

# Arizona State University

	FY 2020 ACTUAL	FY 2021 ESTIMATE	FY 2022 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	7,790.8	7,727.6	7,727.6 <sup>1/</sup>
Personal Services	532,093,600	540,137,100	540,137,100
Employee Related Expenditures	157,134,700	150,771,900	150,771,900
Professional and Outside Services	53,243,300	25,134,900	25,134,900
Travel - In State	133,200	104,800	104,800
Travel - Out of State	1,983,900	722,900	722,900
Other Operating Expenditures	77,363,600	64,759,400	64,759,400
Equipment	2,905,100	1,333,600	1,333,600
<b>OPERATING SUBTOTAL</b>	<b>824,857,400</b>	<b>782,964,600</b>	<b>782,964,600</b>
<b>SPECIAL LINE ITEMS</b>			
2003 Research Infrastructure Lease-Purchase Payment	13,456,300	13,458,700	13,451,900 <sup>2/</sup>
2017 Capital Infrastructure Funding	12,165,900	12,381,200	12,533,500 <sup>3/</sup>
Arizona Financial Aid Trust	5,985,800	5,985,800	5,985,800
Biomedical Informatics	3,718,500	3,746,100	3,746,100
Downtown Phoenix Campus	107,607,900	106,732,200	106,732,200
One-Time Funding	18,900,000	0	0
School of Civic and Economic Thought and Leadership	3,008,900	3,024,700	3,024,700 <sup>4/</sup>
TRIF - Lease Purchase Payment	3,472,400	3,600,000	0
<b>AGENCY TOTAL</b>	<b>993,173,100</b>	<b>931,893,300</b>	<b>928,438,800 <sup>5/6/7/</sup></b>
<b>FUND SOURCES</b>			
General Fund	334,270,600	324,717,400	324,862,900 <sup>8/9/10/</sup>
<u>Other Appropriated Funds</u>			
Technology and Research Initiative Fund	3,472,400	3,600,000	0
University Collections Fund	655,430,100	603,575,900 <sup>11/</sup>	603,575,900 <sup>12/</sup>
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>658,902,500</b>	<b>607,175,900</b>	<b>603,575,900</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>993,173,100</b>	<b>931,893,300</b>	<b>928,438,800 <sup>13/</sup></b>
<u>Other Non-Appropriated Funds</u>			
Other Non-Appropriated Funds	2,031,806,700	2,195,949,300 <sup>11/</sup>	2,195,944,100
Federal Funds	478,316,200	549,744,300	549,744,300
<b>TOTAL - ALL SOURCES</b>	<b>3,503,296,000</b>	<b>3,677,586,900</b>	<b>3,674,127,200</b>

**AGENCY DESCRIPTION** — Established in 1885, Arizona State University (ASU) is one of 3 public universities governed by the Arizona Board of Regents (ABOR).

## FOOTNOTES

- <sup>1/</sup> Includes 549.2 GF and 576.5 OF FTE Positions funded from Special Line Items in FY 2022.
- <sup>2/</sup> A.R.S. § 15-1670 appropriates \$13,451,900 to ASU from the General Fund in FY 2022 to finance lease-purchase payments for research infrastructure projects.
- <sup>3/</sup> A.R.S. § 15-1671 appropriates \$12,533,500 to ASU from the General Fund in FY 2022 for capital infrastructure projects.
- <sup>4/</sup> 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. On or before October 1, 2021, 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 that includes at least the following information 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)

