

Arizona State University

	FY 2017 ACTUAL	FY 2018 ESTIMATE	FY 2019 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	7,811.8	8,123.1	8,123.1
Personal Services	465,130,600	478,891,000	478,891,000
Employee Related Expenditures	141,946,100	144,986,500	142,478,600
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	120,396,300	126,122,400	126,122,400
Equipment	23,265,600	20,394,900	20,394,900
OPERATING SUBTOTAL	805,744,500	822,701,700	820,193,800
SPECIAL LINE ITEMS			
2003 Research Infrastructure Lease-Purchase Payment	11,190,300	13,481,000	13,478,700
2017 Capital Infrastructure Funding	0	0	11,927,400
Arizona Financial Aid Trust	0	5,985,800	5,985,800
Biomedical Informatics	3,067,700	3,746,100	3,746,100
Downtown Phoenix Campus	144,968,500	145,337,500	145,337,500
One-Time Funding	7,000,000	6,639,500	0
School of Civic and Economic Thought and Leadership	727,400	4,000,000	3,000,000
TRIF - Lease Purchase Payment	3,600,000	3,600,000	3,600,000
AGENCY TOTAL	976,298,400	1,005,491,600	1,007,269,300
FUND SOURCES			
General Fund	305,397,600	320,259,000	322,036,700
<u>Other Appropriated Funds</u>			
Technology and Research Initiative Fund	3,600,000	3,600,000	3,600,000
University Collections Fund	667,300,800	681,632,600	681,632,600
SUBTOTAL - Other Appropriated Funds	670,900,800	685,232,600	685,232,600
SUBTOTAL - Appropriated Funds	976,298,400	1,005,491,600	1,007,269,300
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
TOTAL - ALL SOURCES	2,671,812,500	2,968,164,800	2,992,559,100

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.

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 Baseline includes \$820,193,800 and 6,952.2 FTE Positions in FY 2019 for the operating budget. These amounts consist of:

	FY 2019
General Fund	\$272,029,400
University Collections Fund	548,164,400

FY 2019 adjustments are as follows:

Remove Health Insurance Adjustment

The Baseline includes a decrease of \$(2,507,900) from the General Fund in FY 2019 for the removal of a one-time FY 2018 health insurance adjustment. *(Please see the Technical Budget Assumptions 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 Baseline 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 Baseline 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 would 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 Baseline 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 Baseline 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 would 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 Baseline 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 Baseline includes \$3,746,100 and 24.9 FTE Positions in FY 2019 for the Biomedical Informatics Department. These amounts consist of:

General Fund	1,869,000
University Collections Fund	1,877,100

These amounts are unchanged from FY 2018.

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

Downtown Phoenix Campus

The Baseline includes \$145,337,500 and 1,135 FTE Positions in FY 2019 for programs headquartered at the Downtown Phoenix Campus (DPC). These amounts consist of:

General Fund	13,746,400
University Collections Fund	131,591,100

These amounts are unchanged from FY 2018.

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.

One-Time Funding

The Baseline includes no funding in FY 2019 from the General Fund for the One-Time Funding line item. FY 2019 adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(6,639,500) from the General Fund in FY 2019 for the elimination of one-time funding for capital improvements or operating expenditures.

The FY 2018 budget process designated \$7,639,500 as one-time funding. Of this amount, \$1,000,000 was restricted for operating expenditures of the School of Civic and Economic Thought and Leadership and therefore were displayed in the funding for that line item. *(Please see the School of Civic and Economic Thought and Leadership narrative below for more information.)*

Excluding the funds used for the School of Civic and Economic Thought and Leadership, ASU used its one-time funding for faculty salaries and benefits.

School of Civic and Economic Thought and Leadership

The Baseline includes \$3,000,000 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:

Remove One-Time Funding

The Baseline includes a decrease of \$(1,000,000) from the General Fund in FY 2019 for one-time funding for operating expenditures. The school budgeted the one-time monies to support its public affairs series and speakers, funded internships, an international student learning trip, and original copies of significant historical works. *(Please see the One-Time Funding line item narrative above for more information.)*

SCETL began matriculating students in fall 2017.

