

# Arizona State University

	FY 2017 ACTUAL	FY 2018 ESTIMATE	FY 2019 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	7,811.8	8,123.1	8,123.1 <sup>1/</sup>
Personal Services	465,130,600	478,891,000	478,891,000
Employee Related Expenditures	141,946,100	144,986,500	145,836,400
Professional and Outside Services	51,507,400	49,374,000	49,374,000
Travel - In State	195,200	325,500	325,500
Travel - Out of State	3,303,300	2,607,400	2,607,400
Other Operating Expenditures	118,123,700	126,122,400	126,122,400
Equipment	23,265,600	20,394,900	20,394,900
<b>OPERATING SUBTOTAL</b>	<b>803,471,900</b>	<b>822,701,700</b>	<b>823,551,600</b>
<b>SPECIAL LINE ITEMS</b>			
2003 Research Infrastructure Lease-Purchase Payment	11,190,300	13,481,000	13,478,700 <sup>2/</sup>
2017 Capital Infrastructure Funding	0	0	11,927,400 <sup>3/</sup>
Arizona Financial Aid Trust	0	5,985,800	5,985,800 <sup>4/</sup>
Biomedical Informatics	3,067,700	3,746,100	3,763,900
Downtown Phoenix Campus	144,968,500	145,337,500	145,913,900
Economic Development	0	0	250,000 <sup>5/</sup>
One-Time Funding	7,000,000	6,639,500 <sup>6/</sup>	4,245,000 <sup>7/</sup>
School of Civic and Economic Thought and Leadership	3,000,000	4,000,000 <sup>6/</sup>	4,007,100 <sup>8/9/</sup>
TRIF - Lease Purchase Payment	3,600,000	3,600,000	3,600,000
<b>AGENCY TOTAL</b>	<b>976,298,400</b>	<b>1,005,491,600</b>	<b>1,016,723,400</b> <sup>10/11/12/</sup>
<b>FUND SOURCES</b>			
General Fund	305,397,600	320,259,000	328,775,800 <sup>13/14/15/</sup>
<b>Other Appropriated Funds</b>			
Technology and Research Initiative Fund	3,600,000	3,600,000	3,600,000
University Collections Fund	667,300,800	681,632,600	684,347,600 <sup>16/</sup>
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>670,900,800</b>	<b>685,232,600</b>	<b>687,947,600</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>976,298,400</b>	<b>1,005,491,600</b>	<b>1,016,723,400</b>
<b>Other Non-Appropriated Funds</b>			
Other Non-Appropriated Funds	1,283,177,500	1,550,369,400	1,572,986,000
Federal Funds	412,336,600	412,303,800	412,303,800
<b>TOTAL - ALL SOURCES</b>	<b>2,671,812,500</b>	<b>2,968,164,800</b>	<b>3,002,013,200</b>

**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 had 97,850 full-time equivalent students at its campuses in fall 2017.

<sup>1/</sup> Includes 130.8 GF and 1,040.1 OF FTE Positions funded from Special Line Items in FY 2019.

<sup>2/</sup> A.R.S. § 15-1670 appropriates \$13,478,700 to ASU from the General Fund in FY 2019 to finance lease-purchase payments for research infrastructure projects.

<sup>3/</sup> A.R.S. § 15-1671 appropriates \$11,927,400 to ASU from the General Fund in FY 2019 for capital infrastructure projects.

<sup>4/</sup> Prior to the FY 2018 budget, ASU's share of the General Fund monies appropriated for the Arizona Financial Aid Trust were included in the ABOR budget.

<sup>5/</sup> The appropriated amount for the Economic Development line item shall be used to establish, in cooperation with a public university located in Guanajuato, Mexico, an office in Guanajuato, Mexico, to develop collaborative efforts between the states of Arizona and Guanajuato, including stimulating bilateral trade and economic development, enhancing cultural exchange opportunities, expanding public service capacity, enhancing innovation and improving public policy development. (General Appropriation Act footnote)

<sup>6/</sup> The \$1,000,000 of FY 2018 one-time funding restricted to operating expenditures for the School of Civic and Economic Thought and Leadership are displayed as part of the school's line item and are excluded from the amount displayed for the One-Time Funding line item.

Laws 2017, Chapter 199 amended A.R.S. § 15-1601 and A.R.S. § 35-101 to eliminate the requirement that ASU - West and ASU - East be identified as separate budget units in the General Appropriation Act. This provision takes effect with the FY 2019 General Appropriation Act.