- 5/ 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)
- 6/ 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 this state is the adverse party. (General Appropriation Act footnote)
- 7/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 8/ The state general fund appropriation may not be used for alumni association funding. (General Appropriation Act footnote)
- 9/ The FY 2022 General Fund Baseline is \$324,862,900. This amount would include \$298,877,500 in ASU's individual section of the FY 2022 General Appropriation Act, \$13,451,900 in A.R.S. § 15-1670 lease-purchase appropriations, and \$12,533,500 in A.R.S. § 15-1671 capital infrastructure appropriations.
- 10/ The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research. (General Appropriation Act footnote)
- 11/ The FY 2021 University Collections Fund represents the appropriated portion of ASU tuition and fee revenues. In addition, \$1,605,056,200 of the FY 2021 Other Non-Appropriated Funds represents the non-appropriated portion of tuition and fee revenues. These tuition amounts are based on estimates submitted by the universities in September 2020 and are subject to changes in enrollment. Please see the [ABOR agency page](#) for a discussion of how these amounts compare to the most recent estimates submitted by the universities.
- 12/ Any unencumbered balances remaining in the university collections fund on June 30, 2021 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)
- 13/ In addition to the appropriated amounts reported in the table, the FY 2021 General Appropriation Act included \$28,386,400 in FY 2022 for the occurrence of a 27<sup>th</sup> pay period. Of this amount, \$9,115,000 is from the General Fund and \$19,271,400 is from the University Collections Fund.

### **Operating Budget**

The Baseline includes \$782,964,600 and 6,601.9 FTE Positions in FY 2022 for the operating budget. These amounts consist of:

	<u>FY 2022</u>
General Fund	\$237,293,300
University Collections Fund	545,671,300

These amounts are unchanged from FY 2021.

Student enrollment counts and tuition and fee levels for students will determine the amount of university tuition and fee collections. The University Collections Fund amount will ultimately be adjusted to reflect these revenue amounts. *(Please see the ASU Other Issues Section and ABOR for more information.)*

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

The Baseline includes \$13,451,900 from the General Fund in FY 2022 for the 2003 Research Infrastructure Lease-Purchase Payment line item. FY 2022 adjustments are as follows:

#### **Refinance Adjustment**

The Baseline includes a decrease of \$(6,800) from the General Fund in FY 2022 to adjust the Certificates of Participation (COPs) payment.

As amended by the FY 2017 Higher Education Budget Reconciliation Bill (BRB), 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 2022 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 \$12,533,500 from the General Fund in FY 2022 for the 2017 Capital Infrastructure Funding line item. FY 2022 adjustments are as follows:

#### **Inflation Adjustment**

The Baseline includes an increase of \$152,300 from the General Fund in FY 2022 for a 1.23% increase in 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 2022 General Appropriation Act.

A.R.S. § 15-1670 increases the appropriation annually by the lesser of 2% or inflation, as measured by the change in the GDP deflator from the second preceding calendar year to the calendar year immediately preceding the fiscal year (in the example of FY 2022, from CY 2019 to CY 2020).

Given the timing of standard data revisions by the Bureau of Economic Analysis (BEA), the preceding year GDP may not be available until after enactment of the budget. To ensure certainty of our estimate, the Baseline would include a statutory change that the growth rate be determined using a full year's data in the second quarter of a calendar year. As a result, the provision would increase the appropriation annually by the lesser of 2% or inflation, as measured by the change in the GDP deflator from the second quarter of the second preceding calendar year to the second quarter of the calendar year immediately preceding the fiscal year. In FY 2023, this would calculate the adjustment based on the change from the second quarter of CY 2020 to the second quarter of CY 2021. *(Please see the ABOR section for more information.)*

*(Please see the [Lottery Bonds and Capital Infrastructure Funding Program Summary](#) on the JLBC website for more information.)*

### **Arizona Financial Aid Trust**

The Baseline includes \$5,985,800 from the General Fund in FY 2022 for the Arizona Financial Aid Trust (AFAT). This amount is unchanged from FY 2021. *(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 23.2 FTE Positions in FY 2022 for the Biomedical Informatics Department. These amounts consist of:

General Fund	1,888,100
University Collections Fund	1,858,000

These amounts are unchanged from FY 2021.

This multidisciplinary department incorporates computer science, biology, and engineering to organize and analyze medical data.

### **Downtown Phoenix Campus**

The Baseline includes \$106,732,200 and 1,076 FTE Positions in FY 2022 for programs headquartered at the Downtown Phoenix Campus. These amounts consist of:

General Fund	50,685,600
University Collections Fund	56,046,600

These amounts are unchanged from FY 2021.

