



The guiding principles codified in the University Charter are the fabric that unites all of the strategies, goals and plans for Arizona State University. Accordingly, the FY 2017 budget supports the continually accelerating trajectory of the institution, enables progress toward the goals set by ABOR through the strategic planning process, and moves the institution forward in its distinctive principled progress

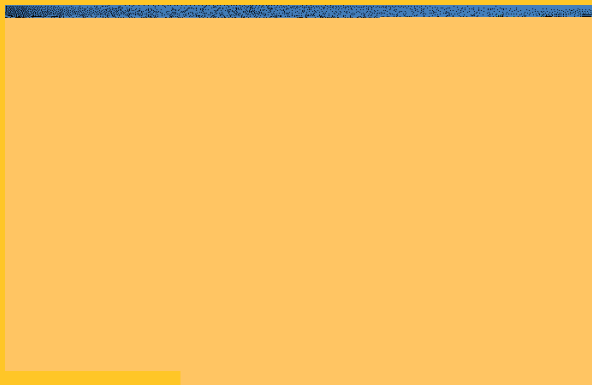


lished and supported by our goals:

- access for all Arizona residents qualified to attend ASU;
- world-class instructional opportunities for students;
- support for student engagement, success and degree attainment; and
- growth in research productivity.

The budget reflects increased public investment from the State of Arizona to support resident student enrollment and online programs into international markets, with emphasis on targeting underserved markets. Simi-

larly, our partnership with the University Innovation Alliance provides a mechanism for large, complex institutions to share best practices in supporting and advancing student success.



FY 2016 was a successful year for ASU, with strong national accolades. Among the recognitions were the choice of ASU to lead the White House STEM outreach program, selection by NASA to lead the next lunar mission, award of a second NSF Engineering Research Center, and development of the first white laser, a significant scientific breakthrough. In December 2015, Arizona State University was named the Most Innovative School by U.S. News and World Report, in recognition of the creative and state-of-the-art approach we employ in all facets of our activity. At the same time, ASU

was posting its highest-ever freshman retention and six-year graduation rates.

The FY 2017 budget is structured to enhance and accelerate ASU's achievements across the spectrum of goals as established by the Board of Regents.

### *Revenues*

With the decline in public investment over the past decade, tuition and fees have become the largest revenue source for ASU, with parent and student investors now providing more than 50 percent of the university's revenue. ASU's reputation and quality continue to attract students from across the state, nation, and world. The university anticipates overall FTE enrollment growth of 6.3 percent in FY 2017. Immersion FTE enrollment is expected to increase by 2.8 percent, with modest resident enrollment growth and continued strong nonresident and international student growth. Enrollment in online programs is projected to grow by 25.3 percent. The success of the Starbucks College Achievement Program, in conjunction with continued new offerings and recognition of the online programs, is driving the increase, with the largest growth in undergraduate programs.

The financial aid strategy employed by the university is unchanged. ASU will continue to focus the majority of merit-based financial aid on Arizona resident students. The Regents Set Aside will continue to

### *Expenses*

The major focus of investments in FY 2017 continues to be student success, new learning modalities, and instructional excellence. The majority of new investment will be in salaries and wages, which are anticipated to increase by 8.0 percent next year, reflecting support for increased enrollment through instruction and student support, as well as a modest salary increase pool. This year, the recruitment of highly talented faculty is a key focus, as reflected in the recent recruitment of two Nobel Laureates, doubling the number of faculty with this distinction. Dr. Sidney Altman, who shared the Nobel Prize in Chemistry in 1989, will be joining the School of Life Sciences, and Dr. Frank Wilczek, who shared the Nobel Prize in Physics in 2004, will join the physics department. Their appointments will enhance not only student learning opportunities, but also bring new research opportunities to the university.

ASU also plans a series of investments in EdPlus, which includes online programs; learning technologies development and deployment; and Global Launch, the platform for providing Pathway Programs and

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\$ 1,781.6

Changes in Incremental Funding

Public Investment (General Fund Appropriation) 13.2

Revenues from Tuition and Fees - Incremental FY 2016 Budgeted Tuition and Fees 120.4

Net Change in Resources \$ 133.6

Allocation of Incremental Resources

Financial Aid 51.6

Enrollment Growth - Related Expenses 29.7

Investment in Programs Supported By Fees 7.4

Investment in Faculty Hiring and Academic Support 36.6

Salary Merit Program 16.5

Facility Operating Costs 4.6

Technology Investments 4.6

Support Services Investments 3.9

Investments in Research Support 3.3

Departmental Reallocations/Strategic Reinvestments (24.6)

Net Change in College and Administrative Budget Allocations \$ 133.6

FY 2017 Base Budget

\$ 1,915.2

Strategic Metric Addressed			
Student Educational Success & Learning	Educational	Discover New Knowledge	Impact Arizona
e.g., Retention, enrollment, graduation rates, etc.	e.g., Bachelors degrees awarded, grad degrees, E&G, certifications and credentials	e.g., Research and development, licenses & options, inventions	e.g., Public service, degrees in high demand fields, etc
Note which metrics addressed in each quadrant for each line item			
X	X		X
X	X		X
X	X		X
X	X	X	
X	X		X
X	X		
		X	
X	X	X	X







vSASUç FY 2 BUDG LOCAL COLLECTIONS ASUç Yıl

TEMPE/DPC	POLYTECHNIC	WEST	ASU TOTAL	FY 2 0 1 6 BUDGET	CHANGE
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FY 2017 operating