Budget data for all campuses have been consolidated in the FY 2017 - FY 2019 display above for comparability.

### **Operating Budget**

The budget includes \$823,551,600 and 6,952.2 FTE Positions in FY 2019 for the operating budget. These amounts consist of:

	<b>FY 2019</b>
General Fund	\$273,199,400
University Collections Fund	550,352,200

FY 2019 adjustments are as follows:

- 7/ The sum of \$8,000,000 is appropriated from the state General Fund in FY 2019 to Arizona State University, Northern Arizona University and the University of Arizona for capital improvements or operating expenditures in the following amounts: 1) Arizona State University \$4,245,000, 2) Northern Arizona University \$1,590,200, 3) University of Arizona \$2,164,800. On or before August 1, 2018, each university shall report the intended use of the monies to the Joint Legislative Budget Committee. Before any expenditure of the monies appropriated in subsection A of this section for capital improvements, each university 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)
- 8/ Footnote for ongoing funding: The appropriated amount for the School of Civic and Economic Thought and Leadership line item shall be used to operate 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 existing centers or to the school. The appropriated monies and all private and external donations to the school, including any remaining balances from prior fiscal years, shall be deposited in a separate account, 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 Education Committee and the Director of the Joint Legislative Budget Committee on or before October 1, 2018. 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 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)
- 9/ Footnote for one-time funding: In addition to any other appropriations, the sum of \$1,000,000 is appropriated from the state General Fund in FY 2019 to Arizona State University to be used for operating expenses of the School of Civic and Economic Thought and Leadership. This amount supplements and does not supplant any existing state funding or private or external donations to the school. The appropriated amounts and all private and external donations to the school, including any remaining balances from prior fiscal years, shall be deposited in a separate account, must be used only for the direct operation of the school and may not be used for indirect costs of the university. \$100,000 of the amount appropriated to Arizona State University pursuant to subsection A of this section shall be used by the School of Civic and Economic Thought and Leadership to support research on the Arizona Constitution and the development of a civics and constitutionalism curriculum for K-12 and postsecondary education institutions. (General Appropriation Act footnote)
- 10/ Other than scholarships awarded through the Arizona Financial Aid Trust, the appropriated monies may not be used for scholarships or any student newspaper. (General Appropriation Act footnote)
- 11/ 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)
- 12/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 13/ The state General Fund appropriation may not be used for alumni association funding. (General Appropriation Act footnote)
- 14/ The FY 2019 General Fund budget as adjusted for statewide adjustments is \$328,775,800. This amount includes \$296,880,600 in ASU's individual section of the FY 2019 General Appropriation Act, \$1,244,100 for statewide adjustments, \$13,478,700 in A.R.S. § 15-1670 lease-purchase appropriations, \$11,927,400 in A.R.S. § 15-1671 capital infrastructure appropriations, a one-time \$4,245,000 appropriation in section 131 of the FY 2019 General Appropriation Act for capital improvements or other operating expenditures, and a one-time \$1,000,000 appropriation in section 132 of the FY 2019 General Appropriation Act for the School of Civic and Economic Thought and Leadership.
- 15/ The increased state General Fund appropriation from Laws 2014, Chapter 18 may not be used for medical marijuana research. (General Appropriation Act footnote)
- 16/ Any unencumbered balances remaining in the University Collections Fund on June 30, 2018 and all collections received by the university during the fiscal year 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. (General Appropriation Act footnote)

### **Statewide Adjustments**

The budget includes an increase of \$849,900 in FY 2019 for statewide adjustments. This amount consists of:

General Fund	(1,337,900)
University Collections Fund	2,187,800

*(Please see the Agency Detail and Allocations section.)*

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.)*

### **2003 Research Infrastructure Lease-Purchase Payment**

The budget includes \$13,478,700 from the General Fund in FY 2019 for the 2003 Research Infrastructure Lease-

Purchase Payment line item. FY 2019 adjustments are as follows:

**Refinance Adjustment**

The budget includes a decrease of \$(2,300) from the General Fund in FY 2019 to adjust from prior year savings associated with the refinancing of Certificates of Participation (COPs).

As amended by the FY 2017 Higher Education Budget Reconciliation Bill (BRB) (Laws 2016, Chapter 130), A.R.S. § 15-1670 appropriates an annual amount 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.