The DPC offers undergraduate and graduate programs in disciplines including health, nursing, journalism, mass communication, teaching and public programs. The campus opened in 2006.

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

The Baseline includes \$3,024,700 and 26.5 FTE Positions from the General Fund in FY 2022 for the School of Civic and Economic Thought and Leadership (SCETL) line item. These amounts are unchanged from FY 2021.

SCETL began matriculating students in fall 2017. The school currently offers a bachelors and minor program with coursework focused in 4 areas: history of moral and political thought, political economy and the history of economic thought, American political and economic thought, and the theory and practice of leadership and statesmanship. In 2020, the school began enrolling for a master of arts in classical liberal education and leadership program. The school also hosts community lecture series and events related to public affairs.

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

The Baseline includes no funding from the Technology and Research Initiative Fund (TRIF) in FY 2022 for lease-purchase payment requirements. FY 2022 adjustments are as follows:

#### **Remove Lease-Purchase Payment**

The Baseline includes a decrease of \$(3,600,000) from the Technology and Research Initiative Fund in FY 2022 to remove funding for a retired lease-purchase agreement. The final payment on the agreement will be made in FY 2021.

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
- COVID-Related Spending
- University Collections and FTE Positions Adjustments

### **Summary**

ASU's FY 2022 General Fund Baseline is \$324,862,900. Of this amount:

- \$298,877,500 would be included in ASU's individual section of the FY 2022 General Appropriation Act.
- \$13,451,900 is appropriated in A.R.S. § 15-1670 for a research infrastructure lease-purchase payment.
- \$12,533,500 is appropriated in A.R.S. § 15-1671 for new university research facilities, building renewal, or other capital construction projects.

These amounts exclude the FY 2022 funding already appropriated in the FY 2021 General Appropriation Act for the occurrence of a 27<sup>th</sup> University pay period.

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

As part of the budget's 3-year spending plan, ASU's General Fund costs are projected to increase by \$233,300 in FY 2023 above FY 2022, and increase by \$239,500 in FY 2024 above FY 2023.

These estimates are based on:

- A \$10,200 increase in FY 2023 and \$6,100 in FY 2024 to adjust for university debt service costs. *(Please see the 2003 Research Infrastructure Refinancing narrative for more information.)*
- Increases of \$223,100 in FY 2023 and \$233,400 in FY 2024 to increase the university's annual Capital Infrastructure Funding appropriation by 1.78% in FY 2023 and 1.83% in FY 2024. These amounts are based on the current "full year" statutory formula. (The GDP inflator is currently projected at 1.78% for FY 2023 and 1.83% for FY 2024; 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.)*

### **COVID-Related Spending**

As part of the state response to COVID-19, the Executive has allocated monies to the universities for mitigation, distance learning, furlough prevention, and other COVID-related costs. As of December 2020, the Executive's spending plan included \$46,000,000 from the federal Coronavirus Relief Fund for ASU.

In addition to the Executive allocations, the Coronavirus Aid, Relief, and Economic Security (CARES) Act distributes funds from the Higher Education Emergency Relief Fund to institutions of higher education (IHE) based 75% on the relative share of full-time equivalent students of in-person Pell grant recipients and 25% on in-person non-Pell grant recipients enrolled at the institution. The CARES Act requires that 50% of monies received under this section be distributed to students are emergency financial aid grants.

ASU has received a total of \$63,533,137 from the Higher Education Emergency Relief Fund. The monies are available to spend through September 30, 2022.

In December 2020, the federal Consolidated Appropriations Act of 2021 authorized an additional \$22,674,960,000 nationwide in Higher Education Emergency Relief Fund monies for IHEs. If allocations are in the same proportion to funds distributed from the CARES Act, ASU would receive approximately \$116,000,000.