# 2025 metric targets



- Productivity metrics included in the 2025 plan
  - ‘ Enrollment
  - ‘ Degrees
  - ‘ Research expenditures
  - ‘ Intellectual property objectives
- Reaching the goals requires increasing revenue streams to allow needed investments
- ASU’s Enterprise Plan has outlined the means for building revenue while maintaining access and affordability
- Reaching the goals requires improving cost-effectiveness through productivity gains and constant innovation
- Generating sufficient resources for required investments will be the greatest challenge in meeting these targets

# enterprise revenue model

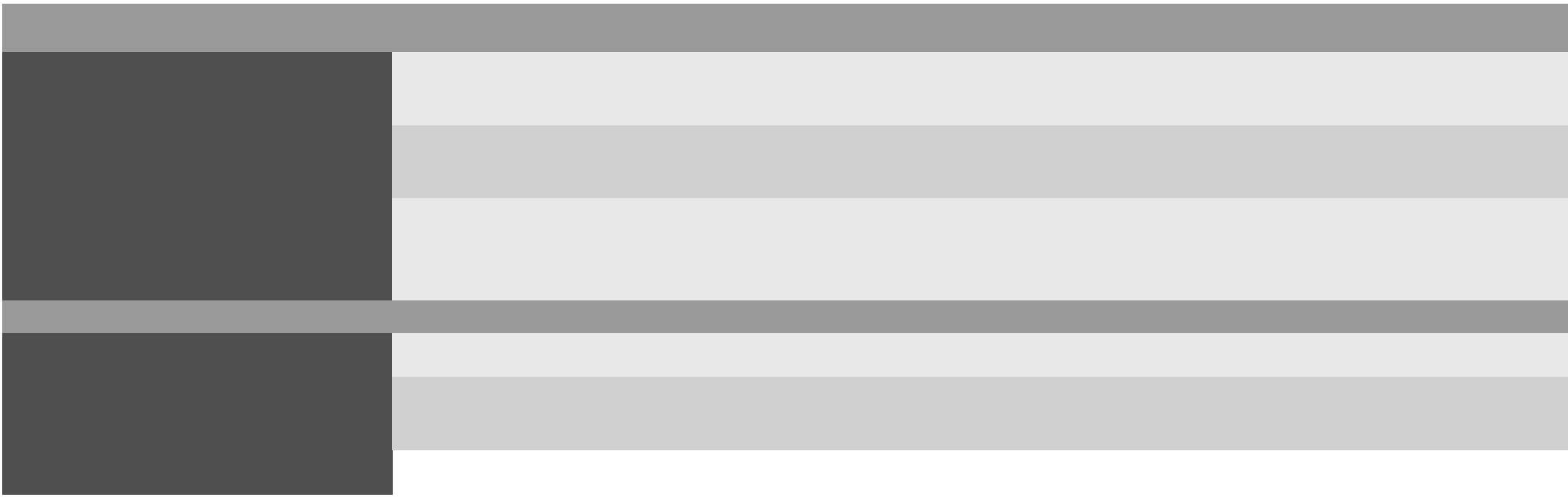
- Modest and predictable resident UG tuition rate increases
- Market tuition rates for non-resident and online students
- Resident student enrollment-driven Public investment
- Continued increases in non-resident and international student enrollment
- Rapid EdPlus growth as a source of revenue and degree production

FY 2017 revenue changes • M



# enrollment assumptions

- Consistent with tuition hearing estimates
- 6.3 percent growth in Fall 2016 FTE enrollment
- Non-resident and online enrollment drive growth
- Financial aid policies support recruitment and retention
- Continued set-aside of 17 percent to support need-based financial aid
- Merit programs for Arizona undergraduates and targeted, high-performing non-resident undergraduates



financial aid	\$51.6
enrollment growth - related expenses	29.7
investment in programs supported by fees	7.4
investment in faculty hiring and academic support	36.6
salary merit program	16.5
faculty operating costs	4.6
technology investments	4.6
support services investment	3.9
investments in research support	3.3
Strategic reallocations	(24.6)
net change in budget allocations	\$133.6





# educational and general expenses

per FTE student

# projected financial results

- Net assets:
  - ‘ FY 2015 actual increase of \$92.2M
  - ‘ FY 2016 projected increase of \$79.5M
  - ‘ FY 2017 budgeted increase of \$77.1M
  - ‘ Increase in net assets is critical for fiscal success:
    - Improved balance sheet strength to maintain credit ratings
    - Strong net asset position supports ability to weather unanticipated events
- Days cash on hand:
  - ‘ Projected to be 150 days at June 30, 2016
  - ‘ Projected to be 151 days at June 30, 2017





Thank you