Since this funding appears in A.R.S. § 15-1670, this funding does not appear in the FY 2019 General Appropriation Act. In total, the universities have issued \$482,500,000 in COPs for research infrastructure projects. Of this amount, ASU has issued \$206,200,000 in COPs.

*(Please see the Long-Term Budget Impacts narrative below and the 2003 Research Infrastructure narrative in the ABOR section for more information.)*

**2017 Capital Infrastructure Funding**

The budget includes \$11,927,400 from the General Fund in FY 2019 for the 2017 Capital Infrastructure Funding line item. FY 2019 adjustments are as follows:

**2017 Capital Infrastructure Funding**

The budget includes an increase of \$11,927,400 from the General Fund in FY 2019 for capital infrastructure funding.

Laws 2017, Chapter 328 established A.R.S. § 15-1671, which provides General Fund appropriations from FY 2019 - FY 2043 for new university research facilities, building renewal, or other capital construction projects. Since this funding appears in A.R.S. § 15-1671, this funding does not appear in the FY 2019 General Appropriation Act.

*(Please see the 2017 University Infrastructure Funding narrative in the Capital Outlay - ABOR Building System section for more information.)*

**Arizona Financial Aid Trust**

The budget includes \$5,985,800 from the General Fund in FY 2019 for the Arizona Financial Aid Trust (AFAT). This amount is unchanged from FY 2018. *(Please see the Other Issues: Arizona Financial Aid Trust narrative in the ABOR section for more information.)*

**Biomedical Informatics**

The budget includes \$3,763,900 and 24.9 FTE Positions in FY 2019 for the Biomedical Informatics Department. These amounts consist of:

General Fund	1,878,200
University Collections Fund	1,885,700

FY 2019 adjustments are as follows:

**Statewide Adjustments**

The budget includes an increase of \$17,800 in FY 2019 for statewide adjustments. This amount consists of:

General Fund	9,200
University Collections Fund	8,600

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

**Downtown Phoenix Campus**

The budget includes \$145,913,900 and 1,135 FTE Positions in FY 2019 for programs headquartered at the Downtown Phoenix Campus. These amounts consist of:

General Fund	13,804,200
University Collections Fund	132,109,700

FY 2019 adjustments are as follows:

**Statewide Adjustments**

The budget includes an increase of \$576,400 in FY 2019 for statewide adjustments. This amount consists of:

General Fund	57,800
University Collections Fund	518,600

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 18,081 in FY 2018.

**Economic Development**

The budget includes \$250,000 from the General Fund in FY 2019 for the Economic Development line item. FY 2019 adjustments are as follows:

### **Economic Development**

The budget includes an increase of \$250,000 from the General Fund in FY 2019 for one-time funding for economic development.

The FY 2019 General Appropriation Act specifies that these monies shall be used to establish, in cooperation with a public university located in Guanajuato, Mexico, an office in Guanajuato, Mexico, to develop collaborative efforts between the states of Arizona and Guanajuato, including stimulating bilateral trade and economic development, enhancing cultural exchange opportunities, expanding public service capacity, enhancing innovation and improving public policy development.

### **One-Time Funding**

The budget includes \$4,245,000 in FY 2019 from the General Fund for the One-Time Funding line item. FY 2019 adjustments are as follows:

#### **Adjusted One-Time Funding**

The budget includes a decrease of \$(2,394,500) from the General Fund in FY 2019 for the adjustment of one-time funding for capital improvements or operating expenditures.

The FY 2018 budget included \$6,639,500 of one-time funding for capital improvements or operating expenditures. ASU used its FY 2018 one-time funding for faculty salaries and benefits.

### **School of Civic and Economic Thought and Leadership**

The budget includes \$4,007,100 and 11 FTE Positions from the General Fund in FY 2019 for the School of Civic and Economic Thought and Leadership (SCETL) line item. FY 2019 adjustments are as follows:

#### **Statewide Adjustments**

The budget includes an increase of \$7,100 from the General Fund in FY 2019 for statewide adjustments.

The FY 2019 General Appropriation Act requires that \$100,000 of SCETL's appropriation be used to support research on the Arizona Constitution and development of a civics and constitutionalism curriculum for K-12 and postsecondary education institutions.

The FY 2019 General Appropriation Act also specifies that the state appropriations and all private and external donations to the school must be deposited into a separate account.

Both the FY 2018 and FY 2019 funding for this line item include \$1,000,000 that is designated as one-time.