*(Please see the [Arizona Board of Regents narrative](#), Other Issues section for more information).*

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

Including statewide adjustments, the FY 2021 General Appropriation Act appropriated \$657,196,000 from the

University Collections Fund to ASU. 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 differ from 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 (or being below) the appropriated amount. The Universities reported the adjustments to the University Collections Fund for FY 2021 to the Joint Legislative

Budget Committee in September 2020, and ASU incorporated the adjusted FY 2021 amounts as part of their FY 2022 budget submission. Accordingly, the estimated FY 2021 amount has been adjusted downward by \$(53,620,100) to \$603,575,900.

The FY 2021 FTE Position count has also been adjusted. The FY 2021 General Appropriation Act originally appropriated 7,790.8 FTE Positions in FY 2021 for ASU. The General Fund accounted for 2,419.9 FTE Positions and the University Collections Fund accounted for the remaining 5,370.9 FTE Positions. The estimated number of FY 2021 FTE Positions has been adjusted by (63.2) to 7,727.6. The General Fund accounts for 2,550 FTE Positions and the University Collections Fund accounts for the remaining 5,177.6 FTE Positions.

SUMMARY OF FUNDS	FY 2020 Actual	FY 2021 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>	231,964,100	225,228,500
<b>Year-End Fund Balance</b>	(11,163,500)	(16,234,900)
<b>Capital Infrastructure Fund - ASU (UNI3001/A.R.S. § 15-1671)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> General Fund appropriations and university local funds. ASU received 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.		
<b>Purpose of Fund:</b> To pay the cost of, or debt service on debt financing for, university capital projects. Debt issuances that are repaid 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 General Fund appropriations and university system revenues.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Designated Fund - Other (UNI8905/A.R.S. § 15-1601)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Retained 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.		
<b>Funds Expended</b>	181,129,700	216,551,300
<b>Year-End Fund Balance</b>	166,316,400	160,627,000
<b>Designated Fund - Tuition and Fees (UNI8905/A.R.S. § 15-1601)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Retained tuition and fees.		
<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. Please see the University Collections Fund for more information on Appropriated tuition expenditures.		
<b>Funds Expended</b>	1,271,373,400	1,388,504,900
<b>Year-End Fund Balance</b>	322,978,600	345,735,500

SUMMARY OF FUNDS	FY 2020 Actual	FY 2021 Estimate
<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>	1,982,800	0
<b>Year-End Fund Balance</b>	248,781,800	248,781,800
<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>	419,925,000	458,066,700
<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>	58,391,200	91,677,600
<b>Year-End Fund Balance</b>	0	0
<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>	23,849,900	37,445,800
<b>Year-End Fund Balance</b>	24,311,700	21,218,900
<b>Loan Fund (UNI8901/A.R.S. § 15-1601)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal student loan program awards and interest collected on outstanding federal student loans.		
<b>Purpose of Fund:</b> To disburse awards from federal student loan programs, including any university match required, and to fund the costs of repayment programs. Expenditures displayed reflect costs of loan program administration and do not include awards to students.		
<b>Funds Expended</b>	2,584,500	0
<b>Year-End Fund Balance</b>	12,071,100	10,079,100
<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>	307,001,300	316,304,900
<b>Year-End Fund Balance</b>	54,649,200	53,712,100
<b>Technology and Research Initiative Fund (UNI2472/A.R.S. § 15-1648)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To make lease-purchase payments on certificates of participation used for technology and research capital projects.		
<b>Funds Expended</b>	3,472,400	3,600,000
<b>Year-End Fund Balance</b>	0	0

SUMMARY OF FUNDS	FY 2020 Actual	FY 2021 Estimate
<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. (Please see the Capital Outlay ABOR Building System narrative for more information).		
<b>Funds Expended</b>	11,921,000	11,913,900
<b>Year-End Fund Balance</b>	0	0
<b>University Collections Fund (ASA1411/A.R.S. § 15-1626)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Tuition and registration fees.		
<b>Purpose of Fund:</b> To operate the university.		
<b>Funds Expended</b>	655,430,100	603,575,900
<b>Year-End Fund Balance</b>	0	0