TRIF Lease-Purchase Payment

The Baseline 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, 5th 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.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes (Please see the ABOR section for universitywide footnotes.)

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 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.

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.

Deletion of Prior Year Footnotes

The Baseline would delete footnotes concerning the one-time appropriation and report on use of the funding for operating or capital expenditures.

Other Issues

This section includes information on the following topics:

- Summary
- Long-Term Budget Impacts
- Additional Legislation - ASU Budget Consolidation
- University Collections and FTE Positions Adjustments

Summary

ASU's FY 2019 General Fund Baseline is \$322,036,700. Of this amount:

- \$296,630,600 would be included in ASU's individual section of the FY 2019 General Appropriation Act.
- \$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.

Long-Term Budget Impacts

As part of the Baseline's 3-year spending plan, ASU's General Fund costs are projected to increase by \$216,100 in FY 2020 above FY 2019, and \$245,700 in FY 2021 above FY 2010.

These estimates are based on:

- A \$(22,400) decrease in FY 2020 and a \$(2,400) decrease in FY 2021 to adjust for lower university debt service costs. *(Please see the 2003 Research Infrastructure Refinancing narrative for more information.)*
- Increases of \$238,500 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 2.16% for FY 2020 and 2.21% 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 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.

SUMMARY OF FUNDS	FY 2017 Actual	FY 2018 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	195,054,300	187,066,800
Year-End Fund Balance	10,117,600	17,968,700

SUMMARY OF FUNDS	FY 2017 Actual	FY 2018 Estimate
Capital Infrastructure Fund - ASU (UNI3001/A.R.S. § 15-1671)		Non-Appropriated
Source of Revenue: General Fund appropriations and university local funds. ASU will receive a General Fund appropriation of \$11,927,400 starting in FY 2019, and this amount will annually increase by 2% or the rate of inflation, whichever is less, through FY 2043. The university must provide a 1:1 match of its own funds for any General Fund appropriations which are used to pay debt service.		
Purpose of Fund: To pay the cost of, or debt service on debt financing for, university capital projects. Systemwide, projects funded by the universities' capital infrastructure funds may not cumulatively exceed \$1.0 billion in principal. <i>(Please see the Capital Outlay ABOR Building System narrative for more information).</i> Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
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.		
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 subaccounts for specific purposes. Indirect Cost Recovery, a Designated Fund subaccount, is presented separately.		
Funds Expended	914,677,200	1,134,044,000
Year-End Fund Balance	442,218,400	423,913,600
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	1,655,700	700,000
Year-End Fund Balance	129,697,700	132,197,700
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	353,810,600	351,670,800
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	58,526,000	60,633,000
Year-End Fund Balance	0	0
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	8,825,900	10,804,600
Year-End Fund Balance	139,500	455,900
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	637,800	0
Year-End Fund Balance	13,505,000	13,505,000

SUMMARY OF FUNDS	FY 2017 Actual	FY 2018 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	150,400,800	205,827,300
Year-End Fund Balance	67,777,100	48,521,200
Technology and Research Initiative Fund (UNI2472/A.R.S. § 15-1648)		Appropriated
Source of Revenue: Automatic appropriations of a portion of a 0.6% sales tax, as authorized by voters through Proposition 301 in the November 2000 General Election and as governed by statute.		
Purpose of Fund: To make lease-purchase payments on certificates of participation used for technology and research capital projects.		
Funds Expended	3,600,000	3,600,000
Year-End Fund Balance	0	0
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	11,925,800	11,926,700
Year-End Fund Balance	0	0
University Collections Fund (ASA1411/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees, as well as a portion of summer session and university trust land earnings.		
Purpose of Fund: To operate the university.		
Funds Expended	667,300,800	681,632,600
Year-End Fund Balance	0	0