SCETL began matriculating students in fall 2017. The school currently offers a bachelor of arts program with coursework focused in 4 areas: history of moral and political thought, the history of economic thought, American political and economic thought, and the possibilities and problems of leadership. The school is also developing a master of arts in education program for teachers in classical academies, and it hosts community lecture series and events related to public affairs.

### **TRIF Lease-Purchase Payment**

The budget includes \$3,600,000 from the Technology and Research Initiative Fund (TRIF) in FY 2019 for lease-purchase payment requirements. This amount is unchanged from FY 2018.

Laws 2000, 5<sup>th</sup> Special Session, Chapter 1 appropriated \$2,500,000 from TRIF to make the initial lease-purchase payment in FY 2002 on \$49,100,000 in infrastructure development at the ASU - East and ASU - West campuses. Beginning in FY 2003, the lease-purchase payment increased to \$3,600,000, which will be the annual lease-purchase payment through FY 2021.

### **Other Issues**

This section includes information on the following topics:

- Summary
- Long-Term Budget Impacts
- University Collections and FTE Positions Adjustments

### **Summary**

ASU's FY 2019 General Fund budget is \$328,775,800. Of this amount:

- \$296,880,600 is included in ASU's individual section of the FY 2019 General Appropriation Act.
- \$1,244,100 is part of statewide adjustments.
- \$13,478,700 is appropriated in A.R.S. § 15-1670 for a research infrastructure lease-purchase payment.
- \$11,927,400 is appropriated in A.R.S. § 15-1671 for new university research facilities, building renewal, or other capital construction projects.
- \$4,245,000 is a one-time appropriation in section 131 of the FY 2019 General Appropriation Act for capital improvements or operating expenditures.
- \$1,000,000 is a one-time appropriation in section 132 of the FY 2019 General Appropriation Act for

operating expenditures of the School of Civic and Economic Thought and Leadership

### **Long-Term Budget Impacts**

As part of the budget's 3-year spending plan, ASU's General Fund costs are projected to decrease by \$(6,318,100) in FY 2020 below FY 2019, and increase \$245,700 in FY 2021 above FY 2010.

These estimates are based on:

- A \$(4,245,000) decrease in FY 2020 for the removal of one-time funding for capital or operating expenditures.
- A \$(1,039,300) decrease in FY 2020 for the removal of one-time funding for statewide adjustments.
- A \$(1,000,000) decrease in FY 2020 for the removal of one-time funding for operating expenditures of the School of Civic and Economic Thought and Leadership
- A \$(250,000) decrease in FY 2020 for the removal of one-time funding for the Economic Development line item.
- A \$(22,400) decrease in FY 2020 and a \$2,400 increase in FY 2021 to adjust for university debt service costs. *(Please see the 2003 Research Infrastructure Refinancing narrative for more information.)*
- Increases of \$238,600 and \$243,300 in FY 2020 and FY 2021, respectively, to increase the university's annual Capital Infrastructure Funding appropriation by 2% each year. (The GDP inflator is currently projected at 2.34% for FY 2020 and 2.44% for FY 2021; statute funds the lesser of 2% or the actual rate.) *(Please see the 2017 University Capital Infrastructure Funding narrative in the Capital Outlay - ABOR Building System section for more information.)*

### **University Collections and FTE Positions Adjustments**

Including statewide adjustments, the FY 2018 General Appropriation Act (Laws 2017, Chapter 305) appropriated \$685,087,900 from the University Collections Fund to ASU (all campuses combined). The Collections Fund for ASU 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 as 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 2018 to the Joint Legislative Budget Committee in August 2017, and ASU incorporated the adjusted FY 2018 amounts as part of their FY 2019 budget submission. Accordingly, the estimated FY 2018 amount has been adjusted by \$(3,455,300) to \$681,632,600.

The FY 2019 University Collections Fund amount is increased by \$2,715,000 for statewide adjustments to \$684,347,600.

The FY 2018 FTE Position count has also been adjusted. Laws 2017, Chapter 305 originally appropriated 7,811.8 FTE Positions in FY 2018 for ASU (all campuses combined). The General Fund accounted for 2,345.4 FTE Positions and the University Collections Fund accounted for the remaining 5,466.4 FTE Positions. The estimated number of FY 2018 FTE Positions has been adjusted by 311.3 to 8,123.1. The General Fund accounts for 2,450.8 FTE Positions and the University Collections Fund accounts for the remaining 5,672.3 FTE Positions.