts constitute a portion of a \$200,000,000 university-wide payment deferral. The payment deferral is unchanged from FY 2011. *(Please see the ABOR section for more information.)*

The FY 2017 General Fund Baseline is \$101,104,400. Of this amount:

- \$62,862,800 would be included in NAU's individual section of the FY 2017 General Appropriation Act.
- \$30,494,800 was appropriated in the FY 2016 General Appropriation Act to reflect the deferral of FY 2016 monies to FY 2017.
- \$5,900,000 was appropriated in Laws 2003, Chapter 267 for a research infrastructure lease-purchase payment.
- \$(1,653,200) was reduced in Section 134 of the FY 2015 General Appropriation Act for Research Infrastructure savings.
- \$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 Laws 2014, Chapter 18.

University Collections and FTE Positions Adjustments

The FY 2016 General Appropriation Act (Laws 2015, Chapter 8) appropriated \$132,857,500 from the University Collections Fund to NAU in FY 2016. The Collections Fund for NAU 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 NAU incorporated the adjusted FY 2016 amounts as part of their FY 2017 budget submission. Accordingly, the FY 2016 amount in the Baseline has been adjusted upward by \$12,429,100 to \$145,286,600.

The Baseline 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 2,057.2 FTE Positions in FY 2016 for NAU. The General Fund accounted for 836.7 FTE Positions and the University Collections Fund accounted for the remaining 1220.5 FTE Positions. The Baseline increases the total amount of FY 2016 FTE Positions by 192.5 to 2,249.7. The General Fund accounts for 866.1 FTE Positions and the University Collections Fund accounts for the remaining 1,383.6 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.

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Auxiliary Fund (UNI8906/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	58,967,200	62,545,500
Year-End Fund Balance	24,015,000	25,730,200

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Designated Fund (UNI8905/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. Tuition and mandatory registration fees comprise \$97,816,700 and \$113,277,400 of the total FY 2015 and FY 2016 revenue, respectively.		
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	107,612,200	128,177,400
Year-End Fund Balance	70,304,300	54,915,100
Endowment and Life Income Fund (UNI8904/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	0	0
Year-End Fund Balance	27,392,000	28,423,000
Federal Grants (UNI8903/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	77,299,700	78,132,200
Year-End Fund Balance	0	0
Federal Indirect Cost Recovery Fund (UNI8902/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	3,958,000	3,938,100
Year-End Fund Balance	6,524,800	6,524,800
Indirect Cost Recovery Fund (Non-Federal) (UNI8900/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	896,900	1,179,900
Year-End Fund Balance	3,832,000	3,550,500
Loan Fund (UNI8901/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 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.		
Funds Expended	251,600	235,000
Year-End Fund Balance	7,199,200	7,249,200

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Restricted Fund (Excluding Federal Funds) (UNI8907/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 ABOR 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	22,712,900	24,364,300
Year-End Fund Balance	13,323,300	13,323,300
University Capital Improvement Lease-to-Own and Bond Fund (BRA3042/A.R.S. § 15-1682.03)		Non-Appropriated
Source of Revenue: University system revenues.		
Purpose of Fund: 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. (<i>Please see the Capital Outlay ABOR Building System narrative for more information.</i>)		
Funds Expended	6,147,800	9,494,100
Year-End Fund Balance	0	0
University Collections Fund (NAA1421/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees, as well as a portion of university trust land earnings. Tuition and mandatory registration fees comprise \$131,292,500 and \$143,621,600 of the total FY 2015 and FY 2016 revenue, respectively.		
Purpose of Fund: To operate the university.		
Funds Expended	132,857,500	145,286,600
Year-End Fund Balance	0	0