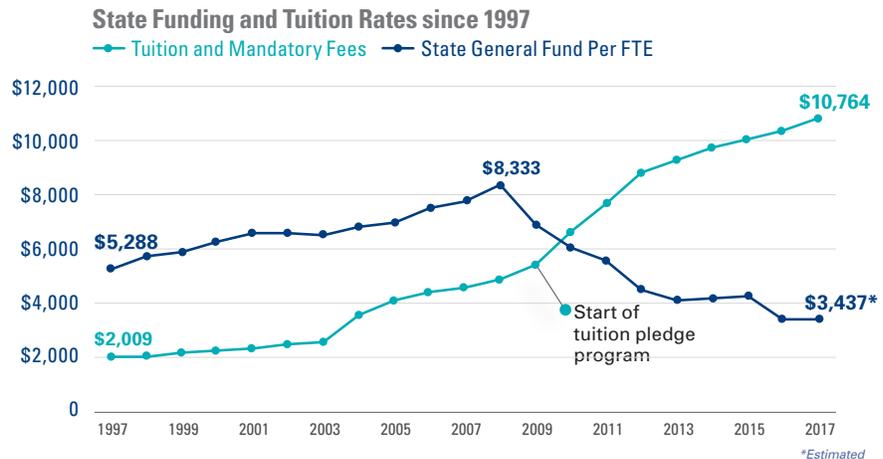


2017 Legislative Session Priorities

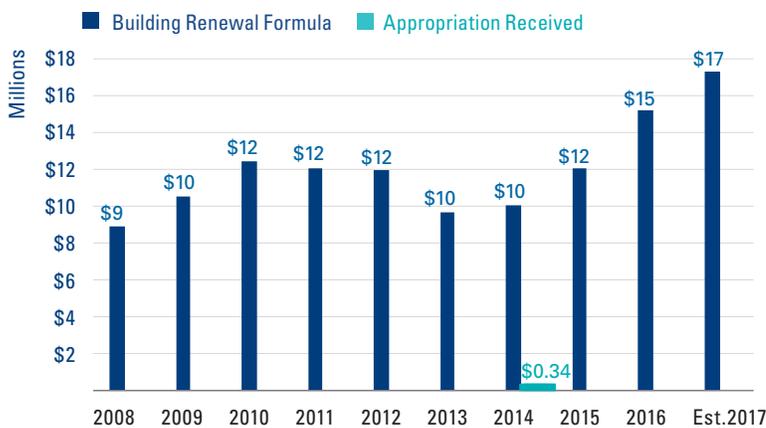
FY 2017 BUDGET REVIEW

Endorsement of the Arizona Student Funding Model

Last year, the legislature appropriated \$8.2 million to the base budgets of the university system. In an endorsement of the Arizona Student Funding Model proposed by the Arizona Board of Regents (ABOR) and the university presidents, these dollars were divided proportionately among NAU, ASU, and UA based on the percentage of Arizona resident students at each institution. Of the \$8.2 million, NAU received \$1.54 million. This investment is projected to help NAU maintain its per-student funding at last year's level.



Investing in Infrastructure



Recognizing that the universities have critical building renewal needs, as well as other emergent matters, the state appropriated \$19 million to the university system for one-time expenditures, of which NAU received \$4 million. Based on the state's building renewal formula, NAU carries a deferred maintenance deficit of \$120 million for its academic and support buildings. The chart to the left illustrates state appropriations received for building renewal since 2008. Due to the ongoing need to invest in the university's infrastructure to support increasing enrollment and address aging buildings and Flagstaff's weather conditions, NAU spent the entirety of the \$4 million on critical capital needs. This included classroom renovations to accommodate a rapidly growing engineering program, technology remediation, fire and life safety, utility infrastructure, and other deferred maintenance needs.

Repaying Debts

Since the Great Recession began, the legislature has delayed \$200 million in payments to the universities from one fiscal year to the next to achieve a balanced budget. As Arizona's economy continues to recover, the state has made efforts to pay off this type of debt. To that end, the FY 2017 state budget discontinued the \$200 million rollover. NAU's share of that amount was approximately \$30.5 million. While this does not represent new dollars to the system, it positively impacts the university's own balance sheet and normalizes the appropriations schedule.

FY 2018 STATE BUDGET REQUEST

A 50/50 Promise for Arizona Students

Historically, the universities relied heavily on state investments. Prior to the Great Recession, the state funded approximately 72 percent of a resident student’s cost of education. Today, the state funds 34 percent of that cost. Recognizing that the state’s current financial position cannot support a return to pre-recession levels of investment, the universities have requested that the state fund 50 percent of a resident student’s cost of education. The university state budget request sets a three-year goal to reach the 50/50 funding level.

The FY 2018 Resident Student Funding Model request is as follows:

	FY 2018 Request to Reach 2020 goal	Including Resident Student Growth*
NAU	\$15,725,800	\$19,928,600
ASU	\$41,492,400	\$45,691,400
UA	\$20,679,900	\$20,679,900
TOTAL	\$77,898,100	\$86,299,900

* It is important to remember that a university’s resident student population is not static. To keep pace with Arizona’s college-going students, it is necessary to fund “caseload growth.” This emphasizes that the state is funding students, not institutions, and parallels the manner in which the state funds other programs, such as K-12, AHCCCS, and DES. NAU has added 784 Arizona resident students over the last year.

Critical Capital Needs

The universities are requesting a one-time appropriation of \$30.1 million to address ongoing and emergent capital and building renewal needs. Of this amount, NAU would receive \$5.7 million to help address aging infrastructure and meet safety standards across campus. The university system is currently developing a long-term strategy that, in partnership with the state, would meet the infrastructure needs of the growing demand for an Arizona higher education.

2017 POLICY AGENDA

Arizona’s public universities will pursue the following policy agenda in the 2017 legislative session to better streamline operations and contain university costs:

- Seek legislation to allow the university system to strategically transition from the state health benefits plan to a tri-university health insurance plan or individual insurance plan by university. NAU currently operates its own health plan and could either join a tri-university plan or maintain its current plan.
- Seek permission for the universities to proactively adhere to less burdensome federal regulations by setting the health benefits eligibility trigger at a minimum 30 hours/week.
- Seek legislation that consolidates ASU’s three budget units into a single budget unit.

